

Deutsche Bank A.Ş.



Annual Report 2019

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Deutsche Bank A.Ş.

Message from the Chairman and the CEO

Dear Shareholders,

We look back on 2019 as a year when overall global economic growth slowed down noticeably. Deceleration in economic activity was widespread, both in the Developed and in Emerging Markets. Real GDP growth softened in the United States, the Euro Area, and the United Kingdom. Similarly, China, Brazil, South Africa, and Russia witnessed deceleration in their respective rate of economic expansion. Softer demand conditions and the retreat in global commodity prices from mid-2019 onwards provided disinflationary pressure across the globe. Notwithstanding slower economic activity, Developed Market equities continued to rally thanks to renewed easing by the Federal Reserve Board and the European Central Bank. Global volatility remained subdued in 2019, with lingering adverse spillover from risk events, such as the Brexit and trade tensions, also having subsided toward the year-end.

Following a challenging 2018, Turkey avoided a full-year economic recession in 2019. Real GDP growth rate looks set transpire at 0.8% in 2019 after 2.8% in the preceding year. Domestic absorption recovered during the second half in response to monetary policy easing and stimulus from positive credit and fiscal impulse. Competitive Turkish lira and slowing albeit resilient European demand helped export performance throughout the year. External gap turned marginally positive due to recovery in tourism revenues, squeezed import demand, and resilient exports. Inflation displayed a remarkable decline during the year, and ended 2019 at 11.8%, on the back of stable Turkish lira and tamer food prices.

In such a challenging year for Turkish markets, we recorded a Net Income of TRY 146million, driven inter alia by the increase in Euro/TRY exchange rate and fee income of Corporate Banking revenues.

With the current capital levels, we are well positioned for further growth in our financing and risk intermediation activities.

Throughout 2019, we continued to remain committed to our corporate social responsibilities. In order to strengthen the fabric of the society and help enhance the environment in which we operate, our employees participated in various activities organized or initiated by our Corporate Social Responsibility volunteers.

Looking ahead into the rest of 2020, the world economy is facing increasing uncertainty. The recent dynamics in relation to international health hazards have added to this uncertainty. While economic activity looks set to accelerate, in principle, in important Emerging Markets - particularly in Brazil and Russia, growth in Europe and cross-continental trade may likely lose momentum. US momentum is expected to decelerate as well due to slowing capital expenditure with rising political uncertainty. The Federal Reserve Board and the European Central Bank are expected to keep their general policy stance unchanged yet further cuts may lie ahead.

On the domestic front, we expect Turkey to grow at a much faster pace than in 2019. The authorities will continue to support economic activity via monetary and fiscal-related measures, suggesting domestic absorption may supplant net exports as main driver of growth. A further recovery in tourism receipts, continuously competitive lira, and tame global energy prices will likely see the current account deficit remain at manageable levels. Inflation is likely to remain in the double-digit territory during the first half but display some deceleration in the second half of 2020 on the back of dissipating FX pass-through impact, recent adjustments in energy prices and supportive base effects, and end the year in the 9-9.5% region. Central Bank is expected to carry on with its easing cycle and lower its policy rate during the year to support growth.

As we did in this year, we will focus on sustainable growth, increasing our products offering to clients while maintaining the highest standards in terms of governance as well as value and delivery to our stakeholders.

With our best regards,



Frank Helmut Krings*
Chairman of the Board of
Directors



A. Orhan Özalp
CEO, Board Member

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Introduction

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History of Deutsche Bank A.Ş.

- Established as Türk Merchant Bank A.Ş. in 1987.
- Renamed as Bankers Trust A.Ş. in 1997.
- Continued operations as Deutsche Bank A.Ş. as of 2000 following Deutsche Bank's acquisition of Bankers Trust.
- Having provided corporate banking services under an investment banking license until 2004, Deutsche Bank A.Ş. applied to the Banking Regulation and Supervision Agency (BRSA) for permission to accept deposits in an attempt to expand its product range.
- Obtained permission to accept deposits in October 2004.
- Added corporate cash management and custody and settlement services to its product portfolio in 2005.
- The Bank acquired Securities Services portfolio of T. Garanti Bankası A.Ş. in 2007
- Deutsche Bank A.Ş. Securities Services holds 41 pct of the non resident investors portfolio as of 2019 in the Turkish market.
- Received factoring and forfeiting licenses in February 2012, in accordance with the decision taken by the Banking Regulation and Supervision Agency.
- Upon the application made to the Capital Markets Board in accordance with the newly introduced capital markets legislation, the Bank was granted license to provide dealing on own account, limited custody and general custody services on 5.11.2015.
- The Bank has no branches other than Head Office.
- The Trade Registry Number of the Bank is 244378.
- The Central Registration System Number (MERSIS) of the Bank is: 0-8760-0487-2200015
- Bank's web address: www.db.com.tr
- Bank's E-mail address: muhaberat.ist@list.db.com
- Bank's Head Office address: Esentepe Mahallesi Büyükdere Caddesi Tekfen Tower
- No: 209 K: 17-18 Şişli 34394 Istanbul/Turkey
- Tel: +90 212 317 0100
- Fax: +90 212 317 0105
- Electronic Notification Address (National Electronic Notification System) is 25999-32177-21566
- Bank's Registered Electronic Mail (KEP) is db.iletisim@db.hs03.kep.tr

Financial Highlights

December 31, 2019

Summary Financial Highlights

(TL 000)	2019
Cash and Cash Equivalents	1,347,841
Financial Assets at Fair Value Through Other Comprehensive Income	242,293
Loans (Net)	1,041,363
Total Assets	2,741,764
Deposits	1,532,869
Shareholders' Equity	740,625
Interest Income	351,429
Net Operating Profit	186,407

Financial Ratios

(%)	2019
Capital Adequacy Ratio	38,36
Shareholders' Equity/Assets	27,01

Off-Balance Sheet Items

(TL 000)	2019
Guarantees and Warranties	254,118
Commitments	914,630
Derivative Financial Instruments	783,142
Items Held in Custody	50,680,187

Amendments to the Articles of Association

No amendments were made to the Articles of Association of Deutsche Bank A.Ş. during 2019.

Extraordinary General Assembly Meeting in 2019

No Extraordinary General Assembly Meetings were held during 2019. Ordinary General Assembly Meeting of Deutsche Bank A.Ş. was held on March 28, 2019.

Shareholder Structure, Changes during the Year, Qualified Shares and Management Shares

All shareholders of Deutsche Bank A.Ş. are Deutsche Bank Group companies.

The Bank holds no privileged shares.

With the Share Purchase Agreement dated 13 June 2019, shares of Nordwestdeutscher Wohnungsbauträger GmbH in Deutsche Bank A.Ş. were transferred to Deutsche Holdings (Luxembourg) S. á r. l. The Bank did not acquire its own shares.

The most recent shareholder structure is presented in the table below.

Chairman and Members of the Board of Directors, Members of the Audit Committee, CEO and Assistant General Managers do not own any shares in the Bank.

Shareholder	Number of Shares	01.01.2019 - 31.12.2019	
		Shares Capital (TL)	Share (%)
Deutsche Bank AG	1,349,999,730	134,999,973	99.99
Süddeutsche Vermögensverwaltung GmbH	68	6.8	<1
DB Industrial Holdings GmbH	68	6.8	<1
Deutsche Holdings (Luxembourg) S. á r. l.	67	6.7	<1
DB Capital Markets (Deutschland) GmbH	67	6.7	<1
Total	1,350,000,000	135,000,000	100

Equity Investments

The Bank does not have any equity investments, either directly or indirectly.

Deutsche Bank A.Ş. within the Banking Industry

Operating in Turkey since 1987, leveraging the strong global banking network of its parent company Deutsche Bank AG, Deutsche Bank A.Ş. is primarily focused on investment banking and corporate banking. Offering its investment and corporate banking services with a workforce of 106 employees, Deutsche Bank A.Ş. is the Istanbul based subsidiary of Deutsche Bank Group, which has approximately 87,597 employees and EUR 1.289 billion in total assets (as of 31st December 2019) throughout the world. Deutsche Bank A.Ş. does not have any branches in Turkey other than Head Office. Deutsche Bank A.Ş. targets the highest levels of quality in all product and service segments in which it is active, and strives to be one of the prime relationship banks of each client.

In 2019, the Bank continued to take an active part in the bonds and foreign currency vs. Turkish lira transactions. Having started to provide custody services as of 2005, Deutsche Bank A.Ş. has become an extremely reputable bank, preferred by foreign investors for its custody services. The bank has a 41% market share among all the custodian banks that keep custody of securities portfolios of foreign institutional investors in accordance with Central Bank's and Central Securities Depository of Turkey, MKK's records.

The bank mediates cash management circulation in domestic and international trade and provides services and consultancy to clients in Turkey in the fields of short and medium term trade financing and risk management via its specialist teams. Besides conventional foreign trade products, the bank has become a reliable partner in its clients' banking transactions by providing customized solutions in terms of trade financing products and corporate cash management.

The bank continues to work actively in preparation of major foreign company acquisition financing packages of Turkish groups.

Deutsche Bank A.Ş. aims to provide services in line with the priorities and requirements of its local and multinational customer segment, so as to develop strategic and longstanding relations with its prominent customers. In doing so, it takes advantage of Deutsche Bank's global know-how and maximizes the coordination within different product groups, thus providing the most effective solutions through exclusively designed financing techniques and banking services for its clients.

Bank's target for 2020 will be to reinforce its reputation as a reliable and permanent business partner by establishing longstanding relations with its clients.

Research and Development

After many years of providing corporate banking services in Turkey under an investment banking license, Deutsche Bank A.Ş. began offering commercial banking services in October 2004 after having been granted a deposit taking license. Deutsche Bank A.Ş. continuously seeks to enhance the quality and diversity of the services it provides. The Bank has been developing systems and products to ensure the highest level of quality and diversity of its products in line with its expanding businesses. Having started as an extension of its main business line in 2006, Custody Services were structured to ensure compliance with the new capital markets legislation. The Bank was granted the license to provide Dealing on Own Account, Limited Custody and General Custody services on 5.11.2015.

Combining its local experience with its main shareholder Deutsche Bank AG's global network, expertise and know-how in the areas of public offerings, block sales and derivative products, Deutsche Bank A.Ş. continues to provide capital markets and treasury solutions. Risk controlling, service management and capacity expansion were our main focus in 2019.

The Bank, in line with its strategies, will continue delivering against one of its main focus areas of derivative products, stock exchange and capacity optimization in 2020.

Operations in 2019

Deutsche Bank A.Ş. believes that Turkey, which has long stood out among emerging economies, offers tremendous potential for growth and investment in the years ahead. Corresponding to this perspective, the Bank is continuing its expansion into Turkey with a primary focus on investment banking and corporate banking.

The organization of Deutsche Bank A.Ş. is composed of Investment Banking, Corporate Banking Support Functions and Internal Systems.

Investment Banking

Investment Banking offers clients, Deutsche Bank's market-leading expertise in Foreign Exchange, Capital Markets and Emerging Markets.

Fixed Income and Currencies

This unit conducts the structuring and sales transactions of debt and money market instruments. It executes trading of debt securities such as government bonds and treasury bills, as well as foreign exchange spot and derivatives. Moreover, it assists in pricing of spot and derivative currency transactions of financial institutions, insurance companies and corporations. It provides support to related divisions regarding foreign exchange and interest rate risk management solutions offered to the clients in line with their risk management policies.

Investment Banking

Investment Banking unit works closely with Treasury and Capital Markets Teams and Corporate Banking to provide best available services and solutions to our client base.

The unit offers Turkish companies, operating both in Turkey and abroad, access to Deutsche Bank's global platform and accumulation of knowledge in the field of structured finance and risk management. By working in cooperation with the Corporate Coverage, the Bank aims to comprehensively understand every facet of its clients' needs. The Bank is then able to efficiently and rapidly generate appropriate solutions by working with the right teams within Deutsche Bank.

It offers a platform to financial institutions for all financial product transactions, especially exchange and fixed income securities. In addition the group also offers long-term funding and structured products by tailoring the design of the products for its clients, allowing them to benefit from the worldwide distribution network and product know-how of Deutsche Bank.

Corporate Banking Coverage

The Corporate Banking Coverage unit aims to provide services in line with their requirements and the priorities so as to develop strategic and longstanding relations with its prominent customers. In doing so, Corporate Banking Coverage takes advantage of Deutsche Bank's global know-how and maximizes the coordination within different product groups, thus providing the most effective solutions through exclusively designed financing techniques and banking services for its clients. Corporate Banking Coverage works in coordination with its partners in Financial Solutions Group, Risk Management and Financial Institutions Cash Management and Trade Finance.

Corporate Banking

The Corporate Banking consists of five units providing services to corporates and financial institutions; which are Securities Services, Trade Finance, Cash Management and Trade Finance Financial Institutions, Corporate Cash Management, Global Subsidiary Coverage.

Securities Services: With its Securities Services Unit, established by a highly competent and experienced team in 2005, Deutsche Bank A.Ş. has become an extremely reputable bank, preferred by foreign investors for its custody services. As of 2019, the Bank has a 41% market share among all the custodian banks that keep custody of securities portfolios of foreign institutional investors.

In 2019, Deutsche Bank A.Ş. continued to provide qualified and specialist services to its current customers. Having received the general license for custody in accordance with the Capital Markets Law in 2015, the Bank has maintained its successful custody and intermediary services by providing the best solutions for its non-resident clients even during the most volatile times of the markets.

Deutsche Bank A.Ş. Securities Services confirmed their 'TOP RATED' status, first granted in 2009, by receiving positive remarks from their clients and repeatedly scoring high points in the annual customer poll conducted by the Global Custodian magazine in 2019, as in previous years. In this way, it has asserted its first class quality of client services.

In 2020, Deutsche Bank A.Ş. plans to increase its market share and maintain and develop its leading position in the market for clearing and custody activities through new products to be included in its already wide product range.

Trade Finance: Trade Finance unit intermediates domestic and international trade. The team, expert in trade services and finance, has been serving its clients for short and medium term trade financing and risk management. Deutsche Bank A.Ş. offers value added solutions based on 150 years experience in 42 countries of Deutsche Bank AG, its main shareholder, to its clients. In addition to traditional trade services and products, the Bank has become a reliable partner in providing tailor made solutions to meet its clients' trade finance needs.

In Corporate Banking, enhancing the efficiency of resources, managing liquidity and risks, and, for this purpose, setting the necessary targets and attaining them gain more and more importance with each passing day. As Deutsche Bank A.Ş., we contribute to efficient management of our clients' working capital and we pay our best efforts to meet their demands with innovative solutions.

Although the competition is becoming fiercer, particularly in corporate banking as a result of rising interest to Turkey, as Deutsche Bank A.Ş. Trade Finance we develop suitable products which meet the needs of changing conditions and business models for more productive activities, as a result of which, we have gradually strengthened our market share.

Financial Institutions Cash Management and Trade Finance: As one of the leading global banks in the field of Cash Management, Deutsche Bank continues to provide services as one of the solution partners and main correspondents for Turkish banks. Enjoying this position to provide cash management solutions to banks, the unit performs US Dollar money transfers through Deutsche Bank Trust Company Americas, New York; Euro transfers through Deutsche Bank AG, Frankfurt Branch and Sterling transfers through Deutsche Bank AG, London Branch. Services provided by the unit include Dollar and Euro based commercial and treasury money transfers, liquidity management and sales and support services for related products. While supporting clients with local, regional and global cash management solutions, the unit aims to provide the most efficient and the best services through its extensive global branch network.

Having been providing its clients with foreign trade services in 42 countries and 67 offices, Deutsche Bank AG offers solutions for foreign trade products and trade financing through its experience, knowledge and wide variety of products in order to maximize the level of its clients' efficiency in foreign trade transactions. By taking an active role in the guarantee transactions and in confirmation, financing and discounting of letters of credit from Turkish financial institutions to those abroad, the unit performs the sales and marketing of similar products used in the financing of global trade.

Through difficult times in financial markets and the global economy, the Bank has maintained uninterrupted and consistent support for Financial Institutions. Thus, it aims to always be the most reliable and preferred business partner of Turkish banks by continuing to share its Cash Management and Foreign Trade products with clients, as well as by providing innovative solutions and global experience.

Corporate Cash Management: Corporates operating globally have to cope with economic complexity, shifting regulatory landscapes, as well as unfamiliar markets and currencies. To thrive, the treasury of tomorrow needs to have greater transparency over cash flows and payments, digital capabilities and the ability to marry flexibility with control.

Our cash management corporate experts provide a wide range of world-class solutions that can help clients improve liquidity and cash flow and optimize their treasury and payment businesses.

We also offer a complete range of services to handle the complexities of global, regional and domestic cash management, including global payments, collections, liquidity management, information and reporting services.

Global Subsidiary Coverage: Thanks to the synergy created by Deutsche Bank AG's network and global footprint, our unit serves global companies operating in Turkey with the highest international banking experience, provides consultancy for Cash Management, Treasury Management and Trade Financing and offers solutions. Our goal here is to contribute to our clients' working capital management. With the local expertise and experience of Deutsche Bank AG and our global branch network, we bring unique solutions to our corporate clients. Our goal is to maintain being a reliable partner in the banking processes of our customers by providing custom solutions as well as traditional products.

Support Functions and Internal Systems

Finance, Treasury, Legal and Data Protection, Human Resources, Credit Allocation, Technology and Operations and Chief Information Security Office are included under Support Functions; whereas, Compliance and Anti-Financial Crimes, Internal Control, Internal Audit and Risk Management are included under Internal Systems.

Support Functions

Finance: The Finance Unit examines the Bank's financial position through its daily and monthly reports and informs the management on the results. In order to adequately assess the performance of profit centers, the unit prepares the financial statements for these units on a daily and monthly basis. The unit is in charge of providing the information flow for the Bank's audit by the independent auditor and regulatory bodies. The Finance Unit generates new projects for Executive Management reporting and internal control systems and supports other related projects, prepares the Bank's financial statements and related disclosures in the required format and submits them to entities such as the Banking Regulation and Supervision Agency, Central Bank of Turkey, Undersecretariat of Treasury, Capital Markets Board and The Banks Association of Turkey.

Treasury: Treasury unit is mainly responsible for managing asset and liability, capital, liquidity and publishing transfer pricing of the Bank in accordance with strategy and risk appetite of bank while complying with internal and regulatory requirements.

Treasury's key responsibilities are to make sure that there is enough liquidity in the bank at any given point in time, that there is capital available when needed and that funds can be raised as and when necessary, all at a reasonable cost whilst balancing the needs of business growth and regulatory demands. Treasury's role extends to business steering through the effective transfer pricing of these liquidity and capital resources to the businesses. Treasury's fiduciary mandate, which encompasses the Bank's funding pools, asset and liability management (ALM) and fiduciary buffer management, supports businesses in delivering on their strategic targets.

Legal and Data Protection: The Unit provides legal consultancy services to the business and support service divisions of Deutsche Bank A.Ş. sets the legal framework regarding protection of personal data in order to ensure that personal data protection activities are executed in accordance with the applicable laws and performs Corporate Secretariat functions. It reviews the compliance of contracts to which the Bank is a party, as well as transactions and texts prepared by other divisions of the Bank with the applicable laws, and expresses its opinions with respect to legal implications to the divisions. The Unit is responsible for examining the Bank's new projects and recently developed products from a legal point of view, and where necessary, for offering legally compliance alternatives. The Unit also serves as the secretariat to General Assembly, Board of Directors, Audit Committee, Credit Committee, Assets and Liabilities Committee, Executive Council and Operating Council meetings. The Unit represents the Bank in lawsuits to which the Bank is a party or appoints 3rd party law firms for this purpose.

In 2020, the Unit aims to continue providing legal consultancy services related to the finance sector and issues concerning the Bank, to provide legal support for potential projects, and to conduct the necessary studies in order for the Bank to be in compliance with the amended legislation.

Human Resources: Human Resources Unit acts in accordance with the principle that its employees are Bank's most valuable assets, draws its strength from the employees, and provides equal opportunities with innovative human resources applications supporting and improving the employees. In addition to a fair wage structure, which aims to increase loyalty of the employees towards the Bank and to meet their needs under challenging conditions of competition, HR also provides conditions that will enable the employees to establish their work-life balance. In order to keep the organizational structure dynamic, the unit provides an efficient communication and motivation environment where the employees are able to use their creativity and to express their opinions, and adopts a transparent management policy that accommodates and embraces different opinions and knowledge. Human Resources Unit supports professional and personal development of the employees, reinforces their connection with the Bank and therefore plays a strategic role in attaining the Bank's targets with ease. The unit manages the relevant structures and processes in accordance with the policies and procedures stipulated in the Laws and regulations. Possible impacts of legislation amendments to current practices are discussed at the Executive Council and the Operating Council. Furthermore, issues that concern the Bank as a whole, personnel policies and social organizations, etc. are discussed in Executive Council where necessary and put into effect by Chief Executive Officer, Chief Operating Officer and Human Resources. Promotion proposals up to the level of Managing Director, based on Executive Council's review are approved by the Board of Directors, and announced to the employees.

Credit Allocation: Credit Allocation Unit is responsible for reviewing loan applications received from business units for the existing or new credit clients, assessment of their financial statements, accurate and proper reflection of the financial analyses to the credit packages and, subsequent to finalization of these processes, presentation of the credit packages to the appropriate credit authority (CEO, Credit Committee or Board of Directors) in co-operation with the business units. The Unit will, if deemed necessary, be further responsible from paying visits to clients, conducting reviews to see whether there are any excesses in the credit limits assigned, evaluation of possible NPLs with Legal and Data Protection and Risk Management units and, if applicable, presentation of these credits to the appropriate authorities.

Technology and Operations: Technology and Operations focused on compliance with the current legislation, risk management, service management, increasing the capacity of the already established technical and operational structure, and improved the control structure.

Technology Unit: Employing the applicable legislation and standards established by both the main partner and the Bank, knowledge, risk approach and innovation culture; the Technology Unit establishes, develops and operates technological structure of the Bank. The unit is responsible from governance and executing the procedural structure to ensure the integrity, safety and performance of the environment, where the data and processes of the Bank, which are vital for the operation of the Bank, are processed and retained. In order to provide continuity of the technological structure, both data centers and subsequent user areas have been structured to operate with real time synchronization.

Operations Unit: The Unit performs transactions of all business units required to provide banking services in accordance with the applicable legislation, Bank's standards and accepted high quality control and workflow practices. In an attempt to perform this function in the best conditions, the Unit establishes simple, clearcut and transparent business processes. It follows-up the new technologies, develops and builds them in the best possible manner at both the Bank and via the vendors used by the Bank.

In addition to on-going compliance with the current legislation and risk management projects, Technology and Operations will work on alternative communication and integration channels in order to provide different products to our clients.

Chief Information Security Office: The Unit is responsible for the Bank's security matters, implements technology and physical security protection measures in accordance with the Group's Security Strategy and Risk Appetite. CISO develops and drives the global implementation and operationalization of our group-wide information security strategy and ensures that the Bank's people and assets are appropriately protected.

To protect the Bank's information and systems, a multi-layered, defense-in-depth approach is taken to build information security controls into multi-layer technology, including data, devices, and applications. End-to-end protection is delivered while providing concrete security to detect, prevent, respond, and recover from cyber threats. This approach is a key tool of the Bank's technology infrastructure and DB Group Information Security Strategy to increase security and stability of the technology platforms.

In addition to prevention methods and controls like threat intelligence, data leakage prevention, vulnerability management, business continuity management and continuous staff awareness programs, prioritizing detection, backed up by a robust response process is an important facet of DB Group Information Security Strategy. Cyber Intelligence and Response Centers in Singapore, Germany and the U.S. are set up to provide 24/7 coverage across different time zones ("follow the sun" model), thus improves the Bank's capability to detect threats and respond to incidents worldwide.

Internal Systems

Compliance and Anti-Financial Crimes (AFC) Unit: Compliance and AFC is responsible for advising the business on and overseeing adherence of the business to applicable laws and regulations mainly the Banking Law 5411 and Law No. 5549 on Prevention of Laundering Proceeds of Crime rules, regulations, and ethical standards and also assessing the appropriateness and effectiveness of the control environment. Compliance Unit acts as a coordinator within the Bank to avoid gaps in the Bank's internal control landscape to counteract risks that may result from failure to comply with material rules and regulations.

The unit provides recommendations about maintaining the necessary compliance and cooperation in relations with the supervisory and regulatory institutions determined by laws and regulations. The unit also undertakes the responsibility to assess and advise on the Compliance related risks to the Board of Directors, Executive Management and business units, in compliance with the related legislation.

AFC is responsible for ensuring compliance with obligations on prevention of laundering proceeds of crime and terrorism financing, as set out in Law No 5549, setting strategies, internal controls and measures, functioning rules and responsibilities to reduce risk by evaluation of clients, processes and services on a risk-based approach, and increasing employee awareness on these topics. Responsibilities include conducting the required monitoring and research as well as preparing necessary reports regarding Bank's businesses and transactions of Bank's clients.

Internal Control: Responsible for execution of internal control activities, in order to provide reasonable assurance on effectiveness, adequacy and compliance of internal control systems, especially the financial and operational systems established within Deutsche Bank A.Ş. The Unit performs the activities in accordance with the policy approved by the Board of Directors. The Bank established the control points based on segregation of duties principle. Through this structure, it is assured that the second level control activities within internal control system are performed independently and objectively from functional units with the principle of the segregation of duties. The internal control activities are designed according to risk types and levels that emerge based on the characteristics and content of the Bank's activities.

Internal Audit: The Internal Audit Unit monitors the internal control structure at all Deutsche Bank A.Ş. units regularly and independently on behalf of the Board of Directors. Internal Audit evaluates the units' transactions and practices on the basis of targets, their compliance with internal/external regulations and their performance within the framework of risk analysis, and focuses on assisting the Board of Directors regarding the effectiveness of the corporate management.

Internal Audit checks that the Bank's ethical standards have been fully implemented by the business units. In addition to monitoring the compliance with internal and external regulations, Internal Audit also conducts dynamic and effective monitoring of the working environment at all business and support units through a risk-based approach.

Risk Management: The Risk Management Unit is responsible for Bank-wide implementation of the standards "regarding the risk-return structure of the Bank's cash flows and monitoring, controlling and, when necessary, modifying the nature and level of the operations" that were devised and put into effect by the Board of Directors within the framework of the BRSA regulations. On the other hand, coordinating and assessment of the ICAAP Process, reporting and presenting its results are among the significant responsibilities of the Risk Management Unit.

The Risk Management Unit is responsible from understanding risks and conducting sufficient evaluations before entering a transaction, setting risk management policies and practice methods based on risk management strategies, ensuring the application and adaptation of risk management policies and practice methods. Maintaining quantified risks within limits and reporting the risk measurements and risk monitoring results to the Board of Directors or to the Audit Committee and senior management, on a regular and timely basis are also included among the responsibilities of the Unit.

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Management and Corporate Governance

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Board of Directors

Frank Helmut Krings

**Chairman of the Board of Directors, Member of the Audit Committee,
Chairman of the Compensation Committee**

Frank Krings is the Chief Executive Officer of Deutsche Bank Luxembourg S.A. and Deutsche Bank Group's Chief Country Officer for Luxembourg. He is also a Member of the Supervisory Board of DWS Investment S.A. and a Member of its Audit and Risk Committee. He serves on the Board of Directors of The Luxembourg Bankers' Association and chairs its Audit Committee. He is also an elected member of the plenary assembly of the Luxembourg Chamber of Commerce and a Member of its Audit Committee. Krings was appointed as the Chairman of the Board of Directors of Deutsche Bank A.Ş. on March 28, 2019 and he has been serving as Member of the Audit Committee since May, 2019.

Claire Coustar

Member of the Board of Directors, Deputy Chairperson

Claire Coustar is MD and Head of Latam and CEEMEA Structuring. Claire joined Deutsche Bank in 2003, and during her tenor she has held various positions in the Emerging Market Structuring team and was co-head of the CEEMEA Structured Credit Trading team. Her team provides structured finance, investment products and local Rates/FX solutions on the CEEMEA and Latin American markets. Prior to Deutsche Bank Claire held various positions in London office of a foreign bank, including Commodity Derivative, European Securitization and Latin America Structured Products groups. Coustar was appointed as a member of the Board of Directors of Deutsche Bank A.Ş. in February 2018.

Jorge Andrés Otero Letelier

Member of the Board of Directors, Deputy Chairperson

Born in 1969, Jorge Andrés Otero Letelier holds a Bachelor's Degree in Finance from the University of Santiago, Chile and a Master in Business Administration from New York University. Mr. Otero has more than 20 years of experience in banking, including 12 years where he held managerial positions with Deutsche Bank in New York, London and Singapore covering Emerging Markets. He is currently the Head of Credit for APAC, EEMEA and Latin America. Mr. Otero is also a member of the Supervisory Board of OOO Deutsche Bank in Moscow and previously served on the Management Board of Deutsche Bank Mexico S.A.

A. Orhan Özalp

Member of the Board of Directors, Chief Executive Officer, Chairman of the Credit Committee

Born in 1982, Orhan Ozalp graduated from Koç University with double major in Economics and Business Management. Joining Deutsche Bank in February 2006, Özalp held various coverage and management positions in Financial Institutions Coverage, Structured Product Origination and Sales, FIC and Equity Derivatives Sales in Deutsche Bank A.Ş. After working as Director and Managing Director in Institutional Treasury Coverage Group from 2013 to 2017, Özalp was appointed as Assistant General Manager responsible from Institutional Treasury Coverage Group in April 2018 and as CEO of Deutsche Bank A.Ş. in January 2019.

Simon Deutsch

**Member of the Board of Directors, Member of the Audit Committee,
Member of the Compensation Committee**

Born in 1972, Simon Deutsch holds a Bachelor's Degree in Urban Estate Management from the University of Westminster. Mr. Deutsch is the Head of Compliance and AFC for CRG. He has 23 years of experience in leading positions in the banking industry. Mr. Deutsch joined Deutsche Bank AG in 2001 and has been serving in multiple countries such as United Kingdom, Netherlands, Japan, China, Dubai in the area of Compliance & Anti-Financial Crime. He has been working as a Member of Board of Directors at Deutsche Bank A.Ş. since May 2019.

Michael Christoph Maria Dietz

Member of the Board of Directors

Michael Dietz is Deutsche Bank's Global Head of Trade Finance Flow business and Regional Head Trade Finance EMEA. Over the time of his career at Deutsche Bank Michael covered various senior positions in Corporate Coverage functions across Germany, Switzerland as well as the United States of America. Prior to joining the current role, Michael has developed the EMEA Coverage for Commodity Traders as well as Swiss Corporates for Deutsche Bank in Zurich. Michael has a degree in Mechanical Engineering and Economics at Darmstadt University, Germany. He is a certified Dodd-Frank Securities Trader. He was appointed as a member of the Board of Directors of Deutsche Bank A.Ş. in February 2019.

Hamit Sedat Eratalar

**Member of the Board of Directors, Chairman of the Audit Committee,
Member of the Compensation Committee, Member of the Credit Committee**

Born in 1952, Mr. Eratalar is a graduate of Ankara University, Department of Economics and Public Finance. He worked as a partner at Arthur Andersen between 1981 and 2001. Serving as a founding partner at Eratalar Management Consulting since 2001, Mr. Eratalar has been working as a Member of Board of Directors at Deutsche Bank A.Ş. since August 2001 and worked as a Board Member responsible from Internal Systems between 2006 - 2019. Eratalar assumed the role of Chairman of the Audit Committee in May, 2019.

Salah Mohd I Al-Jaidah

Member of the Board of Directors

Salah Jaidah joined Deutsche Bank in 2011 as Chief Country Officer for Qatar and Vice Chairman for the Middle East and North Africa. Prior to joining Deutsche Bank, he held the positions of General Manager and Chief Executive Officer of various banks in Qatar. Jaidah has a Bachelor of Business from Texas Christian University and has completed an Advanced Management Programme at Oxford Business School.

Özge Kutay

**Member of the Board of Directors responsible from Financial Reporting Chief Operating Officer,
Member of the Credit Committee**

Born in 1970, Ms. Kutay is a graduate of the Faculty of Business Administration at Istanbul University. Starting her career at an independent audit firm in 1993 and worked at financial control unit of a local bank, Ms. Kutay has 25 years of experience in banking and business administration. Having been employed by Deutsche Bank A.Ş. since 1998, she served as an Assistant General Manager between 2001 and 2012 before being appointed as a member of the Board of Directors in October 2012.

Arzu Orhon

**Member of the Board of Directors, Member of the Audit Committee,
Alternate Member of the Credit Committee**

Born in 1969, Arzu Orhon holds BA Economics Degree from Bosphorus University Dept of Economics and MBA in Banking from Exeter University. Ms Orhon has 19 years of working experience in Banks and Financial Institutions. She started her career in an independent audit firm as an auditor, she worked at foreign banks operating in Turkey. She joined Deutsche Bank in 2000 and has led the Global Banking/Global Transaction Business team till 2009 when she left the Bank. Orhon, rejoined the Bank and she was appointed as Board Member and Audit Committee Member in September 2017. Ms Arzu Orhon has got relevant banking experience, both in the market and also in the centric organisation of DB Group, she's also got deep knowledge of local regulations.

None of the members of the Board of Directors is involved in transactions with the Bank either in their own capacity or on behalf of third persons or engaged in operations considered under the prohibition of competition.

Senior Management

A. Orhan Özalp, Member of the Board of Directors, CEO

Born in 1982, Orhan Ozalp graduated from Koç University with double major in Economics and Business Management. Joining Deutsche Bank in February 2006, Özalp held various coverage and management positions in Financial Institutions Coverage, Structured Product Origination and Sales, FIC and Equity Derivatives Sales in Deutsche Bank A.Ş. After working as Director and Managing Director in Institutional Treasury Coverage Group from 2013 to 2017, Özalp was appointed as Assistant General Manager responsible from Institutional Treasury Coverage Group in April 2018 and as CEO of Deutsche Bank A.Ş. in January 2019.

Özge Kutay, Member of the Board of Directors responsible from Financial Reporting, Chief Operating Officer

Born in 1970, Ms. Kutay is a graduate of the Faculty of Business Administration at Istanbul University. Starting her career at an independent audit firm in 1993 and worked at financial control unit of a local bank, Ms. Kutay has 26 years of experience in banking and business administration. Having been employed by Deutsche Bank A.Ş. since 1998, she served as an Assistant General Manager between 2001 and 2012 before being appointed as a member of the Board of Directors in October 2012.

Ali Doğrusöz, Assistant General Manager, Technology and Operations

Born in 1963, Mr. Doğrusöz received a Bachelor's Degree of Science in Mechanical Engineering degree from North Carolina State University, and a Master of Science degree in Mechanical Engineering from Middle East Technical University. Mr. Doğrusöz started his career in 1988 as a Systems Developer in the area of Multi-dimensional data modelling and analytics. In 1997 he moved to Turkey for sales and consulting assignments in the area of Data Warehousing and Data Mining. He joined Deutsche Bank A.Ş. in 2002 as the Assistant General Manager.

Hakan Ulutaş, Assistant General Manager - Corporate Banking

Born in 1965, Mr. Ulutaş is a graduate of Istanbul University, Department of Business Administration and holds a master's degree in Business Administration from Marmara University as well as a master's degree in Management from North Carolina State University. Mr. Ulutaş spent 27 years of his 29-year professional career in the banking sector. Hakan Ulutaş has been with Deutsche Bank A.Ş. since 2004. Ulutaş was appointed as the Assistant General Manager in October 2012.

Feyza Aktaş, Director- Corporate Banking, Global Subsidiaries Coverage & Corporate Cash Management

Born in 1972, Ms. Aktaş graduated from the Marmara University with a degree from the Department of International Relations. Serving in the corporate banking sector since 1995, Ms. Aktaş joined Deutsche Bank A.Ş. in 2007. In addition to the management of our Global Subsidiaries Coverage Unit since 2012, she has also been assigned as the manager of Corporate Cash Management Unit in 2019.

Senem Ertuncay Kuzu, Director, Investment Banking, Corporate Banking Coverage

Born in 1976, Ertuncay Kuzu has a Bachelor's Degree in Economics from Middle East Technical University. Have been working in the banking sector since 1998, Ertuncay Kuzu has joined Deutsche Bank A.Ş. in 2007. Ertuncay Kuzu is Head of Corporate Banking Coverage division since 2016.

Esra Özakdağ, Director, Corporate Banking, Financial Institutions, Cash Management and Trade Finance

Born in 1983, Mrs. Özakdağ has a Bachelor's Degree in Economics and International Relations from Connecticut College and an Executive MBA degree from Bogazici University. Having served in the banking sector since 2006, Esra Özakdağ joined Deutsche Bank in 2012. Özakdağ works as a manager in Corporate Banking, Cash Management and Trade Finance, FI.

Yeşim Timur, Director, Corporate Banking, Trade Finance

Born in 1974, Timur has a Bachelor's Degree in Business Administration from Istanbul University. Having served in the banking sector since 1997, Timur has joined Deutsche Bank A.Ş. in 2013. Timur is Head of Trade Finance division since 2018. Yeşim Timur has been appointed as Head of TF Flow UKI & Nordics within Deutsche Bank AG London Trade Finance effective from February 1, 2020 and resigned from her position at Deutsche Bank A.Ş.

Aybars Sezgen, Vice President

Aybars Sezgen focuses on the local fixed-income securities and interest rate markets as a Vice President at Fixed Income and Currencies Division. Prior to joining Deutsche Bank in March 2019, he held various positions in financial institutions Asset Management in Turkey, and served as the Treasury Manager abroad. Aybars holds a B.S. in Management Information Systems from Bogazici University.

Sevla Gonca, Vice President, Investment Banking - Private

Born in 1984, Sevla Gonca holds an undergraduate degree in Finance and International Business from The George Washington University and a MBA from the Said Business School of Oxford University. She has held various Global Markets Sales positions at international banks since 2005. In 2018 she has joined Deutsche Bank A.Ş. Investment Banking team as a Vice President on the Private side.

Ali Berge Dikmen, Vice President, Investment Banking - Public

Born in 1987, Berge Dikmen graduated from Robert College and Galatasaray University with a degree in Economics. He holds a Masters in Management degree from Fuqua Business School of Duke University. He has started working for Deutsche Bank A.Ş. in 2012 upon graduating from Duke, and has held various positions in Global Markets Sales desk. He has been serving as a Vice President in Investment Bank Public side since 2018.

Nesrin Akyüz, Director, Finance

Born in 1975, Nesrin Akyüz graduated from the Middle East Technical University with a degree from the Department of Business Administration. Starting her career in an independent audit firm and having gained auditing experience in various banks since 1997, Akyüz joined Deutsche Bank A.Ş. in 2006.

Nazım Aslan, Vice President, Treasury

Born in 1980, Aslan holds an undergraduate degree in Economics from Boğaziçi University and a master's degree in Money, Capital Markets and Financial Institution from İstanbul University. Aslan started his professional career in 2005 and has been working in Treasury field of the banking sector since 2008. Aslan joined Deutsche Bank A.Ş. in 2017.

Özge Sanioğlu, Vice President, Legal and Data Protection

Born in 1980, Mrs. Sanioğlu graduated from İstanbul University, Faculty of Law. Sanioğlu has 16 years of professional experience, 12 of which were in the banking sector. Mrs. Sanioğlu has been with Deutsche Bank A.Ş. since July 2012.

M. Nihat Fırat, Vice President, Human Resources

Mehmet Nihat Fırat, born in 1971, holds a master's degree from Bahcesehir University. 10 years, out of Fırat's total experience since 1988 in various companies, is in Banking sector. He manages the Human Resources Unit at Deutsche Bank Turkey since July 2019.

Can Göğüş, Vice President, Credit Allocation

Born in 1971, Göğüş holds a Bachelor's Degree of Science degree in Mechanical Engineering from Tennessee Technological University and an MBA from Carnegie Mellon University. Göğüş started his professional career in 1996 and has been working in corporate client coverage & credit fields of the banking sector since 2002. Göğüş joined Deutsche Bank A.Ş. in 2017.

Mehmet Çağlayan, Vice President, Technology

Born in 1977, Mehmet Çağlayan holds a Bachelor's Degree from Yıldız Technical University, Mathematical Engineering and a Graduate Degree from Marmara University, Institute of Banking and Insurance. Çağlayan started his career in 1997 in Retail Banking Product Development Unit of Information Technologies Department. Having joined Deutsche Bank A.Ş. in 2001, Mehmet Çağlayan is responsible from systemic development and management of corporate banking products.

Merdan Yılmaz, Vice President, Operations

Born in 1968, Merdan Yılmaz graduated from Istanbul University, Faculty of Political Sciences, and Department of Public Administration. Yılmaz started banking career in 1995 and he joined Deutsche Bank A.Ş. in 2005 as the Operations Manager.

Senem Gürsan, Assistant Vice President, Chief Security Office

Born in 1979, Gürsan received a Bachelor's degree in Physics Engineering from Ankara University and a Master's degree in Business Administration from İstanbul Bilgi University. Starting her career at Roketsan A.Ş. in 2004, Mrs. Gürsan assumed IT Project Manager role in various companies and joined Deutsche Bank A.Ş. in 2014. Mrs. Gürsan is serving as CISO since June, 2018.

Kaan Kantarcıoğlu, Director, Compliance and Anti Financial Crime

Born in 1970, Kaan Kantarcıoğlu graduated from Boğaziçi University, Department of Political Science and International Relations. Since 1993, Kantarcıoğlu worked in various roles within banking and Turkish capital markets sectors and joined Deutsche Bank Group in 2004. Kantarcıoğlu was appointed as Head of Compliance and Anti Financial Crime and Compliance Officer of Deutsche Bank A.Ş. on March 15, 2017. At the same time, VP responsible from Internal Control, appointed to perform internal control activities of the Bank, administratively reports to Kantarcıoğlu.

Abdullah Kaçmaz, Vice President, Internal Audit

Born in 1980, Kaçmaz graduated from Istanbul University, Department of Economics. Kaçmaz started his banking career in 2002 and joined Deutsche Bank A.Ş. in 2011. Kaçmaz holds CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor), CRMA (Certification in Risk Management Assurance) and CRISC (Certified in Risk and Information Systems Control) certificates. Kaçmaz was appointed as Head of Internal Audit of Deutsche Bank A.Ş. on November 17, 2014.

Esra Kumru Besim, Vice President, Risk Management

Born in 1973, Kumru Besim graduated from Sankt Georg Austrian College and Istanbul University, Faculty of Business Administration (English). After completing a certificate program in University of California, Berkeley, Besim started her banking career in 1998 in Financial Control and Planning departments of various banks and joined Deutsche Bank A.Ş.'s Financial Control Unit in 2006. After establishing Internal Control under the Compliance and Internal Control Unit in 2011, she was appointed as the Vice President responsible from Risk Management in April 2015.

Filiz Yalçın, Assistant Vice President, Internal Control

Born in 1980, Filiz Yalçın has undergraduate degree in Bilkent Üniversitesi, Department of Economics and masters degree in Bournemouth University, Department of Information Systems Management. She has started her business career in 2002. Yalçın has started working in audit and control areas in 2006 and she has certification on Risk Management (CRMA) and COBIT 5. Yalçın has been working as Internal Control responsible in Deutsche Bank A.Ş. since October, 2017.

Independent Auditor

During the Ordinary General Assembly of the Bank held on March 28, 2019, it was resolved with unanimous vote to select KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the Independent Auditor for a period of 1 year.

Committees and Councils

Audit Committee

H. Sedat Eratalar, Chairman
Arzu Orhon, Member
Frank H. Krings, Member
Simon Deutsch, Member

The Audit Committee was established on October 31, 2006, pursuant to the Board of Directors Resolution no. 48/6. The Audit Committee convened 17 times during the 2019 fiscal year.

Credit Committee

A. Orhan Özalp, Chairman
H. Sedat Eratalar, Member
Özge Kutay, Member
Arzu Orhon, Alternate Member

The Credit Committee was established to allocate credits under the authority delegated to the committee by the Board of Directors' decision no. 84 dated December 13, 2010. The Committee takes loan decisions within the limits determined for itself, and by determining the allocation conditions. The Credit Committee convenes twice a week or when deemed necessary.

Executive Council (EXCO)

A. Orhan Özalp, Chairman
Özge Kutay, Vice Chairman, Member
Hakan Ulutaş, Member
Nesrin Akyüz, Member
Feyza Aktaş, Member
Yeşim Timur, Member
Esra Özakdağ, Member
Senem Ertuncay, Member

The Executive Council meets once a month for a number of purposes including Deutsche Bank's global strategies to be followed in Turkey, generating ideas for the mutual development of coordination and new business ideas among the executive units established in Turkey, in addition to exploring cross-selling opportunities, coordination with the infrastructure units and assessing any risks regarding the reputation of Deutsche Bank's franchise.

Operating Council (OPCO)

Özge Kutay, Chairman
Ali Doğrusöz, Vice Chairman, Member
Kaan Kantarcıoğlu, Member
M. Nihat Fırat, Member
Özge Sanioğlu, Member
E. Kumru Besim, Member
Nesrin Akyüz, Member
Senem Gürsan, Member
Merdan Yılmaz, Member
Mehmet Çağlayan, Member

The Operating Council convenes once in every week. The Council is a platform where all Operations, Support and Control Units discuss the developments, changes and problems regarding the operations of the Bank, produce solutions and organize the effective utilization and allocation of resources.

Assets and Liabilities Committee (ALCO)

A. Orhan Özalp, Chairman
Nazım Aslan, Vice-chairperson, Member
Özge Kutay, Member
Hakan Ulutaş, Member
Joachim Bartsch, Member
Nesrin Akyüz, Member
E. Kumru Besim, Member
Can Göğüş, Member
Hakan Birinci, Member

The ALCO is responsible from analyzing the Bank's future capital requirements by overseeing the structure of the Bank's assets and liabilities, and evaluating risk-bearing assets, liquidity and market risk. The ALCO convenes quarterly under the presidency of the Bank's CEO.

Compensation Committee

Frank Helmut Krings, Chairman
H. Sedat Eratalar, Member
Simon Deutsch, Member

Deutsche Bank A.Ş. Board of Directors is, in addition to the application fields of Global Compensation Policy - Deutsche Bank Group, also required to approve, regularly review and apply appropriate Policies regarding Compensation of Senior Managers of the Internal Systems Units, Variable Compensation and its Principles, as stipulated in the Guideline on Good Remuneration Practices in Banks (Guideline), publicly announced by the Banking Regulation and Supervision Agency (BRSA). Board of Directors of Deutsche Bank A.Ş. performs the responsibilities indicated by means of a Compensation Committee to be made up of at least three members.

Compensation Committee convenes at least twice annually and reviews compliance of the Compensation Policy with the local legislation and global applications and issues a report to the Board of Directors. This review also includes whether or not compensation processes and applications of Deutsche Bank A.Ş. are compatible with the risk appetite, strategy and long-term goals of the Bank and whether or not they are in contradiction with the provisions of the BRSA's Guideline. Head of Human Resources Unit of Deutsche Bank A.Ş. attends Compensation Committee meetings to provide the necessary explanations on performance or compensation and to share his/her opinions. Minutes of the Compensation Committee are kept by the Head of Human Resources at the Human Resources Office.

Participation of Board Members and Committee Members in Meetings

The Board of Directors meets at least twice a month in accordance with the Bank's Articles of Association and governing legislation to oversee matters related to the Bank and to make decisions (within the scope of its duties and responsibilities). When deemed necessary, the Chairman of the Board of Directors may also call for meetings. During 2019, members participated in Board meetings regularly, conforming to the criteria for a quorum to convene and to make decisions.

The Audit Committee meets at least once a month. During 2019, members participated in Audit Committee meetings regularly, conforming to the criteria for a quorum to convene and make decisions.

Transactions conducted by Members of the Board of Directors with the Bank

Pursuant to the permission granted by the Bank's General Assembly, none of the members of the Board of Directors is involved in transactions with the Bank either in their own capacity or on behalf of third parties or engaged in operations considered under the prohibition of competition.

Financial Benefits provided to Senior Executives

Total benefits provided to senior executives such as Chairman of the Board of Directors, members of the Board, the CEO, the Assistant General Managers and supervisors of the units amounted to TL 26,305 thousands. Furthermore, expenses such as transportation and accommodation of senior executives amounted to TL 341 thousands.

Information on Dividend Distribution Policy

The Bank has adopted as its dividend distribution policy to distribute all of its profit available for distribution to its shareholders by receiving the necessary BRSA approval, provided that there are no unfavorable conditions prevalent in the national and/or global economic conditions and the Bank's total equity adequacy ratio is at the target level. The allocation and the distribution of the net profit are decided at the Deutsche Bank A.Ş. shareholders' Annual General Assembly.

Banking Regulation and Supervision Agency's (BRSA) permission is sought for dividend distribution. BRSA, with a letter sent to the Banks' Association of Turkey on December 12, 2019, stated that

- The prudent policy maintained so far to ensure that shareholders' equity structure of banks is robust, and required to be pursued further taking into account that rebalancing of Turkish economy continues despite the strong capital structures of banks,
- Therefore, 2019 profit and reserves that are earned before 2019 should not be distributed in a way that will require cash outflow.

In this respect, during the Ordinary General Assembly of the Bank to be convened on March 31, 2020, it will be presented to the approval of the shareholders that net profit of the year that ended on December 31, 2019 in the amount of TL 145.542 thousands will not be distributed but retained at the Bank and that net profit of 2019 year end will be transferred to extraordinary reserves.

Human Resources Policy

Recruitment: Employing the right persons with the right qualifications, who will apply Bank's strategy, adopt and appropriate Deutsche Bank's corporate culture, at the right positions is the basic principle underlying the recruitment policy. Managers, who are responsible from execution of their unit's activities in line with the applicable legislation, should have sufficient expertise in their unit's area of activity and employees of each unit should have the qualifications their duties, authorities and responsibilities require. It is essential that recruitment processes and applications be based on objective criteria and executed in accordance with the principle of equal opportunity.

Open positions are published at Deutsche Bank's career portal and intra-group requests and group employee references are primarily assessed; however, direct applications to the Bank are also taken into account. Contractual career portals and, when deemed necessary, human resources consultancy firms are engaged during the recruitment process. Recruitment process is executed via interviews held by Human Resources upon participation of heads of relevant units. During the interviews, candidates are assessed in terms of their suitability to the organization and conformity to the qualifications sought by the relevant position. These interviews enable recruitment of potential candidates in appropriate positions within the organization. Job offers are made to candidates whose processes are successfully completed; those candidates who cannot be recruited within the Bank as a result of their interviews are notified to this effect.

Career Management: The Bank provides various internal career development opportunities to its employees including internal recruitment, appointment, promotion, rotation and international assignments in accordance with DB Group's strategy and business requirements. International assignments are important for the Bank because of the experience they bring to the employees. Employees are given the chance to have access to global opportunities related to the unit in which they are currently employed and to apply to positions suitable for themselves. In the short and long-term assignments, it is aimed to ensure that employees are employed in the right place, at the right time and that human resource is used efficiently. Professional knowledge, skills and sense of responsibility of employees, who exceed the expectations with their high performance, make them candidates for higher positions.

Promotions: Managers of candidates for higher positions up to Managing Director level brief the EXCO on the performance of the employee. EXCO, based on the job definitions and performance criteria determined by the senior management, reviews the request and sends it to the Board of Directors for further approval, delays it for further assessment on a future date or vetos the request. Human Resources briefs also Compensation Committee about the promotions.

In case of promotion of Head of Human Resources or an Executive Council member, Board of Directors will assess the promotion and provide the approval.

Appointments: Human Resources communicates the criteria sought for senior management appointments in Internal Systems in position basis by giving details such as experience, competence, license, certificates, etc. Appointment resolutions are adopted by the Board of Directors. Audit Committee may give recommendations to the Board of Directors about promotions related with Internal Systems.

Performance Management: Targets are assigned to each employee based on their duties and responsibilities, Bank's strategies, aims and values. It is essential that performance criteria be established so as not to give rise to any conflicts of interest. After the targets are communicated with the employees, their strengths as well as weaknesses are observed during the assessment process. After the assessment of the employee by the manager, performance management continues with feedback and approval from the employee. Results of performance assessment provide data for career planning and a basis to determine training and development needs and remuneration. Performance of internal systems personnel are assessed independent from the performance of executive units they control.

In line with Bank's continuous learning and development strategy, career management and planning are made in order to increase skills and competencies of employees, to ensure that they realize their potentials by means of custom-made investments and to enrich career opportunities.

Furthermore, supervisors of personnel employed in units engaged in different dimensions of operational risk such as Compliance and Anti-Financial Crimes, Human Resources, Information Technologies and Operations and Finance, which assume responsibility for factors that have direct and/or indirect impact on general operational risk level of the banks or those units that bear responsibility in areas that indirectly cause the risk are, whilst liable from management of the operational risk in their own area of activity, on the other side, assess, where appropriate or necessary, provision of information and support to other units regarding the types, level and management of operational risk to which they are exposed within the scope of Performance Management.

Remuneration and Benefits: Remuneration and benefits policy of the Bank is based on establishing a working environment in accordance with the general applications of the Bank and principles that foresee fair and balanced remuneration based on work and performance, in parallel to the remuneration data unique to the sector, which has the ability to compete in the labour market; rewards high performance; encourages success and is compatible with globally-acknowledged values. Payments made to employees are associated not only with the short-term performance of the Bank such as profit or revenue, but also determined so as to have a positive impact on the corporate values and be in harmony with objective criteria. Premium payments exceeding a certain limit are deferred. It is ensured that remunerations paid to employees are in harmony with the ethical values, interior balance and strategic targets of the Bank. Salaries of Internal Systems personnel are determined based on their performance regarding their own functions. Salaries are reviewed based on criteria such as market dynamics, medium and long term requirements, performance of the Bank and its employees, and revised when deemed fit. Board delegated Compensation Committee is responsible from review of Compensation Policies, ensuring their compliance with long-term strategies of the Bank and application.

Benefits provided to employees other than annual salary payments are Private Health Insurance, Life Insurance, Transportation (Personnel Shuttles) Benefit and Lunch Ticket. CEO, COO and Human Resources are authorized in managing and executing all kinds of benefits and benefits related procedure and policies.

Training and Development: As of the first day of their employment, Bank employees are expected to complete training sessions on Bank's corporate culture, general compliance rules and compliance and risk rules unique to the Bank within 1 month.

It must be ensured that personnel with the same seniority and for the purpose of engagement in similar activities are employed with similar levels of experience and knowledge and it is essential that these personnel are trained in similar topics with equal durations. It is confirmed before employment whether the personnel who will be employed in positions with licensing requirements are duly licensed. Employees who may be employed in positions with licensing requirements are encouraged to attend licensing examinations and to receive the required licenses.

Training requirements of the employees are determined in accordance with performance assessments, changing legislation and needs, in cooperation with their managers. Deutsche Bank employees, in addition to the locally executed training programs, also make use of the international opportunities and experience provided by Deutsche Bank Group. The Bank considers development of its employees in the international arena important; therefore, training sessions contributing to personal development of the employees are also provided. With a central internet based training management system, all training-related applications are consolidated and all employees have been provided with access with personal passwords.

As of December 31, 2019, Deutsche Bank A.Ş. had 106 employees and Personnel Turnover Rate during 2019 was 11.7%. 71.2% of our employees are university graduates, 25.9% hold Masters and/or PhD degrees and 2.9% are high school graduates.

As of December 31, 2019, 42.3% of our employees are male and 57.7% are female.

Outsourced Services

The business lines and names of the entities that we have outsourced services in 2019 are listed below pursuant to Regulation on Bank's outsourced Services.

Service Provider	Unit that outsourced service	Service Details
BT Bilişim Hizmetleri A.Ş.	Technology - Operations	Provision of building to the secondary data center
Dataassist Bilgi Teknolojileri A.Ş.	Human Resources	Payroll services
Manpower İnsan Kaynakları Ltd. Şti.	Human Resources	Human Resources services
BİS Çözüm Bilgisayar ve Entegrasyon Hiz. ve Tic. A.Ş.	Technology - Operations	Licensing and maintenance of the main banking system,
Deutsche Bank AG	Technology - Operations	Maintenance of the suspicious activity detection system, support in scenario writing
Deutsche Bank AG	Technology - Operations	Identification, content and user management
Deutsche Bank AG	Technology - Operations	Network maintenance services
Deutsche Bank AG	Technology - Operations	Maintenance and support service for Network
Deutsche Bank AG	Technology - Operations	Operational support services for Hotscan (embargo filtering) application
Deutsche Bank AG	Technology - Operations	Maintenance and support services for (Message Broker) interface application
Deutsche Bank AG	Technology - Operations	Support services for receiving and sending SWIFT messages
Deutsche Bank AG	Technology - Operations	Operational support services under the application used for reconciliation
Deutsche Bank AG	Technology - Operations	Operational support services used for reconciliation
CBRE Emlak Danışmanlık Limited Şirketi	Corporate Services	Provision of correspondence services and management of card access system in the Bank

Service Provider	Unit that outsourced service	Service Details
Mapa Global Bilgisayar Yazılım Danışmanlık San. Ltd. Şti.	Technology - Operations	Developing application (interface) that ensures communication between the systems of the Central Bank and the Bank and maintenance of the same
Platin S.M.M.M. Ltd. Şti.	Finance	Accounting entries, issuance of tax returns printing ledgers, filing accounting entries
DBOI	Technology - Operations	Client Information Services
HCL	Technology - Operations	Incident Management, Problem Management End User Services, Remote Connection Services and Remote Helpdesk Services
Iron Mountain Arşivleme Hizmetleri Anonim Şirketi	Corporate Services	Procuring archiving, destruction and document classification services
Risk Yazılım Teknolojileri Dan. Eğt. Tic. ve Ltd. Şti.	Risk Management	Systemic support service for Market Risk and ICAAP calculations
Seri Bilgi Teknolojileri Destek Hizmetleri ve Ticaret Limited Şti.	Technology - Operations	End user hardware and application support
Deutsche Bank AG	Information Security	ID Admin Management
Turkkep Kayıtlı Elektronik Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Corporate Services	Registered e-mail Sending Services

Related - Party Transactions

Within the scope of its activities, the Bank enters into various transactions with Group companies. These transactions are conducted at market prices and for fully commercial purposes. The resulting profit/loss is reflected in the income statement.

The related party transactions of Deutsche Bank A.Ş. are reported in detail in the notes to the financial statements included in this annual report.

The Bank did not take part in any legal transactions with the controlling Company or with any party related to the controlling Company and/or with the direction of the controlling Company for the benefit of the controlling Company or its related parties. Since banking regulations and market conditions are taken into account as far as the relations with the Group companies are concerned, measures are neither taken nor specifically avoided to be taken for the benefit of the controlling Company or its related parties in the past fiscal year.

Corporate Social Responsibility

Deutsche Bank A.Ş. considers corporate social responsibility to be an area of importance and priority. The Bank takes a highly sensitive approach to the production of social responsibility projects and the support of existing projects. Deutsche Bank A.Ş. is aware of the fact that social responsibility is as important as providing customer satisfaction, employee motivation and a healthy, efficient and high-quality working environment.

Deutsche Bank A.Ş. pays prioritized attention to ensure that its employees are individuals who are socially and environmentally conscious, sensitive and prepared to take responsibility. Therefore, employees are encouraged to take responsibility individually and to carry out their own projects. With the “initiative plus” projects designed and implemented by the main partner Deutsche Bank AG in all Deutsche Bank offices all around the world, employees who actively design and develop individual projects on education, sustainability, arts and social issues are supported, it is ensured that they build up their own teams for the implementation and completion of their projects and they are given 2 work days of paid leave as well as monetary contribution. With social responsibility projects they develop on different areas and themes within the scope of “initiative plus” concept, Deutsche Bank employees both contribute to their own personal development and feel the satisfaction of being able to cater to the well-being of their society.

We continue to support education:

- We donate 5 tones electronic waste to TUBISAD (Informatics Industry Association) and by this means 59 children's education has been supported for 1 year by The Educational Volunteers Foundation of Turkey (TEGV).
- During the summer, ten staff from Deutsche Bank in Turkey went back to alma mater and provided career path advice to motivated students at Koç University who are pursuing a career in banking. The one-to-one mentoring sessions were organized by the University's Alumni Relations office and is part of the Anatolian Scholarship Program.

We continue to make contributions to non-profit organizations:

- Having participated in the 41th Istanbul Marathon Charity race and ran the 15K course, Deutsche Bank Corporate Team made donations to various non-profit organizations.
- On 8th of March, we supported the development of socioeconomic status of women with low income by organizing a charity bazaar in cooperation with the Foundation for the Support of Women's Work.
- 81 kilograms of blue bottle caps were collected to support the Spinal Cord Paralytics Association of Turkey's bottle cap collecting project to purchase wheelchairs for the disabled.
- Within the scope of the Lighting a Blue Light Campaign of Tohum Autism Foundation, we increased the awareness of Deutsche Bank employees for Autism.
- We donated 110 saplings to TEMA Foundation (The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) to be planted in Edirne-Yenicegörice Memorial Forest.

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Operating and Financial Review and Risk Management

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Report of the Audit Committee

The Audit Committee did not observe any adverse occurrences regarding the Bank's compliance and anti-financial crimes, internal control, internal audit and risk management systems during the 2019 fiscal year. The Committee regularly corresponded with the Bank's internal systems department managers, closely monitored the Bank's risk and operations and ensured that all measures were taken for timely identification and elimination of any risk. Regarding the compliance of the Bank's accounting practices with the Banking Law No. 5411 and other applicable legislation, the Committee reviewed the assessment of the independent auditors and did not encounter any discrepancies.

Our observations and opinions on the Bank's risk management and internal control activities are as follows:

Supervision by the Board of Directors and Executive Management: The Board of Directors consists of experienced members who work actively in the banking sector, are specialized in various fields of the banking profession and possess sufficient knowledge on different types of assumed risks, how these risks occur and how they can be managed.

The Executive Management works in close contact with the Board of Directors, is knowledgeable and experienced on risk and is capable of utilizing the know-how and experience of the parent bank, Deutsche Bank AG, in these areas.

Responsibilities regarding continuous risk reporting associated with developments in the financial markets, risk management practices and the Bank's operations have been identified. Risk reporting is performed on a daily basis.

The Board of Directors and the Executive Management monitor the reliability and functioning of accounting and reporting systems through specialists who are not users of these systems.

The Board of Directors, Executive Management and the parent company, Deutsche Bank AG, continuously review risk acceptance limits and implement the necessary preventive measures in response to changing market conditions.

The Board of Directors, Executive Management and the parent company, Deutsche Bank AG, act conscientiously to ensure that the Bank's business units and business lines employ personnel who possess the necessary knowledge, experience and expertise regarding the nature and scope of the tasks being performed.

In addition, employees are offered the opportunity to benefit from the Deutsche Bank AG specialists, their knowledge and experience.

Through "the Code of Conduct for Deutsche Bank Group" document notified to the Deutsche Bank employees during the recruitment process against signature, the Board of Directors, Executive Management and the main partner, Deutsche Bank AG, have determined the general rules in order to form the human resources team to conduct the Bank's activities in a safe and reliable way. Thus, the necessary measures have been taken to carry out the Bank's operations in a safe and reliable manner and to ensure that employees are honest and ethical and that they behave consistently with the Bank's prudent management philosophy and conduct.

The Board of Directors and Executive Management, monitor all operations of the Bank adequately through various internal audit and control systems.

Before the Bank embarks on a new line of business or launches a new product, the Board of Directors, Executive Management and the parent company, Deutsche Bank AG, require the implementation of New Product Approval and New Business Approval procedures to assess all potential risk which may arise from such business or products, and provide the necessary infrastructure and internal controls for the management of such risk.

The New Product Approval and New Business Approval procedures intend to overview the adequacy of the Bank's infrastructure necessary for identifying, monitoring and controlling the potential risk before embarking on a new operation or launching a new product.

These policies, implementation methods and limits are consistent with the level of experience, goals and objectives and financial strength of Deutsche Bank A.Ş. as well as of the parent bank, Deutsche Bank AG.

Hierarchical structure of the authorities and responsibilities in the Bank's operations are set out in the organization chart.

On behalf of the Audit Committee
H. Sedat Eratalar, Audit Committee Chairman

Management Declaration

As a result of the assessment made by the Board of Directors of Deutsche Bank A.Ş. ("Bank") pursuant to Regulation on Bank Information Systems and Banking Processes Audit to be Performed by External Audit Institutions, which became effective on December 31, 2009 and publicly announced at the Official Gazette on January 13, 2010 with issue no. 27461, by the Banking Regulation and Supervision Agency and the Circular Letter dated June 30, 2010 with no. B.02.1. BDK.0.77.00.00.010.06.02/3 on "Management Declaration", Board of Directors has approved that the internal controls on information systems and banking processes are effective, adequate and compliant with the applicable legislation for the audit period of January 1, 2019 - December 31, 2019.

Audits

During the accounting period, Independent Auditor of the Bank performed interim quarterly reviews and an annual review.

Other Information Regarding Activities

No legal action was lodged against the Bank that would affect the Bank's fiscal position and actions.

No administrative or legal sanction was applied against the Bank's Board of Directors.

Operating and Financial Review

As of December 31, 2019, the Bank's total assets amounted to TL 2,741,764 thousands, increased by 3% compared to the previous year.

At the end of 2018, loans amounted to TL 1,138,888 thousands; whereas, on December 31, 2019, they decreased by 9% and amounted to TL 1,041,363 thousands. All loans are short-term.

Whilst at the end of 2018, total deposits amounted to TL 965,156 thousands, they increased by 59% and amounted to TL 1,532,869 thousands on December 31, 2019.

Off-balance sheet items decreased from TL 3,492,232 thousands on December 31, 2018 to TL 1,951,890 thousands on December 31, 2019. The most important reason of this is the decrease in derivative financial transactions.

By the end of 2019, the Bank's net profit after taxes was TL 145,542 thousands. 2018 net profit of the Bank was TL 122,490 thousands.

On and off-balance sheet foreign currency balances are managed concurrently. While loans and cash and balances with the Central Bank comprise the majority of the Bank's assets, the majority of its liabilities are deposits and equity. The Bank's liquidity and interest risk are managed diligently by taking into account its capital and the funding limit set by Deutsche Bank AG. The Bank's parent company, Deutsche Bank AG, undertakes that it will fulfill the contracted responsibilities of Deutsche Bank A.Ş. based on its declaration which was approved at the General Assembly and published in its annual report.

Financial Targets Review

The annual budget is set by the Bank's Board of Directors in line with the targets and monitoring activities and checked to see whether or not operational results are in line with the budget. Profit/loss, balance sheet and risk weighted assets, established in accordance with the internal assessment process, are approved by the Board of Directors of the Bank. Bank's total net profit is marginally lower than the budgeted amount. Profit of Corporate Cash Management and Security Services are well above the budgeted profit, due to fluctuations in the market, profit of Trade Finance is below the budgeted amount.

Decisions taken by General Assembly are fulfilled by the Board of Directors without exception.

Risk Management Policies

General Policies

Deutsche Bank A.Ş. maintains Turkish Lira within the limits set denominated Treasury Bills and Government Bonds portfolio for trading purposes but is not engaged in equity/stock trading. The bank applies different limits for cash loans and for letters of guarantee and credit. Deutsche Bank A.Ş. also has country and sector concentration limits. The bank does not engage in interbank money market transactions with a maturity exceeding six months.

Foreign currency transactions with banks and the other corporations are conducted on "delivery versus payment" basis; banks and corporations with a settlement limit are exceptions to this rule. The bank has an approval procedure for the new products and business lines. Insurance transactions regarding operational risk are coordinated with Deukona. Matters regarding reputational risk are discussed and resolved in the Executive Council. Business Continuity and Disaster Recovery Plan is regularly reviewed and tested.

Compliance with the relevant policies and limits are checked daily. All kinds of breaches are reported to the senior management, relevant units and to the Board.

Risk Management

Risk Management is working as an independent unit responsible from operation and credit risk types. It applies the policies defining the precautions regarding monitoring, managing and administering and reporting the risks determined under the Regulation on the Internal Systems and ICAAP of the Banks. Function of the Risk Management Unit is to ensure that all risks that the Bank is exposed to are defined, measured, monitored, controlled and reported in a consolidated and unconsolidated manner by means of the policies, procedures and limits specified to monitor, supervise and control, and if necessary, change the risk return structure contained by the future cash flows of the Bank, and accordingly the characteristics and level of the operations of the Bank. The basic risks that should be preliminarily assessed by our Bank are defined herein below:

Market Risk

Market risk is the possibility to incur a loss arising from Bank's general market risk, exchange rate risk (potential losses that may be incurred by the Bank as a result of changes in exchange rates due to all of its foreign currency assets and liabilities), interest rate risk (potential losses that may be incurred by the Bank as a result of the movements in interest rates due to its positions regarding financial instruments), swap risk (potential losses that may be incurred by the Bank due to price fluctuations of securities, foreign exchanges or merchandise subject to transactions as a result of failure to realize a swap transaction on its due date in case of transactions which cover delivery of securities, foreign exchanges or merchandise on the basis of prices on a certain due date and foresee that both parties meet their obligations on such due dates) and counterparty credit risk in trading accounts. Market Risk Management also includes liquidity risk (the risk of Bank's failing to fulfil its responsibilities on time due to the fact that it does not have cash stock or flow that is sufficient to meet the cash outflow totally or on time as a result of an imbalance in the cash flow) management.

Board of Directors is the ultimate owner of managing market risk within DB A.Ş. Liquidity risk and interest rate risk arising from banking accounts are managed by the Treasury Unit; whereas interest rate risk arising from trading accounts is managed by Fixed Income and Currencies Unit.

Credit Risk

Credit risk is defined as the condition our Bank is in and the potential loss it may incur if and when a customer of our Bank or a counterparty that our Bank is in a business relationship fails to partially or totally fulfil its obligations arising from a contract it signed with the Bank on time. All processes pertaining to credit allocation by the Bank in favour of real persons or legal entities directly or indirectly, utilization, monitoring and operation of the said credit are regarded under the credit risk management. The principal amount of credit risk is the sum of the credit risk amounts regarding on-balance sheet assets, non-cash credits, liabilities and derivative financial instruments. It further includes Credit Risk, Counterparty credit risk management, Concentration risk management and Country risk management.

Before accepting credit risk, fundamental principle underlying the credit risk management is examining the client. Choosing clients in a prudent manner in accordance with the principle of "Know Your Client" is achieved through co-operation with business units working as the first line of defence of the Bank. New risk acceptance always requires approved plans for finalization of the risk position taken in accordance with the applicable rules. In spite of the fact that collaterals or other risk mitigating tools serve as alternative sources for repayment, they may not be used as substitutes to high quality credit approval standards or assessment of counterparty's ability to repay their debts in a comprehensive manner. Main aim of the Bank is to avoid excessive concentration, to establish

a diversified and marketable credit portfolio in an attempt to minimize large scale risks and thus to protect Bank's capital under all market conditions. To achieve this, concentrations are assessed and managed taking Bank's risk appetite into account.

Operational Risk

Operational risk is the possibility to incur a loss arising from insufficient or ineffective internal processes, failures related to employees and systems or external sources, and it includes legal risk. Aim of the Operational Risk Management is to early detect/foresee the possible operational risks that the Bank may be exposed to and to protect the Bank from any possible losses that it may incur as a result of operational risks, to establish and ensure operation of the necessary mechanisms needed for efficient management of operational risks that may pose a delay or obstacle to achieving Deutsche Bank A.Ş.'s aims, and to decrease the possibility of being exposed to operational risk and, thereby, to participate into creation of a stronger capital base.

In order to manage operational risk in a transparent manner, responsibilities and duties related to operational risk management are clearly defined. Problems related to operational risk are escalated to the relevant authorities on time. Units are responsible from undertaking the financial impact associated with the operational risk incidents and costs arising from management, mitigation, transferring and acceptance of the same.

Risks breaching the applicable legislation or regulations are not accepted; these risks must always be mitigated once they are detected.

Credit Ratings

Deutsche Bank A.Ş. is not rated by rating agencies.

As of December 31, 2019, international rating agencies had attached the following ratings to the Bank's parent company, Deutsche Bank AG:

	Short-term Rating	Long-term Rating	Outlook	Individual Rating
Moody's Investors Service	P - 2	A3	Negative	ba1
Standard & Poor's	A - 2	BBB+	Stable	bbb
Fitch Ratings	F2	BBB+	Evolving	bbb

Summary of Five - Year Financial Highlights

Assets (TL 000)	2019	2018	2017	2016	2015
Cash and Balances with the Central Bank	570,856	332,442	510,718	346,325	503,401
Financial Assets at Fair Value Through Profit/Loss	881	362,073	409,591	1,146,777	345,17
Derivative Financial Assets	2,732	38,727	30,915	25,827	10,926
Banks	726,970	684,157	331,881	392,363	357,992
Receivables from Money Markets	50,015	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	242,293	-	-	-	-
Loans (Net)	1,041,363	1,138,888	1,715,824	1,398,853	1,743,295
Equity Investments	-	-	-	-	-
Tangible Assets (Net)	24,510	4,805	2,462	1,929	2,216
Intangible Assets (Net)	4,707	3,976	3,016	6,773	13,445
Tax Assets	3,098	3,960	2,076	4,659	-
Other Assets	74,339	93,304	35,411	47,533	36,405
Total Assets	2,741,764	2,662,332	3,041,894	3,371,039	3,012,850
Liabilities (TL 000)	2019	2018	2017	2016	2015
Deposits	1,532,869	965,156	935,327	914,052	606,882
Derivative Financial Liabilities	3,024	45,176	31,976	26,572	10,504
Money Market Funds	-	-	-	945,000	99,124
Loans Received	379,084	1,004,274	1,492,184	923,179	1,723,245
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	15,151	8,965	25,566	5,237	9,991
Factoring Liabilities	-	-	-	-	-
Lease Liabilities	21,329	-	-	-	-
Provisions and Tax Liability	49,682	50,027	48,114	41,668	52,386
Subordinated Debt Instruments	-	-	-	-	-
Shareholders' Equity	740,625	588,734	508,727	515,331	510,718
Total Equity and Liabilities	2,741,764	2,662,332	3,041,894	3,371,039	3,012,850
Statement of Profit or Loss (TL 000)	2019	2018	2017	2016	2015
Interest Income	351,429	431,808	248,564	205,329	187,768
Interest Expense	76,487	28,584	54,522	70,734	63,934
Net Interest Income/(Expense)	274,942	403,224	194,042	134,595	123,834
Net Fees and Commissions Income/(Expense)	52,588	47,479	43,712	36,058	44,219
Trading Profit/Loss (Net)	-24,161	-183,492	-61,602	-2,867	6,360
Other Operating Income	16,793	18,571	9,502	20,957	15,886
Gross Profit From Operating Activities	320,162	285,782	185,654	188,383	190,299
Allowances for Expected Credit Losses (-)	1,630	862	53	5,240	329
Personnel Expenses	60,769	54,615	53,389	38,411	45,467
Other Operating Expenses (-)	71,356	73,743	62,318	60,294	53,960
Net Operating Profit/(Loss)	186,407	156,562	69,894	84,438	90,543
Net Monetary Position Gain/(Loss)	-	-	-	-	-
Profit/(Loss) Before Taxes From Continuing Operations	186,407	156,562	69,894	84,438	90,543
Provision for Taxes on Income From Continuing Operations (-)	40,865	34,072	13,851	15,203	18,054
Net Profit/(Loss) From Continuing Operations	145,542	122,490	56,043	69,235	72,489
Net Profit/(Loss) From Discontinued Operations	-	-	-	-	-
Net Profit/(Loss)	145,542	122,490	56,043	69,235	72,489
Debt/Equity Ratio (%)	263.49	343.72	488.48	546.06	479.67



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat: 1-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Deutsche Bank Anonim Şirketi

1) Opinion

We have audited the annual report of Deutsche Bank Anonim Şirketi (the "Bank") for the period between 1 January 2019 and 31 December 2019, since we have audited the complete set of unconsolidated financial statements for this period.

In our opinion, the unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

2) Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Auditor's Opinion on Complete Set of Unconsolidated Financial Statements

We have expressed an unqualified opinion on the complete set of unconsolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 on 10 March 2020.

4) Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's unconsolidated financial statements. The annual report shall also clearly indicate the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Bank's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.


When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

5) Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the audited unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative


Alper Güvenç, SMMM
Partner

10 March 2020
İstanbul, Turkey

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Independent Auditors' Report, Financial Statements and Disclosures

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KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

**Convenience Translation of the Independent Auditors' Report
Originally Prepared and Issued in Turkish to English
(See Note I in Section Three)**

To the Shareholders of Deutsche Bank Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Deutsche Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2019 and the unconsolidated statement of income, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Deutsche Bank Anonim Şirketi and its subsidiaries as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented Section Three, Note VIII to the unconsolidated financial statements.



Key audit matters

As of 31 December 2019, loans measured at amortised cost comprise 38% of the Bank's total assets.

The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard").

As of 1 January 2018, due to the adoption of the Regulation and Standard, in determining the impairment of loans the Bank started to apply "expected credit loss model" rather than the "incurred loss model". The new model contains significant assumptions and estimates.

The significant assumptions and estimates of the Bank's management are as follows:

- significant increase in credit risk
- incorporating the forward looking macroeconomic information in calculation of credit risk; and
- design and implementation of expected credit loss model.

The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the estimation of expected credit loss varies to the staging of the financial assets.

The Bank estimates expected credit losses credit basis. The credit basis provisions are modelled by using current and past data sets and expectations and the forward looking expectations are reflected.

Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.

How the matter is addressed in our audit

Our procedures for testing the expected credit loss included below:

- We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.
- The contractual cash flow tests prepared for the financial assets of the Bank were examined and the results of the tests were checked for compliance with the loan agreements.
- The conformity of the subjective and objective criteria defined in the Bank's impairment model has been checked for compliance with the Standard.
- We evaluated the Bank's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist.
- We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information.
- We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on credit basis. Additionally expected credit loss calculation was tested through recalculation.
- We evaluated the assessments which are used in determining the significant increase in credit risk.
- Additionally, we also evaluated the adequacy of the unconsolidated financial statement disclosures related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSBA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative


Alper Güvenc, SMMM
Partner
10 March 2020
Istanbul, Turkey





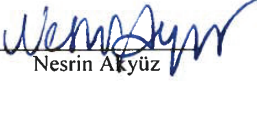
THE FINANCIAL REPORT OF
DEUTSCHE BANK A.Ş. AS OF 31 DECEMBER 2019

Bank's Head Office Address : Esentepe Mahallesi, Büyükdere Caddesi Tekfen Tower No:209
Kat:17-18, Şişli 34394 - İSTANBUL
Bank's Telephone and Fax Numbers : Tel: (0212) 317 01 00
: Tel: (0212) 317 01 05
Bank's Web Address : www.db.com.tr
E-mail address : tr.muhaberat@db.com

The Deutsche Bank A.Ş.'s year end financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

1. GENERAL INFORMATION ABOUT THE BANK
2. FINANCIAL STATEMENTS OF THE BANK
3. EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
4. INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
5. EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS
6. OTHER EXPLANATIONS AND NOTES
7. INDEPENDENT AUDITOR'S REPORT

The financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying financial statements are presented in thousands of Turkish Lira (TL).

				
Frank Helmut Klings	Hamit Sedat Eratalar	Abidin Örfan Özalp	Özge Kutay	Nesrin Akçüz
Chairman of Board of Directors and Member of Audit Committee	Chairman of Audit Committee	General Manager	Board Member Responsible from Financial Reporting	Finance Director

Information related with the personnel authorised to answer the questions regarding this financial report

Name-Surname / Title: Salih Görgülü / Finance Manager

Tel No: 0 212 317 01 84

Fax No: 0 212 317 01 05

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Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION ONE

General Information About The Bank

I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

Deutsche Bank Anonim Şirketi ("the Bank") was established with Council of Ministers Permit No. 87/12432, dated 16 December 1987. This permit was published in the Official Gazette dated 26 December 1987 and it was registered on 4 April 1988. The "Articles of Association" of the Bank were published in the Trade Registry Gazette on 7 April 1988. The commercial title of the Bank upon its establishment was "Türk Merchant Bank A.Ş." which was changed to "Bankers Trust A.Ş." on 17 April 1997. After the global merger of Bankers Trust and Deutsche Bank, the Bank's commercial title has been changed to "Deutsche Bank Anonim Şirketi" at 1 March 2000. The Bank obtained the permission to accept deposits with the article numbered 1381 and dated 8 September 2004 of Banking Regulatory and Supervisory Agency ("BRSA"). This permission became valid after it was published in Official Gazette No. 25614 dated 15 October 2004. The Bank's head office is located in Istanbul and has no branches.

Based on the decision taken at General Assembly Meeting of the Deutsche Bank Anonim Şirketi held on 28 March 2013, the Articles of Association has been amended in compliance with the Turkish Commercial Code ("TCC") No. 6102. Accordingly, the "Articles of Association" of the Bank was updated and simplified in accordance with TCC no. 6102. The updated Articles of Association came into effect after being published in Trade Registry Gazette No. 8304 dated 19 April 2013.

II. Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank's risk group

As of 31 December 2019, the Bank's paid-in capital is comprised of 1,350,000,000 shares whose historical nominal unit values are TL 0.1. The Bank is one of the group companies of Deutsche Bank Group and 99.99% of the Bank's capital is owned by Deutsche Bank AG.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. Information on the Bank's board of directors' chairman and members, audit committee members, general manager, assistant general managers, change in top management and their shareholdings in the Bank

Title	Name Surname	Responsibilities	Appointment Date	Education	Experience in Banking and Business Administration
Chairman and Member of Audit Committee	Frank Helmut Krings ^(***)		28 March 2019	Undergraduate: Braunschweig Technical University Electrical Engineering	23 years
Board Member and General Manager	Abidin Orhan Özalp ^(*)		14 January 2019	Undergraduate Koc University Faculty of Economics and Administrative Sciences, Economy and Business double major	13 years
Board Members	Özge Kutay	Financial Reporting and Support Functions	18 October 2012	Undergraduate: Istanbul University Faculty of Economics and Administrative Sciences	26 years
	Jorge Andres Otero Letelier		15 March 2017	Undergraduate: Bachelor of Arts-Finance Master: MBA-Newyork	26 years
	Claire Coustar		23 February 2018	Undergraduate: Babson College-Business Administration	25 years
Member of Board and Audit Committee	Michael Christoph Maria Dietz ^(**)		28 February 2019	Undergraduate: Darmstadt University Machine Engineering and Economics	28 years
	Salah Mohd I Al-Jaidah ^(****)		14 May 2019	Undergraduate: Texas Christian University Faculty of Economics, Business Administration	32 years
	H. Sedat Eratalar ^(***)		2 August 2001	Undergraduate Ankara University Faculty of Economics and Finance	39 years
	Simon Deutsch ^(****)		14 May 2019	Undergraduate Westminister University Faculty of Science, City Planning	22 years
Assistant General Managers	Arzu Orhon		14 September 2017	Undergraduate: Boğaziçi University Faculty of Economics and Administrative Sciences Master: University of Exeter, Business Administration	20 years
	Ali Doğrusöz	Technology and Operations	16 December 2002	Undergraduate: North Carolina University, Mechanical Engineering Master: METU Mechanical Engineering	31 years
	Hakan Ulutaş	Corporate Banking	18 October 2012	Undergraduate: Istanbul University Management Faculty Master: Marmara University Science Research and Application Center, Contemporary Business Education Directorate	27 years

The top management listed above holds no shares of the Bank.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Changes occurred for the period ended 31 December 2019:

Title	Outgoing within the period	Assignments during the period
Member of the Board and General Manager ^(*)	Ersin Akyüz	Abidin Orhan Özalp
Member of the Board ^(**)		Michael Christoph Maria Dietz
Chairman ^(***)	Peter Johannes Maria Tils	Frank Helmut Krings
Member of the Board ^(****)		Zoltân Kurali
Member of the Board ^(*****)	Ann Maria Francine Vanhaeren and Zoltân Kurali	Salah Mohd I Al-Jaidah and Simon Deutsch

^(*) With the Board of Directors' decision dated 14 January 2019 and numbered 01/19, Ersin Akyüz resigned from his duty as board member and general manager, and Abidin Orhan Özalp was appointed as board member and general manager by the same resolution.

^(**) Michael Christoph Maria Dietz was appointed as a member of the Board of Directors by the Board of Directors' decision dated 28 February 2019 and numbered 04/19.

^(***) With the decision of the General Assembly dated March 28, 2019, Peter Johannes Maria Tils resigned from his position as Chairman of the Board of Directors and Frank Helmut Krings was appointed as the Chairman of the Board of Directors and Zoltân Kurali as the Member of the Board of Directors. With the Board of Directors' decision dated May 21, 2019 and numbered 13/19, Frank Helmut Krings was appointed as the member of the audit committee and Hamit Sedat Eratalar was appointed as the chairman of the audit committee.

^(****) With the Board of Directors' decision dated 14 May 2019 and numbered 12/19, Zoltân Kurali and Ann Maria Francine Vanhaeren resigned from their duties as board members and Salah Mohd I Al-Jaidah and Simon Deutsch were appointed as board members.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. Information on the Bank's qualified shareholders

The Bank's qualified shareholder, which has direct or indirect control power, due to the definition of qualified portion on Banking Act No. 5411 and regarding to Article 13th of Communiqué on Transactions Subject to Bank's Permission and Indirect Portion Ownership, is shown below:

Name Surname/Commercial Title	Share Amounts	Share Ratios	Paid Shares	Unpaid Shares
Deutsche Bank AG	134,999	99.99	134,999	-
Other	1	0.01	1	-
Total	135,000	100	135,000	-

V. Summary information on the Bank's activities and services

Activities of the Bank as stated in its articles of association are as follows:

- All banking operations;
- Jointly establishing enterprises with the corporations or individuals, joint ventures, investing to the existing or newly established commercial and industrial institutions, banks and financial institutions and transferring the shares of those enterprises;
- Providing commercial and insurance activities on behalf of the Bank or the domestic and foreign institutions, acting as agencies, and providing commitments to public and non-public entities in compliance and not restricted with the regulations set by the Banking Law and the related legislations;
- Purchasing and selling marketable securities on behalf of the Bank or third parties, issuing debt securities by taking the necessary permissions in accordance with the related legislation, establishing and managing investment funds and performing other capital market transactions, which are allowed by the Banking Law and operating in stock exchange;
- Performing factoring and forfaiting;
- Performing any transactions in foreign currency markets including derivative transactions on behalf of the Bank or its' customers;
- Performing equipment leasing and real estate financing by way of leasing the extent permitted by legislation;
- Acquiring intangible assets related with the Bank's operations and making savings on them;

The Bank, which has been providing investment banking services since its establishment date, has obtained the permission to accept deposits from BRSA Decision No. 1381 dated 8 September 2004, as a result of the Bank's growth and investment policies in Turkey. This permission became into force after it was published in Official Gazette No. 25614 dated 15 October 2004.

Under the Capital Markets Board Authorization Certificate, the Bank was allowed to perform the following activities and services as of 5 November 2015:

- Brokerage services
- Limited Custody Service
- General Custody Service

The main operations of the Bank are, Interbank Money Market transactions, purchasing and selling marketable securities, foreign currency transactions, corporate cash loan, providing collateralised non-cash loans related with commercial activities and custody services. After obtaining commercial banking licence, in addition to the Bank's current operations like commercial banking and money market transactions, the Bank became structured to meet all of the needs of its' customers by providing services such as accepting deposits, opening individual accounts and selling cash management products and services, accordingly.

As of 31 December 2019, the number of employees of the Bank is 106 (31 December 2018: 109)

Deutsche Bank Anonim Şirketi

Balance Sheet (Statement Of Financial Position)

As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION TWO

Financial Statements

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (5 - I)	Audited Current period 31 December 2019			Audited Prior period 31 December 2018		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		1,029,770	563,977	1,593,747	1,117,440	299,959	1,417,399
1.1 Cash and Cash Equivalents		786,596	561,245	1,347,841	755,367	261,232	1,016,599
1.1.1 Cash and Balances with Central Bank	(1)	24,725	546,131	570,856	76,500	255,942	332,442
1.1.2 Banks	(3)	712,701	15,114	727,815	679,368	5,290	684,658
1.1.3 Money Market Placements		50,015	-	50,015	-	-	-
1.1.4 Expected Credit Losses (-)		845	-	845	501	-	501
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	881	-	881	362,073	-	362,073
1.2.1 Government Securities		881	-	881	362,073	-	362,073
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(4)	242,293	-	242,293	-	-	-
1.3.1 Government Securities		242,293	-	242,293	-	-	-
1.3.2 Equity Securities		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(2)	-	2,732	2,732	-	38,727	38,727
1.4.1 Derivative Financial Assets Measured at FVTPL		-	2,732	2,732	-	38,727	38,727
1.4.2 Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST	(5)	355,819	685,544	1,041,363	545,675	593,213	1,138,888
2.1 Loans		356,041	685,544	1,041,585	546,714	593,213	1,139,927
2.2 Lease Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables	(6)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
2.4.1 Government Securities		-	-	-	-	-	-
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		222	-	222	1,039	-	1,039
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
3.1 Asset Held for Resale		-	-	-	-	-	-
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Associates (Net)	(7)	-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	24,510	-	24,510	4,805	-	4,805
VI. INTANGIBLE ASSETS (Net)	(13)	4,707	-	4,707	3,976	-	3,976
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		4,707	-	4,707	3,976	-	3,976
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(15)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(15)	3,098	-	3,098	3,960	-	3,960
X. OTHER ASSETS (Net)	(17)	6,486	67,853	74,339	9,651	83,653	93,304
TOTAL ASSETS		1,424,390	1,317,374	2,741,764	1,685,507	976,825	2,662,332

Deutsche Bank Anonim Şirketi

Balance Sheet (Statement Of Financial Position)

As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (5 - II)	Audited Current period 31 December 2019			Audited Prior period 31 December 2018		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	774,451	758,418	1,532,869	624,966	340,190	965,156
II. FUNDS BORROWED	(3)	-	379,084	379,084	-	1,004,274	1,004,274
III. MONEY MARKET FUNDS		-	-	-	-	-	-
IV. SECURITIES ISSUED (NET)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	-	3,024	3,024	-	45,176	45,176
7.1 Derivative Financial Liabilities Measured at FVTPL		-	3,024	3,024	-	45,176	45,176
7.2 Derivative Financial Liabilities Measured at FVOCI		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(5)	4,565	16,764	21,329	-	-	-
X. PROVISIONS	(7)	12,967	24,643	37,610	11,005	26,154	37,159
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		10,218	5,907	16,125	10,017	7,510	17,527
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		2,749	18,736	21,485	988	18,644	19,632
XI. CURRENT TAX LIABILITY	(8)	12,072	-	12,072	12,868	-	12,868
XII. DEFERRED TAX LIABILITY	(8)	-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND AS-SETS OF DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	(10)	-	-	-	-	-	-
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES		3,337	11,814	15,151	3,713	5,252	8,965
XVI. SHAREHOLDERS' EQUITY	(11)	740,625	-	740,625	588,734	-	588,734
16.1 Paid-in Capital	(11)	135,000	-	135,000	135,000	-	135,000
16.2 Capital Reserves		31,866	-	31,866	31,866	-	31,866
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		31,866	-	31,866	31,866	-	31,866
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		(806)	-	(806)	(564)	-	(564)
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		6,591	-	6,591	-	-	-
16.5 Profit Reserves		414,213	-	414,213	291,723	-	291,723
16.5.1 Legal Reserves		84,802	-	84,802	84,802	-	84,802
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		329,411	-	329,411	206,921	-	206,921
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit/Loss		153,761	-	153,761	130,709	-	130,709
16.6.1 Prior Periods' Profit/Loss		8,219	-	8,219	8,219	-	8,219
16.6.2 Current Period's Net Profit/Loss		145,542	-	145,542	122,490	-	122,490
16.7 Minority Shareholders		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		1,548,017	1,193,747	2,741,764	1,241,286	1,421,046	2,662,332

Deutsche Bank Anonim Şirketi

Off-Balance Sheet (Statement Of Financial Position)

As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. OFF-BALANCE SHEET COMMITMENTS

	Note (5 - III)	Audited Current period 31 December 2019			Audited Prior period 31 December 2018		
		TL	FC	Total	TL	FC	Total
OFF-BALANCE SHEET							
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		1,325,568	626,322	1,951,890	2,153,943	1,338,289	3,492,232
I. GUARANTIES AND WARRANTIES	(1)	78,892	175,226	254,118	97,857	210,145	308,002
1.1 Letters of guarantee		78,892	173,736	252,628	97,857	207,531	305,388
1.1.1 Guarantees subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		78,892	173,736	252,628	97,857	207,531	305,388
1.2 Bank acceptances		-	-	-	-	-	-
1.2.1 Import letter of acceptance		-	-	-	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	1,490	1,490	-	2,614	2,614
1.3.1 Documentary letters of credit		-	1,490	1,490	-	2,614	2,614
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1)	914,630	-	914,630	1,003,995	-	1,003,995
2.1 Irrevocable commitments		914,630	-	914,630	1,003,995	-	1,003,995
2.1.1 Forward asset purchase and sales commitments		-	-	-	128,960	-	128,960
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		914,199	-	914,199	874,690	-	874,690
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		-	-	-	122	-	122
2.1.8 Tax and fund obligations on export commitments		431	-	431	223	-	223
2.1.9 Commitments for credit card limits		-	-	-	-	-	-
2.1.10 Commitments for credit cards and banking services related promotions		-	-	-	-	-	-
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		332,046	451,096	783,142	1,052,091	1,128,144	2,180,235
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Trading derivatives		332,046	451,096	783,142	1,052,091	1,128,144	2,180,235
3.2.1 Forward foreign currency purchases/sales		110,086	184,038	294,124	553,928	446,915	1,000,843
3.2.1.1 Forward foreign currency purchases		69,912	77,181	147,093	299,350	202,417	501,767
3.2.1.2 Forward foreign currency sales		40,174	106,857	147,031	254,578	244,498	499,076
3.2.2 Currency and interest rate swaps		221,960	267,058	489,018	498,163	681,229	1,179,392
3.2.2.1 Currency swaps-purchases		160,000	84,449	244,449	-	583,461	583,461
3.2.2.2 Currency swaps-sales		61,960	182,609	244,569	498,163	97,768	595,931
3.2.2.3 Interest rate swaps-purchases		-	-	-	-	-	-
3.2.2.4 Interest rate swaps-sales		-	-	-	-	-	-
3.2.3 Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1 Foreign currency call options		-	-	-	-	-	-
3.2.3.2 Foreign currency put options		-	-	-	-	-	-
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		50,620,785	59,402	50,680,187	58,907,233	52,609	58,959,842
IV. ITEMS HELD IN CUSTODY		50,620,785	59,402	50,680,187	58,907,233	52,609	58,959,842
4.1 Customers' securities held		42,182,523	-	42,182,523	50,254,459	-	50,254,459
4.2 Investment securities held in custody		8,344,043	-	8,344,043	8,564,072	-	8,564,072
4.3 Checks received for collection		94,219	-	94,219	88,702	-	88,702
4.4 Commercial notes received for collection		-	-	-	-	-	-
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received through public offering		-	-	-	-	-	-
4.7 Other items under custody		-	59,402	59,402	-	52,609	52,609
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		-	-	-	-	-	-
5.1 Marketable securities		-	-	-	-	-	-
5.2 Guarantee notes		-	-	-	-	-	-
5.3 Commodities		-	-	-	-	-	-
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		-	-	-	-	-	-
5.6 Other pledged items		-	-	-	-	-	-
5.7 Pledged items-depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		51,946,353	685,724	52,632,077	61,061,176	1,390,898	62,452,074

Deutsche Bank Anonim Şirketi

Statement Of Profit Or Loss

For The Year Ended 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. STATEMENT OF PROFIT OR LOSS

			Audited	Audited
			Current period	Prior period
			1 January-	1 January-
INCOME AND EXPENSE ITEMS		Note (5-IV)	31 December 2019	31 December 2018
I.	INTEREST INCOME	(1)	351,429	431,808
1.1	Interest income on loans		154,810	281,730
1.2	Interest income on reserve deposits		379	7,210
1.3	Interest income on banks		127,051	79,868
1.4	Interest income on money market transactions		44,994	1,164
1.5	Interest income on securities portfolio		23,974	60,573
1.5.1	Financial assets measured at FVTPL		10,871	60,573
1.5.2	Financial assets measured at FVOCI		13,103	-
1.5.3	Financial assets measured at amortised cost		-	-
1.6	Financial lease income		-	-
1.7	Other interest income		221	1,263
II.	INTEREST EXPENSE	(2)	76,487	28,584
2.1	Interest on deposits		71,725	19,921
2.2	Interest on funds borrowed		2,314	3,223
2.3	Interest on money market transactions		82	4,831
2.4	Interest on securities issued		-	-
2.5	Lease interest expense		1,692	-
2.6	Other interest expenses		674	609
III.	NET INTEREST INCOME (I - II)		274,942	403,224
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		52,588	47,479
4.1	Fees and commissions received		68,815	67,853
4.1.1	Non-cash loans		2,429	2,806
4.1.2	Others	(12)	66,386	65,047
4.2	Fees and commissions paid		16,227	20,374
4.2.1	Non-cash loans		-	-
4.2.2	Others	(12)	16,227	20,374
V.	DIVIDEND INCOME	(3)	-	-
VI.	NET TRADING INCOME/LOSSES (Net)	(4)	(24,161)	(183,492)
7.1	Trading account income/losses		(481)	1,163
7.2	Income/losses from derivative financial instruments		(44,763)	345,744
7.3	Foreign exchange gains/losses		21,083	(530,399)
VII.	OTHER OPERATING INCOME	(5)	16,793	18,571
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		320,162	285,782
IX.	EXPECTED CREDIT LOSSES (-)	(6)	1,630	862
X.	OTHER PROVISIONS (-)		-	-
XI.	PERSONNEL EXPENSES (-)		60,769	54,615
XII.	OTHER OPERATING EXPENSES (-)	(7)	71,356	73,743
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		186,407	156,562
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY AC-COUNTING		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	(8)	186,407	156,562
XVIII.	PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	40,865	34,072
18.1	Current tax charge		40,224	35,684
18.2	Deferred tax charge (+)		641	-
18.3	Deferred tax credit (-)		-	(1,612)
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	145,542	122,490
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3	Others		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3	Others		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax charge		-	-
23.2	Deferred tax charge (+)		-	-
23.3	Deferred tax credit (-)		-	-
XXIV.	NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(11)	145,542	122,490
25.1	Group's profit		-	-
25.2	Minority shareholder's profit/loss		-	-
	Earnings Per Share (TL Full)		0.1078	0.0907

Deutsche Bank Anonim Şirketi

Statement Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audiet		Audiet
	Current period	Prior period	
	1 January - 31 December 2019	1 January - 31 December 2019	
I.	145,542	122,490	
II.	6,349	(309)	
2.1	(242)	(309)	
2.1.1	-	-	
2.1.2	-	-	
2.1.3	(302)	(386)	
2.1.4	-	-	
2.1.5	60	77	
2.2	6,591	-	
2.2.1	-	-	
2.2.2	8,449	-	
2.2.3	-	-	
2.2.4	-	-	
2.2.5	-	-	
2.2.6	(1,858)	-	
III.	151,891	122,181	

The notes between pages 12 and 108 are an integral part of these financial statements.

Deutsche Bank Anonim Şirketi Statement Of Changes In Equity For The Year Ended 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

PRIOR PERIOD 1 January - 31 December 2018	Paid in Capital	Share premium	Share Certificate Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Net Income (Loss)	Current Period Net Income (Loss)	Total
					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
I. Balance at the beginning of the period	135,000	-	-	31,866	-	(255)	-	-	-	-	286,073	8,219	56,043	508,727
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	8,219
2.1. Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I-II)	135,000	-	-	31,866	-	(255)	-	-	-	-	286,073	8,219	56,043	516,946
IV. Total comprehensive income (loss)	-	-	-	-	(309)	-	-	-	-	-	-	-	122,490	122,181
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	5,650	-	(56,043)	(50,393)
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	5,650	-	(50,393)	(50,393)
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	(15,650)	(15,650)
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	135,000	-	-	31,866	(564)	-	-	-	-	-	291,723	8,219	122,490	588,734

CURRENT PERIOD 1 January - 31 December 2019

I. Balance at the beginning of the period	135,000	-	-	31,866	-	(564)	-	-	-	-	291,723	8,219	122,490	588,734
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I-II)	135,000	-	-	31,866	-	(564)	-	-	-	-	291,723	8,219	122,490	588,734
IV. Total comprehensive income (loss)	-	-	-	-	(242)	-	-	-	6,591	-	-	-	145,542	151,891
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	122,490	-	(122,490)	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	122,490	-	(122,490)	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	135,000	-	-	31,866	(806)	-	-	-	6,591	-	414,213	8,219	145,542	740,625

1 Tangible and Intangible Assets Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Exchange Differences on Translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The notes between pages 12 and 108 are an integral part of these interim financial statements.

Deutsche Bank Anonim Şirketi

Statement Of Cash Flows For The Year Ended 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VI. STATEMENT OF CASH FLOWS

	Audited	
	Current period 01 January- 31 December 2019	Prior period 01 January- 31 December 2018
A. CASH FLOWS FROM BANKING OPERATIONS	(5)	
1.1 Operating profit before changes in operating assets and liabilities	58,794	191,051
1.1.1 Interests received	331,582	415,367
1.1.2 Interests paid	(76,332)	(27,093)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	68,815	67,853
1.1.5 Other income	16,793	18,571
1.1.6 Collections from previously written-off receivables	-	-
1.1.7 Cash payments to personnel and service suppliers	(63,417)	(54,615)
1.1.8 Taxes paid	(73,292)	(56,675)
1.1.9 Others	(5.VI.1) (145,355)	(172,357)
1.2 Changes in operating assets and liabilities subject to banking operations	406,008	234,088
1.2.1 Net (increase) decrease in financial assets measured at FVTPL	361,192	44,124
1.2.2 Net (increase) decrease in due from banks	(112,639)	195,413
1.2.3 Net (increase) decrease in loans	162,198	740,259
1.2.4 Net (increase) decrease in other assets	11,160	(65,050)
1.2.5 Net increase (decrease) in bank deposits	419,368	(166,291)
1.2.6 Net increase (decrease) in other deposits	204,444	298,101
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL	-	-
1.2.8 Net increase (decrease) in funds borrowed	(694,299)	(854,016)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(5.VI.1) 54,584	41,548
I. Net cash used from banking operations	464,802	425,139
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash used in investing activities	(248,852)	(7,033)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(5.I.12) (3,329)	(3,804)
2.4 Sales of tangible assets	-	-
2.5 Cash paid for purchase of financial assets measured at FVOCI	(242,293)	-
2.6 Cash obtained from sale of financial assets measured at FVOCI	-	-
2.7 Cash paid for purchase of financial assets measured at amortised cost	-	-
2.8 Cash obtained from sale of financial assets measured at amortised cost	-	-
2.9 Others	(5.I.13) (3,230)	(3,229)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash used in financing activities	(8,874)	(50,393)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(5.V.5) -	(50,393)
3.5 Payments for leases	(8,874)	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(5.VI.1) 11,645	1,791
V. Net increase in cash and cash equivalents	218,721	369,504
VI. Cash and cash equivalents at beginning of period	(5.VI.2) 787,745	418,241
VII. Cash and cash equivalents at the end of period	(5.VI.3) 1,006,466	787,745

Deutsche Bank Anonim Şirketi

Statement Of Profit Distribution

For The Year Ended 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VII. STATEMENT OF PROFIT DISTRIBUTION

	Current period ^(*) 31 December 2019	Prior period 31 December 2018
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	186,407	156,562
1.2 TAXES AND DUTIES PAYABLE	(40,865)	(34,072)
1.2.1 Corporate tax (Income tax)	(40,224)	(35,684)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	(641)	1,612
A. NET INCOME FOR THE YEAR (1.1-1.2)	145,542	122,490
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	145,542	122,490
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive rights)	-	-
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 preferred shares	-	-
1.9.3 To owners of preferred shares (pre-emptive rights)	-	-
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 (-)	-	122,490
1.12 GENERAL 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 preferred shares	-	-
2.3.3 To owners of preferred shares (pre-emptive rights)	-	-
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		
3.1 TO OWNERS OF ORDINARY SHARES	0.1078	0.0907
3.2 TO OWNERS OF ORDINARY SHARES (%)	10.78	9.07
3.3 TO OWNERS OF PRIVILAGED SHARES	-	-
3.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILAGED SHARES	-	-
4.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-

(*) As of the date of this report the decision of profit distribution in the current year has not been made since the General Assembly meeting has not conducted yet.

(**) According to BRSA circular numbered BDDK.DZM.2/13/1-a-3 and dated 8 December 2004 net deferred tax income is not subjected to profit distribution and capital increase.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of presentation

1.a Disclosures on the preparation of financial statements and its explanatory notes in accordance with the Turkish Accounting Standards and the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The Bank prepares its financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The financial statements have been prepared in TL, under the historical cost basis as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities which are carried at fair value.

The preparation of financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. The assumptions and estimations that used is presented below related notes.

1.b Accounting policies and measurement

The accounting policies and valuation adopted in the preparation of the financial statements, the Regulation published by the ("BDDK") on accounting and financial reporting principles is determined in accordance with the principles of TFRS, which is put into force by the Public Oversight Authority ("POA") on the disclosures and circulars and the matters not regulated by the Communiqué. In accordance with the transitional provisions of TFRS 16, prior period financial statements and footnotes have not been restated. Implementation and impacts related to the transition to TFRS 16 are explained in Note XXIV of Section Three.

II. Basis of presentation of financial statements

The accounting rules and the valuation principles used in the preparation of the financial statements are implemented as stated in the Reporting Standards.

Current period financial tables are based same accounting policy with the financial tables as of 31 December 2018, except explained below.

The Group has initially adopted TFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Bank's financial statements.

III. Explanations on strategy of using financial instruments and foreign currency transactions

The main operations of the Bank are, interbank money market transactions, purchasing and selling marketable securities, foreign currency transactions and providing collateralised cash, non-cash loans and custody services.

The Bank's main funding sources are equity, deposit and borrowings from domestic and foreign financial institutions. Bank's assets mainly consist of placements in banks, reverse repo transactions, corporate loans and financial assets at fair value through profit or loss.

The Bank's off balance sheet exposures consist of forward foreign exchange purchase transactions, letter of credit and letter of guarantee.

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Foreign currency risk, interest rate risk and liquidity risk are daily measured and monitored and the asset-liability management is performed within the internal risk limits and legal limits.

The Bank has no foreign currency denominated capital market instruments at fair value through profit or loss. The Bank has no investments in foreign associates.

As of 31 December 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9402 for USD and TL 6,6506 for EURO.

IV. Forwards, options and other derivative transactions

The Bank's derivative transactions mainly consist of foreign currency swaps, foreign currency options and forward foreign currency purchase/sale contacts.

Bank's derivative transactions are classified under "Derivative financial assets at fair value through profit or loss" or "Derivative financial assets at fair value through other comprehensive income" in accordance with TFRS 9.

Liabilities and receivables arising from the derivative instruments are recorded under the off-balance sheet accounts at their contractual values.

Derivative transactions are measured at fair value. The changes in their fair values are recorded on balance sheet under "derivative financial assets measured at fair value through profit/loss" or "derivative financial liabilities measured at fair value through profit/loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income/losses from derivative transactions under statement of profit or loss. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives are not separated from the host contract and accounted according with the host contract's based standard. The Bank has no embedded derivative as of 31 December 2019.

V. Explanations on interest income and expenses

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method (The net present value of the future cash flows of the financial asset or liability).

VI. Explanations on fee and commission income and expense

Commissions received for various banking services are recorded when they are collected and other income and expense items are recorded on an accrual basis. Fees and commissions paid or received loan fees and commission, expense/income considered as transaction cost and recognized according to effective interest rate methods. Income derived from agreements and asset purchases and custodian transactions made on behalf of third parties are recognised as income when they are realised.

VII. Explanation on financial assets

The Bank recognises its financial assets as "Fair Value through Profit or Loss", "Fair Value through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or interest that were previously recorded in the financial statements.

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a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

b. Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

As of 31 December 2019, the Bank has TL 242,293 Financial Assets at Fair Value through Other Comprehensive Income (31 December 2018: None).

c. Financial assets measured at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using "effective interest rate method (Internal rate of return)". Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

d. Derivative financial assets

Derivative financial instruments of the Bank are classified under "Derivative Financial Assets Designated at Fair Value through Profit or Loss" in accordance with "IFRS 9 Financial Instruments" ("IFRS 9").

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values. Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value through Profit or Loss" The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

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e. Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method".

The Bank's loans are recorded under the "Measured at Amortized Cost" account.

VIII. Explanations on expected credit losses

Starting from 1 January 2018, the Bank recognises a loss allowance for expected credit losses on financial assets and loans measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. TFRS 9 impairment requirements are not applicable for equity instruments.

At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The bank has recognised the effects of the implementation of new regulations at 1 January 2018 with an adjustment in the previous profit or loss accounts. The primary impact is the changes in the provision for credit losses in accordance with the new impairment provisions, which raised from the tax effects of the corresponding provisions. This change in accounting policy has had a positive effect on the Bank's equity amounting to TL 8,026.

IX. Explanations on offsetting financial instruments

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

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X. Explanations on sales and repurchase agreements and securities lending transactions

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income." and "Financial assets measured at amortized cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Money market placements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method". The Bank has no securities lending transactions.

As of 31 December 2019, the Bank has no receivables from reverse repo (31 December 2018: None).

XI. Explanations on assets held for resale and discontinued operations

The Bank has no assets held for resale and discontinued operations as of 31 December 2019 and 31 December 2018.

XII. Explanations on goodwill and other intangible assets

There is no goodwill recognized in the financial statements as of 31 December 2019 and 31 December 2018.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortisation and the provision for value decreases, if any.

Intangible assets are impaired when the book value exceeds the recoverable amount. Impairment indicates that losses may be realised. When the indicators are present the Bank makes estimation on the recoverable amount. If there are no indicators of impairment there is no need for the recoverable amount estimation.

Intangibles are amortised over their estimated useful lives using the straight-line method over 5-10 years. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the asset.

XIII. Explanations on tangible assets

The property and equipment acquired before 31 December 2004 are recorded at restated historical costs in accordance with inflation accounting and subsequent additions to 31 December 2004 are recorded at their historical purchase costs.

The property and equipment are depreciated over their estimated useful lives on a straight-line basis.

If the recoverable amounts of the tangible assets are different than their restated net book values, the Bank records other income in the income statement or other expense or equity to be added to equity.

Expenditures for the repair and renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

There are no restrictions such as pledges, mortgages or any other restrictions on the property and equipment as of 31 December 2019 and 31 December 2018. There are no changes in the accounting estimates that would have significant effects in the current period or in the following periods.

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Depreciation rates and the estimated useful lives of tangible assets are as follows:

Motor Vehicles	5 years
Office Machinery	3 - 5 years
Furnitures and fixtures	5 - 15 years

XIV. Explanations on leasing transactions

The Bank has adopted "IFRS 16: Leases" as of 1 January 2019.

The Bank, uses lease transactions for buildings, vehicles and equipments.

As a lessee, the Bank has previously included the right to lease assets and leasing liabilities for most of its leases in accordance with IFRS 16, although the Bank has previously been classified as operating or finance leases, based on the assessment of whether all leases and benefits arising from ownership of the asset have been transferred. In other words, these leases are presented in the statement of financial position. The Bank classifies its right to use assets in classes of property, plant and equipment and intangible assets that are of the same nature as their assets.

The Bank classify right-of-use assets that do not meet the definition of investment property in the same line item as it presents underlying assets of the same nature that it owns. The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The Bank applies TAS 36 Impairment of Assets to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. In the event that rent payments are easily determined by the implicit interest rate, this rate (14.20%-25% for TL contracts, 3,85% for US Dollars contracts and 0% for European Currency contracts), if it cannot be easily determined, it is discounted using the Bank's alternative borrowing interest rate. In general, the Bank used the alternative borrowing interest rate as a discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

XV. Explanations on provisions and contingent commitments

Provisions and contingent liabilities except for the specific and general provisions recognised for loans and other receivables are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the "Matching principle".

When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a contingent liability exists and it is disclosed in the related notes to the financial statements. Where the amount cannot be reliably measured and there is no possibility of a source from the Bank to settle the obligation, and the amount of the obligation cannot be reliably measured, the liability is recognized as "Contingent Liability" and information is provided in the footnotes.

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XVI. Explanations on contingent assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank. If an inflow of economic benefits to the Bank has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

XVII. Explanations on obligations related to employee rights

In accordance with the existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct and this amount is limited by the termination indemnity upper limit.

Employee severance indemnities are not subject to legal funding requirements.

The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, assumptions on discount rate, expected rate of salary increase and employee turnover rate is used in the calculation of the total liability. These assumptions are reviewed on an annual basis.

XVIII. Explanations on taxation

Current tax

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, came into effect after being published in Official Gazette No. 26205, dated 21 September 2006. Accordingly the corporate tax rate in Turkey is 20%. Corporate tax rate will be applied as 22% between the years 2018-2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to 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 via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and preemption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

According to the Turkish tax regulations, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period 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.

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Deferred Tax

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate.

If transactions and events are recorded in the income statement, then the related tax effects are also recognised in the income statement. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognised directly in the shareholders’ equity.

The deferred tax assets and deferred tax liabilities calculated are offset against the financial statements.

Transfer pricing

The Article No. 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer pricing” published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

XIX. Explanations on borrowings

Debt instruments such as borrowings from foreign banks and money market funds are major funding source of the Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the “discounted value” calculated by using the “Effective interest rate (“Internal rate of return”) method”.

XX. Explanations on issuance of share certificates

As of 31 December 2019, there is no share certificate issuance of the Bank (31 December 2018: None).

XXI. Explanations on avalized drafts and acceptances

As of 31 December 2019, there is no avalized drafts and acceptances of the Bank (31 December 2018: None).

XXII. Explanations on government grants

As of 31 December 2019, the Bank has no government grants (31 December 2018: None).

XXIII. Explanations on segment reporting

A business segment is a The Bank’s product or service or an interrelated product or service engaged in providing product or services that are subject to risks and returns that are different from those of other business segments. Reporting according to the operational segment is presented in Note XI of Section Four.

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XXIV. Explanations on TFRS 16 Leases Standard

The Bank has initially adopted TFRS 16 Leases from 1 January 2019.

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank and

When applying the cost method, the existence of the right to use:

- a) Accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

The Bank applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating real assets considered as right-of-use asset.

The lease obligations:

At the commencement date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates. Lease payments are discounted using the implied interest rate at the lease if this ratio can be easily determined. If this ratio cannot be easily determined, the Bank uses the Bank's alternative borrowing interest rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
 - b) Reduces the book value to reflect the lease payments made and
 - c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.
- The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Bank, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

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The Bank applies this standard with modified retrospective approach recognizing the cumulative effect of initially applying TFRS 16 to the retained earnings on 1 January 2019, the partial retrospective approach and the rent reflected in the statement of financial position before the date of initial application of this approach and adjusted for the amount of all prepaid or accrued rent payments, the option to be accounted for at an amount equal to the obligation. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under TAS 17 and related interpretations.

Impact of TFRS 16 on financial statements as of 1 January 2019 is as follow:

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	1 January 2019
Tangible Assets (Net)	4,805	-	26,423	31,228
Other Assets (Net)	93,304	(1,709)	544	92,139
Lease Payables (Net)	-	-	25,258	25,258

XXV. Reclassifications

None.

XXVI. Other disclosures

Accounting policies that applied in the prior year and are not valid current year with TFRS 16 standard are presented below:

Explanations on leasing transactions

Fixed assets acquired through financial leasing are classified as property, plant and equipment and depreciated over their estimated useful lives. Liabilities arising from financial leasing agreements are presented under "Financial Lease Payables" in the liabilities. Interest expenses and foreign exchange differences related to financial leasing are reflected to the income statement.

Operations related to operational leases are accounted on an accrual basis in accordance with the relevant contractual provisions.

The agreements subject to operational leases, in case the contract period is expired before the end of the lease period, the amounts to be paid to the lessor as a penalty are recognized as expense instead of the cash payment in the period. There is no operating lease agreement terminated before the end of the term.

The Bank carries out financial leasing transaction to its Group firm Deutsche Securities Menkul Değerler A.Ş. as a "lessee".

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanation about equity items

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 31 December 2019, the Bank's total capital has been calculated as TL 734.802 (31 December 2018: TL 584.866), the capital adequacy ratio is 38,36% (31 December 2018: 31,49%). This ratio is above the minimum ratio required by the legislation.

1) Information about total capital items:

	31 December 2019 Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	166,866	-
Share issue premiums	-	-
Legal Reserves	414,213	-
Gains recognized in equity as per TAS	6,591	-
Profit	153,761	-
Current Period Profit	145,542	-
Prior Period Profit	8,219	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Tier I Capital Before Deductions	741,431	-
Deductions From Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	806	-
Leasehold Improvements on Operational Leases	2,627	-
Goodwill after deduction from tax liability	-	-
Other intangibles other than mortgage-servicing rights, net of related tax liability	4,384	4,384
Deferred tax assets that rely on future profitability excluding those arising from temporary differences, net of related tax liability	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net Amount Of Defined Benefit Plan Assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital(-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted	-	-
Deferred tax assets arising from temporary differences	-	-
Other items to be Defined by the Council	-	-
Total Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
Total Deductions from Tier I Capital	7,817	-
Total Tier 1 capital	733,614	-

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	31 December 2019 Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)		
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Core Capital	-	-
Total Additional Core Capital	-	-
Total Core Capital (Core Capital= Tier I Capital +Additional Core Capital)	733,614	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1,188	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1,188	-
Tier II Capital before Deductions	-	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1,188	-
Total Tier II Capital (Core Capital and Tier II Capital)	734,832	-

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	31 December 2019 Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Core Capital And Tier II Capital (Total Capital)	734,802	-
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
EQUITY		
Total capital (Core capital and Tier II capital)	734,802	-
Total risk weighted items	1,915,689	-
	31 December 2019 Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Core Capital Adequacy Ratio (%)	38.30	-
Tier 1 Capital Adequacy Ratio (%)	38.30	-
Capital Adequacy Standard Ratio (%)	38.36	-

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	31 December 2019 Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
BUFFERS		
Total buffer requirement	2.525	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific countercyclical buffer requirement (%)	0.025	-
c) Systemic significant bank buffer ratio	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	30,30	-
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Mortgage servicing rights (net of related tax liability)	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,188	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1,188	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-
* The amount to be taken into consideration under the Transitional Provisions	-	-

⁽¹⁾ Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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	31 December 2018	Amounts related to treatment before 1/1/2014 ⁽¹⁾
	Prior Period	
TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	166,866	-
Share Premium	-	-
Legal Reserves	291,723	-
Other Comprehensive Income/losses according to TAS	-	-
Profit	130,709	-
Net Current Period Profit	122,490	-
Prior Period Profit	8,219	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in	-	-
Current Period's Profit Minority Shareholder	-	-
Tier I Capital Before Deductions	589,298	-
Deductions From Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	564	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under	-	-
Equity according to TAS	-	-
Leasehold Improvements on Operational Leases	1,894	-
Goodwill after deduction from tax liability	-	-
Other intangibles other than mortgage-servicing rights, net of related tax liability	3,715	3,715
Deferred tax assets that rely on future profitability excluding those arising from temporary differences, net of related tax liability	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
-Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
-Net Amount Of Defined Benefit Plan Assets	-	-
-Direct or indirect investments in own common equity	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital(-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted	-	-
Deferred tax assets arising from temporary differences	-	-
Other items to be Defined by the Council	-	-
Total Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
Total Deductions from Tier I Capital	6,173	-
Total Tier 1 capital	583,125	-

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	31 December 2018 Prior Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Temporary Article 4)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be Defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	583,125	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1,741	-
Tier II Capital before Deductions	1,741	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1,741	-
Total Tier II Capital (Core Capital and Tier II Capital)	584,866	-

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	31 December 2018 Prior Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Core Capital And Tier II Capital (Total Capital)	584,866	-
Loans Granted against the Articles 50 and 51 of the Banking Law (-)		-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
EQUITY		
Total capital (Core capital and Tier II capital)	584,866	-
Total risk weighted items	1,857,179	-
	31 December 2018 Prior Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	31.40	-
Tier 1 Capital Adequacy Ratio (%)	31.40	-
Capital Adequacy Standard Ratio (%)	31.49	-

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	31 December 2018	Amounts related to treatment before 1/1/2014 ⁽¹⁾
	Prior Period	
BUFFERS		
Total buffer requirement	1,875	-
Capital conservation buffer requirement (%)	1,875	-
Bank specific countercyclical buffer requirement (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	23.40	-
Amounts below the thresholds for deduction	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Mortgage servicing rights (net of related tax liability)	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,741	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1,741	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to %0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process

Information about instruments that will be included in total capital calculation

None.

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The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from allowance for expected credit losses (Stage I and Stage II), property and equipment and intangible assets. In the calculation of Total Capital, allowance for expected credit losses (Stage I and Stage II) up to 1.25% credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under property and equipment in the balance sheet, intangible assets and related deferred tax liabilities are taken into consideration as amounts deducted from Total Capital.

II. Explanations on credit risk

Credit borrowers are subject to risk limits approved by the Board of Directors in terms of geographic region, group and sectorial concentration. Moreover, all banking activities are acted with the principle of not working with the persons and institutions who are involved in the international black lists required by the legislation.

In the process of credit allocation and disbursement, futures and other derivative transactions, the approval levels of the daily cash financing limits and risks of the customers are passed through the approval stages of the management level depending on the approval limits. Risk limits and distributions are monitored on a daily basis on a daily basis in relation to on-balance sheet and off-balance sheet transactions.

The credit risk assumed for future transactions is managed together with the potential risks arising from market movements and transactions that are exposed to significant credit risk are avoided.

The creditworthiness of borrowers of loans and other receivables is monitored at regular intervals and in accordance with the regulation of provisions. Care is taken to ensure that the account status documents received for creditors are audited as provided for in the applicable legislation.

As of 31 December 2019, the Bank's non-cash loan portfolio consists of 24 customers and non-cash loans portfolio consist of 56 customers (31 December 2018: cash loans portfolio 34 and non-cash loans portfolio 67).

The share of cash and cash equivalents of the Bank from its top 100 loan customers in total cash and non-cash loan portfolio is 100% (31 December 2018: 100%).

The sum of cash receivables from the first 100 credit customers constitutes 38% of the total balance sheet assets and the amount of non-cash receivables from the first 100 credit customers constitutes 13% of the total off-balance sheet assets (31 December 2018: 43% and 9%).

As of 31 December 2019, the expected loss of the Bank for credit risk is TL 1,188 and the expected loss of the Bank for cash loans is 222 (31 December 2018: TL 1,741 and TL 1,039).

a) Type of loans and specific provisions

31 December 2019	Corporate	Consumer	Factoring Receivables	Total
Standard Loans	1,041,585	-	-	1,041,585
Loans under close monitoring	-	-	-	-
Non-performing loans	-	-	-	-
Specific provision (-)	-	-	-	-
Total	1,041,585	-	-	1,041,585
31 December 2018	Corporate	Consumer	Factoring Receivables	Total
Standard Loans	1,139,927	-	-	1,139,927
Loans under close monitoring	-	-	-	-
Non-performing loans	-	-	-	-
Specific provision (-)	-	-	-	-
Total	1,139,927	-	-	1,139,927

b) Type of loans and specific provisions

None (31 December 2018: None).

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c) Loans and receivables past due but not impaired

31 December 2019	Financial Assets at Fair Value through P/L (Net)	Fair Value Difference Reflected on Other Comprehensive Income (Net)	Held to Maturity Securities (Net)	Total
Moody's Ba1 ^(*)	881	242,293	-	243,174
Total	881	242,293	-	243,174

31 December 2018	Financial Assets at Fair Value through P/L (Net)	Fair Value Difference Reflected on Other Comprehensive Income (Net)	Held to Maturity Securities (Net)	Total
Moody's Ba1 ^(*)	-	-	-	-
Toplam	362,073	-	-	362,073

(*) Includes government bonds and bills.

d) Information on rating concentration

The Bank does not have any credit rating policy.

e) Fair value of collaterals (loans and advances to customers)

Guarantees received as at 31 December 2019 are presented in "Credit Risk Mitigation Techniques" disclosure.

f) Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with different risk classes according to the types and amounts of disaggregated risks are listed below the average for the period

Risk classifications:	Current Period Risk Amount ^(*)	Average Risk Amount ^(**)
Conditional and unconditional exposures to central governments or central banks	894,332	843,021
Conditional and unconditional exposures to regional governments or local authorities	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	818,018	869,230
Conditional and unconditional exposures to corporates	1,084,509	1,086,413
Conditional and unconditional retail exposures	761	1,072
Conditional and unconditional exposures secured by real estate property	-	-
Past due items	-	-
Items in regulatory high-risk categories	-	-
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Other receivables	32,606	55,065

(*) Includes risk amounts given before the effect of credit risk mitigation but after the credit conversions.

(**) Average risk amounts are the arithmetical average of the risk amounts after conversion in January-December period.

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Risk classifications:	Prior Period Risk Amount ^(*)	Average Risk Amount ^(**)
Conditional and unconditional exposures to central governments or central banks	696,871	1,061,372
Conditional and unconditional exposures to regional governments or local authorities	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organisations	-	-
Conditional and unconditional exposures to banks and brokerage houses	979,728	887,541
Conditional and unconditional exposures to corporates	1,257,876	1,666,448
Conditional and unconditional retail exposures	1,654	1,271
Conditional and unconditional exposures secured by real estate property	-	-
Past due items	-	-
Items in regulatory high-risk categories	-	-
Exposures in the form of bonds secured by mortgages	-	-
Securitisation positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Other receivables	58,249	113,701

^(*) Includes risk amounts given before the effect of credit risk mitigation but after the credit conversions.

^(**) Average risk amounts are the arithmetical average of the risk amounts after conversion in January-December period.

g) Profile of significant exposures in major regions

31 December 2019	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Other receivables	Total
1. Domestic	894,332	684,488	1,084,119	761	32,606	2,696,306
2. European Union (EU) countries	-	56,471	-	-	-	56,471
3. OECD countries ^(**)	-	18,839	-	-	-	18,839
4. Off-shore banking regions	-	-	-	-	-	-
5. USA, Canada	-	13,653	-	-	-	13,653
6. Other countries	-	44,567	390	-	-	44,957
7. Associates, subsidiaries and joint ventures	-	-	-	-	-	-
8. Unallocated assets / liabilities ^(***)	-	-	-	-	-	-
Total^(*)	894,332	818,018	1,084,509	761	32,606	2,830,226

^(*) Includes risk amounts given before the effect of credit risk mitigation but after the credit conversions.

^(**) OECD countries other than EU countries, USA and Canada

^(***) Assets and liabilities that cannot be allocated on a consistent.

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31 December 2018	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Other receivables	Total
1. Domestic	696,871	641,752	1,250,492	1,654	58,249	2,649,018
2. European Union (EU) countries	-	151,093	3,454	-	-	154,547
3. OECD countries(**)	-	-	-	-	-	-
4. Off-shore banking regions	-	1,022	-	-	-	1,022
5. USA, Canada	-	96,923	2,550	-	-	99,473
6. Other countries	-	88,938	1,380	-	-	90,318
7. Associates, subsidiaries and joint ventures	-	-	-	-	-	-
8. Unallocated assets / liabilities(***)	-	-	-	-	-	-
Total^(*)	696,871	979,928	1,257,876	1,654	58,249	2,994,377

(*) Includes risk amounts given before the effect of credit risk mitigation but after the credit conversions.

(**) OECD countries other than EU countries, USA and Canada

(***) Assets and liabilities that cannot be allocated on a consistent.

h) Risk profile according to sectors and counterparties

31 December 2019	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Other receivables	Total
Agriculture	-	-	18,362	-	-	18,362
Farming and raising livestock	-	-	18,362	-	-	18,362
Forestry	-	-	-	-	-	-
Fishing	-	-	-	-	-	-
Manufacturing	-	-	661,441	586	-	662,027
Mining	-	-	-	-	-	-
Production	-	-	661,441	586	-	662,027
Electric, gas and water	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Services	894,332	777,179	401,723	175	-	2,073,409
Wholesale and retail trade	-	-	209,259	175	-	209,434
Hotel, food and beverage services	-	-	-	-	-	-
Transportation and telecommunication	-	-	4,018	-	-	4,018
Financial institutions	894,332	777,179	185,871	-	-	1,857,382
Real estate and renting services	-	-	2,499	-	-	2,499
Self-employment services	-	-	-	-	-	-
Education services	-	-	-	-	-	-
Health and social services	-	-	76	-	-	76
Other	-	40,839	2,983	-	32,606	76,428
Total^(*)	894,332	818,018	1,084,509	761	32,606	2,830,226

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

31 December 2018	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Other receivables	Total
Agriculture	-	-	14,328	-	-	14,328
Farming and raising livestock	-	-	14,328	-	-	14,328
Forestry	-	-	-	-	-	-
Fishing	-	-	-	-	-	-
Manufacturing	-	-	800,566	1,406	-	801,972
Mining	-	-	-	-	-	-
Production	-	-	800,566	1,406	-	801,972
Electric, gas and water	-	-	-	-	-	-
Construction	-	-	3	-	-	3
Services	696,871	979,728	435,775	231	-	2,112,605
Wholesale and retail trade	-	-	110,310	18	-	110,328
Hotel, food and beverage services	-	-	-	-	-	-
Transportation and telecommunication	-	-	7,590	-	-	7,590
Financial institutions	696,871	979,728	317,875	-	-	1,994,474
Real estate and renting services	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-
Education services	-	-	-	-	-	-
Health and social services	-	-	-	213	-	213
Other	-	-	7,204	17	58,249	65,470
Total (*)	696,871	979,728	1,257,876	1,654	58,249	2,994,377

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

i) Risk profile on cyclical capital buffer:

Ultimate risk-taking country	Private sector loans in banking accounts	Risk weighted amounts calculated within the scope of trading accounts	Total
United Kingdom	183	-	183
Pakistan	78	-	78
Austria	55	-	55
France	50	-	50
Other	16	-	16

j) Distribution of maturity risk factors according to their outstanding maturities

Current Period	Term to maturity					Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional exposures to central governments or central banks	649,746	-	9,516	158,770	76,300	894,332
Conditional and unconditional exposures to banks and brokerage houses	699,113	3,237	4,423	9,395	101,850	818,018
Conditional and unconditional exposures to corporates	383,222	519,189	140,978	11,402	29,718	1,084,509
Conditional and unconditional retail exposures	112	31	114	111	393	761
Other receivables	3,389	-	-	-	29,217	32,606
Total (*)	1,735,582	522,457	155,031	179,678	237,478	2,830,226

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Prior Period	Term to maturity					Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional exposures to central governments or central banks	696,871	-	-	-	-	696,871
Conditional and unconditional exposures to banks and brokerage houses	942,860	17,121	2,436	33,891	27,313	1,023,621
Conditional and unconditional exposures to corporates	346,058	529,169	310,180	59,030	13,439	1,257,876
Conditional and unconditional retail exposures	172	1,149	63	108	162	1,654
Other receivables	14,355	-	-	-	-	14,355
Total^(*)	2,000,316	547,439	312,679	93,029	40,914	2,994,377

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

k) Information on risk classifications

According to the 6th article of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", in the process of risk weighted assets calculation, risk weights are determined by central management or the credit ratings of the receivables from the central banks are taken into account by the ratings of the Fitch Ratings international credit rating agency.

TL and foreign exchange exposures of Central Government of Turkey and Central Bank of Turkey and all reserve requirement balances have 0% risk weight.

The Fitch Ratings, risk ratings as per the credit quality grades are presented below:

Ratings to match	Credit Quality Grades	Fitch
Long-term Credit Rating	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

l) Risk amount based on risk weight

Risk Weight	Risk Weight ^(*)							Deductions From Equity
	0%	10%	20%	50%	75%	100%	150%	
1. Exposures Before Credit Risk Mitigation	702,258	-	736,167	81,112	761	1,309,928	-	7,011
2. Exposures After Credit Risk Mitigation	702,258	-	736,167	81,112	761	1,309,928	-	7,011

(*) The Bank does not have risk weighted balances neither 35%, 200%, 250% nor 1.250%.

m) Information according to sector and counterparty types

There is no credit that has been depreciated.

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n) Information about value adjustments and provisions

31 December 2019	Opening balance	Provisions for the period	Provision reversals	Other adjustments	Closing balance
1. Specific provisions (stage 3)	-	-	-	-	-
2. General provisions (stage 1 and stage 2)	1,741	1,630	(906)	-	2,465

31 December 2018	Opening balance (before TFRS 9)	Remeasurements	Opening balance after TFRS 9)	Provision for the period)	Provision reversals	Other adjustments	Closing balance
1. Specific provisions (stage 3)	-	-	-	-	-	-	-
2. General provisions (stage 1 and stage 2)	8,905	(8,026)	879	862	-	-	1,741

III. Explanation on currency risk

The Bank manages its foreign currency balance sheet by paying maximum attention to comply with the regulations of the public authorities and by selecting the most appropriate methods to the Bank's liquidity and profitability policies.

The position limit regarding the foreign currency risk is determined as parallel to the net foreign currency position standard rate. As of 31 December 2019, the Bank's net on balance sheet foreign currency short position amounting to TL 123,916, net off-balance sheet foreign currency long position amounting to TL 128,128, while net foreign currency long position amounting to TL 4,212.

"Standard method", which is also used for the statutory reporting purposes, is used to measure the Bank's foreign currency risk.

The Bank's effective exchange rates on the date of 31 December 2019 and 31 December 2018 and for the last five working days of the period announced by the Bank in TL are as follows:

	25 December 2019	26 December 2019	27 December 2019	30 December 2019	31 December 2019
USD	5.9364	5.9293	5.9302	5.9370	5.9402
EUR	6.5773	6.5755	6.5759	6.6117	6.6506
GBP	7.6664	7.6773	7.6854	7.7375	7.7765
CHF	6.0283	6.0299	6.0312	6.0581	6.0932

	25 December 2018	26 December 2018	27 December 2018	28 December 2018	31 December 2018
USD	5.2926	5.3034	5.2832	5.2889	5.2609
EUR	6.0291	6.0419	6.0185	6.0245	6.0280
GBP	6.6877	6.7245	6.6954	6.6761	6.6528
CHF	5.3117	5.3634	5.3321	5.3206	5.3352

The arithmetical average of the Bank's main foreign currency purchase rates for the last 30 days before the balance sheet date are listed below:

Monthly average purchase rate	Current Period	Prior Period
USD	5.8404	5.3045
EUR	6.4853	6.0376
GBP	7.6354	6.7154
CHF	5.9205	5.3315

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a) Exposure to foreign currency risk

10% percent depreciation of the TL against the following currencies as at 31 December 2019 and 31 December 2018 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Current Period		Prior Period	
	Income Statement	Equity ⁽¹⁾	Income Statement	Equity ⁽¹⁾
USD	(225)	(225)	(146)	(146)
EUR	(91)	(91)	136	136
Other foreign currencies	(105)	(105)	(105)	(105)
Total, net	(421)	(421)	(115)	(115)

⁽¹⁾ Equity effect includes profit/loss effect.

b) Information on currency risk of the Bank

Current Period	Euro	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with Central Bank of Turkey	504,345	41,786	-	546,131
Banks	4,350	9,127	1,637	15,114
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans	592,749	92,795	-	685,544
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ^(**)	38,055	29,732	63	67,850
Total Assets	1,139,499	173,440	1,700	1,314,639
Liabilities				
Bank Deposits	333,721	-	-	333,721
Foreign Currency Deposits	246,796	177,556	345	424,697
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	379,084	-	-	379,084
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	6,860	825	911	8,596
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities	25,773	18,848	4	44,625
Total Liabilities	992,234	197,229	1,260	1,190,723
Net On-Balance Sheet Position	147,265	(23,789)	440	123,916
Net Off-Balance Sheet Position^(*)	(148,176)	21,542	(1,494)	(128,128)
Derivative Assets	92,936	71,426	-	164,362
Derivative Liabilities	241,112	49,884	1,494	292,490
Non-Cash Loans ^(***)	94,440	72,692	8,094	175,226
Net Position	(911)	(2,247)	(1,054)	(4,212)

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Prior Period	Euro	USD	Other FC	Total
Total Asset	918,732	17,694	1,129	937,555
Total Liabilities	1,259,411	115,647	812	1,375,870
Net On-Balance Sheet Position	(340,679)	(97,953)	317	(438,315)
Net Off-Balance Sheet Position^(*)	342,037	96,489	(1,364)	437,162
Derivative Assets	586,622	163,682	74,301	824,605
Derivative Liabilities	244,585	67,193	75,665	387,443
Non-Cash Loans ^(**)	88,440	102,065	19,640	210,145
Net Position	1,358	(1,464)	(1,047)	(1,153)

^(*) Indicates the net amount of derivative financial assets and liabilities. Spot foreign exchange buy and sell transactions shown under "Asset purchase commitments" in the financial statements are included in the "Net off-balance position". Derivative financial assets and liabilities include accruals amounting to TL 2,732 and TL 3,024, respectively.

^(**) Foreign currency prepaid expenses amounting to TL 3 is excluded from other assets.

^(***) There is no impact on net off- balance sheet position.

IV. Explanations on Interest Rate Risk

The interest rate sensitivity of assets, liabilities and off-balance sheet items are evaluated quarterly at Asset-Liability Committee meetings.

The Bank's interest rate risk is measured by using the standard method. The Bank provides information to its main shareholder Deutsche Bank AG for their, Value at Risk (VAR), risk measurement methods and performs sensitivity analyses.

Standard method measurements are performed monthly by using the maturity distribution.

At the time of the computations on daily basis sensitivity analysis, interest rate risk of FC and TL financial assets at fair value through profit/loss and financial assets at fair value through other comprehensive income and interest rate risk of forward exchange transactions are measured in the Bank's portfolio.

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1. Interest rate sensitivity of assets, liabilities and off balance sheet items

(Based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with the Central Bank of Turkey	21,325	-	-	-	-	549,223	570,548
Banks ^(****)	712,237	-	-	-	-	15,068	727,305
Financial Assets at Fair Value through Profit/Loss	-	277	-	324	280	-	881
Money Market Placements	50,015	-	-	-	-	(27)	49,988
Financial Assets at Fair Value through Other Comprehensive Income	7,337	-	169,127	65,829	-	-	242,293
Loans and Receivables ^(****)	347,605	556,702	137,278	-	-	(222)	1,041,363
Financial assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets ^{(*) (****)}	-	-	-	-	-	109,386	109,386
Total Assets	1,138,519	556,979	169,127	66,153	280	673,428	2,741,764
Liabilities							
Bank Deposits	-	-	-	-	-	676,942	676,942
Other Deposits	369,472	-	-	-	-	486,455	855,927
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payable	-	-	-	-	-	15,151	15,151
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed	-	133,012	246,072	-	-	-	379,084
Other Liabilities ^(**)	-	-	-	-	-	814,660	814,660
Total Liabilities	369,472	133,012	246,072	-	-	1,993,208	2,741,764
On Balance Sheet Long Position	769,047	-	-	66,153	280	-	1,319,780
On Balance Sheet Short Position	-	(132,735)	(76,945)	-	-	(1,319,780)	(1,319,780)
Off-Balance Sheet Long Position	257,932	48,338	85,272	-	-	-	391,542
Off-Balance Sheet Short Position	258,105	48,264	85,231	-	-	-	391,600
Off-Balance Sheet Open Interest Sensitive	(173)	74	41	-	-	-	(58)
Total Open Interest Sensitive	768,874	424,041	60,374	66,153	280	(1,319,780)	(58)

(*) Tangible assets amounting to TL 24,510, intangible assets amounting to TL 4,707, tax assets amounting to TL 3,098, derivative financial assets amounting to TL 2,732 and other assets amounting to TL 74,339.

(**) Equity amounting to TL 740,625 provisions amounting to TL 37,610, derivative instruments at fair value through profit/loss amounting to TL 3,024, lease liabilities amounting to TL 21,329, tax liability amounting to TL 12,079.

(****) Expected loss provisions are netted off with the related balance sheet items and are presented in the non-interest bearing column.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with the Central Bank of Turkey	328,468	-	-	-	-	3,974	332,442
Banks ^(***)	679,252	-	-	-	-	4,905	684,157
Financial Assets at Fair Value through Profit/Loss	103	273,479	49,752	37,781	958	-	362,073
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans and Receivables ^(***)	241,099	548,109	350,719	-	-	(1,039)	1,138,888
Financial assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets ^(***)	-	-	-	-	-	144,772	144,772
Total Assets	1,248,922	821,588	400,471	37,781	958	152,612	2,662,332
Liabilities							
Bank Deposits	-	-	-	-	-	273,250	273,250
Other Deposits	204,865	-	-	-	-	487,041	691,906
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payable	-	-	-	-	-	8,965	8,965
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed	8,417	271,417	724,440	-	-	-	1,004,274
Other Liabilities ^(**)	-	-	-	-	-	683,937	683,937
Total Liabilities	213,282	271,417	724,440	-	-	1,453,193	2,662,332
On Balance Sheet Long Position	1,035,640	550,171	-	37,781	958	-	1,624,550
On Balance Sheet Short Position	-	-	(323,969)	-	-	(1,300,581)	(1,624,550)
Off-Balance Sheet Long Position	697,288	199,448	188,492	-	-	-	1,085,228
Off-Balance Sheet Short Position	707,673	198,978	188,356	-	-	-	1,095,007
Off-Balance Sheet Open Interest Sensitive	(10,385)	470	136	-	-	-	(9,779)
Total Open Interest Sensitive	1,025,255	550,641	(323,833)	37,781	958	(1,300,581)	(9,779)

(*) Tangible assets amounting to TL 4,805 intangible assets amounting to TL 3,976, tax assets amounting to TL 3,960, derivative financial assets at fair value through profit/loss amounting to TL 38,727 and other assets amounting to TL 93,304 are presented in the other assets.

(**) Equity amounting to TL 588,734, provisions amounting to TL 37,159, derivative financial assets at fair value through profit/loss amounting to TL 45,176 and tax liabilities amounting to TL 12,868 are presented in the other liabilities.

(***) Expected loss provisions are netted with related balance sheet items and remained in the interest-free column.

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2. Average interest rates on monetary financial instruments

Current Period	%EUR	%USD	%Yen	%TL
Assets				
Cash and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	10.55
Financial Assets at Fair Value through Profit/Loss	-	-	-	11.87
Money Market Placements	-	-	-	10.50
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	15.86
Loans and Receivables	2.18	3.01	-	12.30
Financial Assets Measured at Amortized Cost	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	1.00	-	8.21
Money Market Funds	-	-	-	-
Miscellaneous Payable	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from other Financial Institutions	(0.03)	-	-	-
Prior Period				
Assets				
Cash and Balances with the Central Bank of Turkey	-	2.00	-	13.00
Banks	-	-	-	23.46
Financial Assets at Fair Value through Profit/Loss	-	-	-	15.11
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Loans and Receivables	2.60	5.31	-	27.37
Financial Assets Measured at Amortized Cost	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	1.94	-	18.02
Money Market Funds	-	-	-	-
Miscellaneous Payable	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from other Financial Institutions	0.21	2.46	-	-

V. Explanation on the position risk of securities

None.

VI. Explanations on liquidity risk management and liquidity coverage ratio

The general principles and related implementation methods with respect to liquidity and financial emergency procedures are determined within the scope of “Deutsche Bank Turkey Liquidity Policy”.

The Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly basis as of 1 January 2015 in accordance with the “Measurement and Assessment of Liquidity Adequacy of Banks” issued in the Official Gazette numbered 28948 and dated 21 March 2014. In 2019, the liquidity adequacy ratio of the Bank at least 80% asset denominated with foreign currency and at least 100% total asset and liabilities.

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The resources of the current liquidity risk; whether the necessary precautions have been taken, whether the Board of Directors sets limits on the funds available to meet the urgent liquidity requirements and to be able to pay borrowings when they become due

Liquidity risk is managed by considering the main criteria such as (1) the expected cash flows at related time intervals, (2) the possibility and capacity of borrowing from the market, (3) the credit quality of the assets on the balance sheet.

In addition to the compliance with the legal limitations regarding the liquidity, the Bank monitors from the cash flow reports that there are matching borrowing opportunities with the cash out-flows within the same time interval.

The ultimate responsibility for liquidity risk management rests on the Bank's board of directors. The Bank's Asset and Liability Committee (ALCO) manages the liquidity adequacy and liquidity risk profile and control the executive committee. During the regular ALCO meetings, the liquidity position that forms the permanent agenda and liquidity risks are discussed.

Liquidity risk management is a governance function to be tightly linked to the minimum obligation to report to any of the business units and a robust liquidity risk as well as risk management policy for the management of Basel. DB Group Treasury Department, a comprehensive and robust liquidity risk group and their level of participation of all concerned parties is the legal entity responsible for coordinating the management process. Moreover, the application serves as the central point of the function to the questions asked in the framework of WB's liquidity risk.

The Board of Directors is to ensure the Group's liquidity risk management strategy with determination and implementation of a business strategy and liquidity risk for the bank within a tight fit. ALCO reports ensures the transparency of local senior management level of liquidity risk issues. The Treasury Department and the General Manager, and all liquidity risk management of the banking regulatory agencies' responsibilities is to answer questions posed by the audit authority or other agencies authorized to discuss the issue with these institutions. All reports prepared for the regulatory agencies related to the Bank's internal risk management model is being prepared by the Liquidity Risk Control or Finance department. Regarding the public disclosure of information relating to liquidity risk, Deutsche Bank is subject to prior approval by the public lighting policies and guidelines.

The Treasury Department, the Bank's liquidity risk profile, the DB Group prepares policies that are needed to keep the Board of Directors to determine the risk tolerance level and to empowered to take measures. All business units comply with the liquidity risk limits and are required to comply with the Treasury's policies. Employees give them adequate training in the subject of liquidity risk; liquidity risk limits that affect their activities are responsible to inform the Treasury Department's measures.

ALCO; in accordance with the Bank's risk profile and risk appetite and capitalization requirements, it is responsible for the observance of the harmony between liquidity and funding needs. Capital is monitored by liquidity and funding profiles, and is monitored every three months to revise the legal limits and / or decide on measures to be taken in order to avoid violation of the Bank's internal limits. Group acts in accordance with the parameters set by the Capital and Risk Committee of the DB Group and manages local resources in line with the standards.

At the country level, the daily funding, liquidity and cash management, Treasury and Corporate Banking and Securities acting according to the parameters set by ALCO has been undertaken by Global Markets Unit. Continuous liquidity management is one of the issues discussed regularly in the ALCO meeting. In each ALCO meeting, limits in the use of the Bank is submitted to the committee for adaptation to changes in policy and liquidity risks. Another issue to be discussed among active subjects is changes to be made in the liability profile, if needed because of the stress test results / changes to be made in the liability profile, can take place by reviewing the evaluation of additional funding capacity and other potential sources of liquidity.

Deutsche Bank A.Ş., from the DB Group contains ordinary and funding lines which provide funding in stressful situations. Treasury conducts stress tests on a monthly basis at Group level; These tests - DB Group, with predetermined stress situation (market-wide, bank-specific or a combination of both) makes it possible to fulfil the responsibility for the Deutsche Bank provided to Turkey funding line. The process of this line is to ensure that a reliable funding source in each case is provided.

In liquidity stress testing, management of liquidity risk is one of the key tools used to assess the short-term liquidity position. In liquidity stress testing, the Bank determines some time to analyse the ability to withstand stress scenarios throughout the planned 8-week. To determine the future potential liquidity crunch such as adjusting limit of MCO; the size of the branch line between funding or limit is an important factor for determining appropriate countermeasures.

Analysis contains funding markets under stress, withdrawal of deposits, additional collateral obligations; it covers all local liquidity of the relevant factors, such as funding requirements arising from off balance sheet commitments and evaluates the balance capacity against the intra-group funding line. First, it is based on specific parameters of the DB Group, it ensures that local characteristics are reflected in the re-adjusted and is necessary and appropriate for Deutsche Bank Turkey. Liquidity stress test assumptions are reviewed on an annual basis. Liquidity stress test analysis is performed on a monthly basis by the Risk Management and Audit Committee and are submitted there; except they are submitted to ALCO every three months and are negotiated.

Deutsche Bank Group, in the event of a market-related stress or DB, in order to ensure the ability to continue its operations; the Treasury Department and all banks have the responsibility of creating emergency wide funding plans. It is said that emergency procedures will be applied in the case of liquidity stress.

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Overall, the Bank's business model adapts to the market and the structural changes occurring on average on funding conditions has the flexibility to adapt over a period of eight weeks. This section includes a description of the measures to be implemented in the event of stress tactics.

In the case of stress situation exceeding eight weeks, the reduction of the balance sheet can be funded by additional strategic measures such as increasing the stable funding sources as much as possible. Such a situation is likely to affect the Bank as a whole, DB Group Treasury Officer will be responsible to ensuring consistency between the regional and local processes and the DB Group contingency plan and the DB Group Financial Resource Management Committee, taking into account local legislation and other issues and constraints.

Current Period	Total Unweighted Value (average) ^(*)		Total Weighted Value (average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			722,887	511,769
Cash Outflows				
Retail and Small Business Customers, of which;	39,976	19,066	3,998	1,907
Stable Deposits	-	-	-	-
Less Stable Deposits	39,976	19,066	3,998	1,907
Unsecured wholesale funding , of which;	1,686,311	861,928	727,254	409,235
Operational Deposits	625,186	301,112	156,296	75,278
Non-operational Deposits	889,298	411,379	401,175	184,520
Other Unsecured Funding	171,827	149,437	169,783	149,437
Secured Funding	-	-	-	-
Other cash outflows, of which;	597,644	54,110	354,450	54,112
Derivatives cash outflow and liquidity needs related to market	192,320	54,110	192,320	54,112
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	405,324	-	162,130	-
Other revocable off-balance sheet commitments and contractual	91,397	34,469	4,570	1,723
Other irrevocable or conditionally revocable commitments	319,521	-	201,699	-
Total Cash outflows			1,291,971	466,977
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	1,201,941	115,646	1,201,941	115,646
Other Cash Inflows	190,727	165,157	190,727	165,157
Total Cash Inflows	1,392,668	280,803	1,392,668	280,803
			Max limit applied values	
Total HQLA Stock			722,887	511,769
Total Net Cash Outflows			322,993	199,281
Liquidity Coverage Ratio (%)			223.81	256.81

^(*) Simple arithmetic average calculated for the last nine months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last nine months.

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Prior Period	Total Unweighted Value (average) ^(*)		Total Weighted Value (average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			671,863	374,291
Cash Outflows				
Retail and Small Business Customers, of which;	33,160	17,494	3,316	1,749
Stable Deposits	-	-	-	-
Less Stable Deposits	33,160	17,494	3,316	1,749
Unsecured wholesale funding , of which;	960,718	411,095	472,860	216,177
Operational Deposits	230,122	1,121	57,530	280
Non-operational Deposits	678,667	377,518	365,835	183,442
Other Unsecured Funding	51,929	32,456	49,495	32,455
Secured Funding	-	-	-	-
Other cash outflows, of which;	1,306,393	353,195	1,064,314	353,195
Derivatives cash outflow and liquidity needs related to market	902,926	353,195	902,926	353,195
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off- balance sheet obligations	403,467	-	161,388	-
Other revocable off-balance sheet commitments and contractual obligations	107,134	48,034	5,357	2,401
Other irrevocable or conditionally revocable commitments	329,003	-	205,343	-
Total Cash outflows			1,751,190	573,522
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	851,357	107,023	851,357	107,023
Other Cash Inflows	865,031	815,680	865,031	815,680
Total Cash Inflows	1,716,388	922,703	1,716,388	922,703
			Max limit applied values	
Total HQLA Stock			671,863	374,291
Total Net Cash Outflows			441,594	143,381
Liquidity Coverage Ratio (%)			152.14	261.05

^(*) Simple arithmetic average calculated for the last nine months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last nine months.

The "Liquidity Coverage Ratio" is calculated within the framework of the "Regulation On Calculation of Bank's Liquidity Coverage Ratio" published by the BRSA in order to ensure that banks have high quality liquid asset stocks to meet the net cash inflows that may occur in the short-term. The level of such ratio is directly affected by the level of liquid assets that the Bank is able to convert at any time and without any collateral, and the possible net cash inflows and outflows from the Bank's assets, liabilities and off-balance sheet transactions.

There are periodic increases in the liquidity coverage ratio in the weeks when foreign currency reserve options are used in the CBRT reserve requirement accounts, when there are high consistency balances in the bank accounts or when the repo transaction volumes are decreased. On the other hand, there may be fluctuations in the liquidity coverage ratio in the weeks when the share of institutional and bank-originated funds in funding sources increases and long-term foreign funds enter a one month maturity window. The Bank's liquidity coverage ratio decreased in 2019 compared to 2018 due to the increase in net cash outflows in foreign currency and the decrease in high quality liquid assets in Turkish Lira.

The Bank's stock of high quality liquid assets; as well as the accounts of the Central Bank of Turkey, issued by the Republic of Turkey Treasury and repurchase agreements have not been subject to collateral, it consists of bonds. The main funding source of the Bank consists of loans and deposits received.

The swap transactions are mostly conducted under interest rate risk and foreign currency risk of the forward transactions since these items hold the most important place in the derivatives used as hedging.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by (76%) and securities issued by Treasury of Republic of Turkey by (23%). Funding sources are mainly distributed derivative liabilities by (25%), deposits by (24%) and borrowings from banks by (43%).

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1. The matching of the payments, assets and liabilities and the interest rates, and the possible impact of the current mismatch on the profitability of the Bank

The Bank's assets and liabilities carry positive interest earnings. Government debt securities which are classified in financial assets at fair value through profit or loss are most liquid securities that are liquidated regarding changes in market conditions.

2. Internal and external resources that meets the short and long term liquidity needs of the Bank and unutilised significant liquidity resources

The Bank monitors that the maturity matching of the assets and liabilities are kept. The Bank keeps sufficient liquid assets to meet liquidity needs caused by the fluctuations in the market.

Beginning from 1 January 2015, the Bank calculates liquidity adequacy ratio and reports to BRSA on a weekly and monthly basis in accordance with the "Measurement and Assessment of Liquidity Adequacy of Banks" issued in the Official Gazette numbered 28948 and dated 21 March 2014. The liquidity adequacy ratio of the Bank should be at least 80% for foreign currency assets and liabilities and should be at least 100% total assets and liabilities as for 2019. The liquidity ratios as of 31 December 2019 and 31 December 2018 are as follows:

	Current Period		Prior Period	
	FC	FC + TL	FC	FC + TL
Min. Week	154.67%	181.76%	162.60%	119.10%
	29 November 2019	8 November 2019	13 October 2018	20 October 2018
Max. Week	724.69%	320.53%	608.20%	201.77%
	13 December 2019	13 December 2019	17 November 2018	22 December 2018

3. The assessment of the amounts and resources of the Bank's cash flows

As explained above, the Bank has sufficient cash and cash inflows in order to be able to timely meet the cash outflows.

Maturity analysis of residual values of contractual financial liabilities:

Current period	Carrying Value	Gross Nominal Outflow	Demand	Up to 1				5 years and Over
				Month	1-3 Months	3-12 Months	1-5 Years	
Bank Deposits	676,942	676,942	676,942	-	-	-	-	-
Other Deposits	855,927	856,052	486,455	369,597	-	-	-	-
Funds Borrowed from other Financial Institutions	379,084	379,047	-	-	132,996	246,051	-	-
Interbank Money Market Funds	-	-	-	-	-	-	-	-
Miscellaneous Payables	15,151	15,151	15,151	-	-	-	-	-
Total	1,927,104	1,927,192	1,178,548	369,597	132,996	246,051	-	-

Prior period	Carrying Value	Gross Nominal Outflow	Demand	Up to 1				5 years and Over
				Month	1-3 Months	3-12 Months	1-5 Years	
Bank Deposits	273,250	273,250	273,250	-	-	-	-	-
Other Deposits	691,906	692,176	487,042	205,134	-	-	-	-
Funds Borrowed from other Financial Institutions	1,004,274	1,005,041	-	8,419	271,470	725,152	-	-
Interbank Money Market Funds	-	-	-	-	-	-	-	-
Miscellaneous Payables	8,965	8,965	8,965	-	-	-	-	-
Total	1,978,395	1,979,432	769,257	213,553	271,470	725,152	-	-

The above table shows the undiscounted estimated cash outflows of the financial liabilities in accordance with their contracts.

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4. Maturity analysis of assets and liabilities according to remaining maturities

Current period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Unallocated	Total
Assets								
Cash and Balances with the Central Bank of Turkey	228,624	342,232	-	-	-	-	(308)	570,548
Banks ^(***)	15,578	712,237	-	-	-	-	(510)	727,305
Financial Assets At Fair Value								
Through Profit or Loss	-	-	277	-	324	280	-	881
Interbank Money Market Placements	-	50,015	-	-	-	-	(27)	49,988
Financial Assets At Fair Value Through								
Other Comprehensive Income	-	7,337	-	169,127	65,829	-	-	242,293
Loans and Receivables ^(****)	-	347,605	556,702	137,278	-	-	(222)	1,041,363
Financial Assets Measured at								
Amortized Cost	-	-	-	-	-	-	-	-
Other Assets ^{(*) (****)}	-	2,768	3,421	35,025	-	-	68,172	109,386
Total Assets	244,202	1,462,194	560,400	341,430	66,153	280	67,105	2,741,764
Liabilities								
Bank Deposits	676,942	-	-	-	-	-	-	676,942
Other Deposits	486,455	369,472	-	-	-	-	-	855,927
Funds Borrowed from other								
Financial Institutions	-	-	133,012	246,072	-	-	-	379,084
Interbank Money Market Funds	-	-	-	-	-	-	-	-
Miscellaneous Payables	15,151	-	-	-	-	-	-	15,151
Other Liabilities ^(***)	20,747	32,863	724	19,701	-	-	740,625	814,660
Total Liabilities	1,199,295	402,335	133,736	265,773	-	-	740,625	2,741,764
Liquidity Gap / Surplus	(955,093)	1,753,839	(130,038)	(61,621)	66,153	280	(673,520)	-
Net Off Balance Sheet Position								
Derivative Financial Assets	-	257,932	48,338	85,272	-	-	-	391,542
Derivative Financial Liabilities	-	258,105	48,264	85,231	-	-	-	391,600
Non-Cash Loans	-	10,239	8,256	74,800	70,550	90,273	-	254,118
Prior Period								
Total Assets	81,832	1,184,545	716,370	430,520	146,128	1,641	101,296	2,662,332
Total Liabilities	791,767	242,108	291,995	747,728	-	-	588,734	2,662,332
Liquidity (Gap) / Surplus	(709,935)	942,437	424,375	(317,208)	146,128	1,641	(487,438)	-
Net Off Balance Sheet Position								
Derivative Financial Assets	-	697,288	199,448	188,492	-	-	-	1,085,228
Derivative Financial Liabilities	-	707,673	198,978	188,356	-	-	-	1,095,007
Non-Cash Loans	-	11,705	33,540	95,738	61,567	105,452	-	308,002

(*) Tangible assets amounting to TL 24,510, intangible assets amounting to TL 4,707, deferred tax assets amounting to TL 3,098 and derivative financial assets at fair value through profit or loss amounting to TL 2,732 and other assets amounting to TL 74,339 are presented in the other assets.

(**) Equity amounting to TL 740,625, provisions amounting to TL 37,610, derivative financial liabilities at fair value through profit or loss amounting to 3,024 TL, lease liabilities amounting to TL 21,329 and tax liabilities amounting to TL 12,072 are presented in the other liabilities.

(***) Expected loss provision is netted with related balance sheet items.

(****) Includes compensating balance which is received from Deutsche Bank AG London.

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5. Contractual maturity analysis of the Bank's derivative instruments

31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivative instruments held for trading						
Foreign exchange derivatives:	516,037	96,602	170,503	-	-	783,142
- Inflow	257,931	48,338	85,273	-	-	391,542
- Outflow (-)	258,106	48,264	85,230	-	-	391,600
Interest rate derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Derivative instruments held for risk management						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Interest rate derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Total cash inflow	257,931	48,338	85,273	-	-	391,542
Total cash outflow	258,106	48,264	85,230	-	-	391,600
<hr/>						
31 December 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivative instruments held for trading						
Foreign exchange derivatives:	1,404,962	398,425	376,848	-	-	2,180,235
- Inflow	697,289	199,447	188,492	-	-	1,085,228
- Outflow (-)	707,673	198,978	188,356	-	-	1,095,007
Interest rate derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Derivative instruments held for risk management						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Interest rate derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow (-)	-	-	-	-	-	-
Total cash inflow	697,289	199,447	188,492	-	-	1,085,228
Total cash outflow	707,673	198,978	188,356	-	-	1,095,007

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VII. Explanations on Leverage Ratio

As of 31 December 2019 and 31 December 2018, there was no significant change in the leverage ratio due to the fact that off-balance sheet assets, off-balance sheet transactions and main capital are at approximately the same level.

On-Balance Sheet Items	Current period ^(*)	Prior period ^(*)
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,026,304	2,742,973
2 (Assets that are deducted from core capital)	(6,853)	(5,186)
3 Total on balance sheet exposures (Sum of 1st and 2nd rows)	3,019,451	2,737,787
Derivative exposures and credit derivatives		
4 Replacement cost associated with derivative financial instruments and credit derivatives	1,839	39,690
5 The potential amount of credit risk with derivative financial instruments and credit derivatives	5,717	20,410
6 The total amount of risk on derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	7,556	60,100
Investment securities or commodity collateral financing transactions		
7 The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
8 Risk amount of exchange brokerage operations	-	-
9 Total risks related with securities or commodity financing transactions (Sum of 7th and 8th rows)	-	-
Off -Balance Sheet Items		
10 Gross notional amount of off-balance sheet items	1,116,687	1,433,607
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 The total risk of off-balance sheet items (Sum of 10th and 11th rows)	1,116,687	1,433,607
Capital and Total Exposures		
13 Core Capital	724,036	579,456
14 Total Exposures (sum of 3th, 6th, 9th and 12nd rows)	4,143,694	4,231,494
Leverage Ratio		
15 Leverage Ratio	17.54	13.84

^(*) Three months average values.

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VIII. Explanations regarding the presentation of financial assets and liabilities at their fair values

a. Information on fair value of financial assets and liabilities:

It has been assumed that fair value of financial assets and liabilities at the Bank's financial statement which have not been presented by fair value approximates their carrying value due to short-term maturity structure.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

	Carrying value	Fair value
31 December 2019	Current Period	Current Period
Financial Assets	2,601,708	2,601,708
Money market placements	50,015	50,015
Banks	727,815	727,815
Financial Assets at Fair Value Through Profit or Loss	242,293	242,293
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Loans	1,041,585	1,041,585
Financial Liabilities	1,927,104	1,927,104
Deposits from Banks	676,942	676,942
Other Deposits	855,927	855,927
Deposits provided from other financial institutions	379,084	379,084
Marketable securities issued	-	-
Miscellaneous payables	15,151	15,151
	Carrying value	Fair value
31 December 2018	Prior Period	Prior Period
Financial Assets	1,824,585	1,824,585
Money market placements	-	-
Banks	684,658	684,658
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Loans	1,139,927	1,139,927
Financial Liabilities	1,978,395	1,978,395
Deposits from Banks	273,250	273,250
Other Deposits	691,906	691,906
Deposits provided from other financial institutions	1,004,274	1,004,274
Marketable securities issued	-	-
Miscellaneous payables	8,965	8,965

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b. Classification of Fair Value

TFRS 7, Financial instruments: Disclosures requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be closed. This classification basically relies on whether the relevant inputs are observable or not. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets of liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

This classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

31 December 2019	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	881	-	-	881
Government Debt Securities	881	-	-	881
Share Certificates	-	-	-	-
Other Securities	-	-	-	-
Financial Assets at Fair Value Through Other				
Comprehensive Income	242,293	-	-	242,293
Government Debt Securities	242,293	-	-	242,293
Share Certificates	-	-	-	-
Other Securities	-	-	-	-
Derivative Financial Assets	-	2,732	-	2,732
Derivative Financial Assets at Fair Value Through				
Profit or Loss	-	2,732	-	2,732
Total Assets	243,174	2,732	-	2,732
Derivative Financial Liabilities	-	3,024	-	3,024
Derivative Financial Liabilities at Fair Value Through				
Profit or Loss	-	3,024	-	3,024
Total Liabilities	-	3,024	-	3,024

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31 December 2018	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	362,073	-	-	362,073
Government Debt Securities	362,073	-	-	362,073
Share Certificates	-	-	-	-
Other Securities	-	-	-	-
Financial Assets at Fair Value Through Other				
Comprehensive Income	-	-	-	-
Government Debt Securities	-	-	-	-
Share Certificates	-	-	-	-
Other Securities	-	-	-	-
Derivative Financial Assets	-	38,727	-	38,727
Derivative Financial Assets at Fair Value Through Profit or Loss	-	38,727	-	38,727
Total Assets	362,073	38,727	-	400,800
Derivative Financial Liabilities	-	45,176	-	45,176
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	45,176	-	45,176
Total Liabilities	-	45,176	-	45,176

IX. Explanation regarding the activities carried out on behalf and account of other parties based on trust

1. Purchasing, selling, custody, management and advisory services which are carried out by the Bank on behalf of customers

The Bank provides security custody and advisory services to its customers.

2. Whether operations with financial institutions and financial services in the context of transaction agreements held in trust effect the financial situation of the Bank significantly

The Bank is not involved in trust activities.

X. Explanations on risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of internal rating-based (IRB) approach, are not presented.

a. Explanations on Risk Management and Risk Weighted Amount

1. The Bank's risk management approach

Bank's Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

1. Identification of risks,
2. Measuring the risks,,
3. Monitoring of risks,
4. The control and reporting of risks

The basic risk managements that should be evaluated first in our bank are defined below.

1. Credit Risk Management
2. Markets Risk Management (Liquidity, Currency and Interest Risk)
3. Operational Risk Management

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The Risk Management Unit is responsible for managing these risks. Risk management is based on risk policy principles. In the determination of risk management policy and implementation procedures, strategies, policies and implementation procedures related to the activities of the Bank, volume, quality and complexity of activities, risk strategy and risk level, risk monitoring and managing capacity, past experience and performance, The level of expertise in the respective fields and the obligations laid down in its law and other relevant legislation. It is imperative that the policy and implementation procedures of the management of the bank comply with the changing circumstances. The Board of Directors or the relevant Internal Systems Officer periodically evaluates the adequacy of these and makes any necessary changes. The Bank sets written limits for quantifiable risks such as credit risk, market risk, interest rate risk and liquidity risk arising from its activities and these limits are approved by the Board of Directors. The risk limits are determined together with the relevant senior management, including the relevant internal systems officer, the risk management unit manager and the bank general manager. The Board of Directors passes the authority to open credits to the Credit Committee or to the General Manager in line with the principles set out in the Bank's Credit policies and procedures. Risk Management, with its daily limit overrun risk report, And regularly reports to the Executive Management and the Board of Directors. Measures the impact of the change in the bank's risk factor on revenues and expenses. The Bank conducts periodic stress tests and scenario analyses to assess the impact of unexpected market conditions on core business activities. When necessary, the results of scenario analysis and stress tests are reflected in policies and limits.

2. General Information on Risk Management and Risk Weighted Amount

	Risk Weighted Amount		Minimum capital requirement	Minimum capital requirement
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk)	1,495,390	1,443,173	119,631	115,454
2 Standardised approach	1,495,390	1,443,173	119,631	115,454
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	2,899	44,131	232	3,530
5 Standardised approach for counterparty credit risk	2,899	44,131	232	3,530
6 Internal model method	-	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	-
11 Settlement risk	-	-	-	-
12 Securitization positions in banking accounts	-	-	-	-
13 IRB ratings-based approach	-	-	-	-
14 IRB Supervisory Formula Approach	-	-	-	-
15 SA/simplified supervisory formula approach	-	-	-	-
16 Market risk	5,013	17,165	401	1,373
17 Standardised approach	5,013	17,165	401	1,373
18 Internal model approaches	-	-	-	-
19 Operational risk	412,387	352,710	32,991	28,217
20 Basic Indicator Approach	412,387	352,710	32,991	28,217
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1,915,689	1,857,179	153,255	148,574

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b. Connections between Financial Statements and Risk Amounts

1. Main sources of differences between risk amounts and amounts in financial statements which are evaluated in accordance with TAS

	a	b	Carrying values of items in accordance with Turkish Accounting Standards				
	Carrying values in financial statements prepared as per TAS	Amount assessed in accordance with TAS under regulatory consolidation	Credit Risk	Counterparty credit risk	Securitization positions	Market risk	Not subject to capital requirements or subject to deduction from capital
Current Period							
Assets							
Cash and Balances with the Central Bank	570,856	570,856	570,856	-	-	-	-
Available-for-Sale Financial Assets	881	881	-	-	-	881	-
Financial assets at fair value through profit and loss	242,293	242,293	242,293	-	-	-	-
Banks	726,970	726,970	726,970	-	-	-	-
Receivables from Money markets	50,015	50,015	50,015	-	-	-	-
Financial assets available for sale (net)	2,732	2,732	-	2,732	-	2,732	-
Loans and receivables	1,041,363	1,041,363	1,041,363	-	-	-	-
Receivables from factoring	-	-	-	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Tangible Assets (net)	24,510	24,510	24,510	-	-	-	-
Intangible Assets (net)	4,707	4,707	-	-	-	-	4,707
Real estate for investment purpose (net)	-	-	-	-	-	-	-
Tax asset	3,098	3,098	3,420	-	-	-	322
Assets Held For Sale and Discontinued							
Operations (net)	-	-	-	-	-	-	-
Other assets	74,339	74,339	74,339	-	-	-	-
Total Assets	2,741,764	2,741,764	2,733,766	2,732	-	3,613	4,385
Liabilities							
Deposits	1,532,869	1,532,869	-	-	-	-	1,532,869
Derivative financial liabilities held for trading	3,024	3,024	-	3,024	-	-	3,024
Loans	379,084	379,084	-	-	-	-	379,084
Money market borrowings	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Finance lease payables	21,329	21,329	-	-	-	-	21,329
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Provisions	37,610	37,610	-	-	-	-	37,610
Tax Liability	12,072	12,072	-	-	-	-	12,072
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	-
Other Liabilities	15,151	15,151	-	-	-	-	15,151
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' equity	740,625	740,625	-	-	-	-	740,625
Total liabilities	2,741,764	2,741,764	-	3,024	-	-	2,741,764

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	Amount assessed in accordance with	Carrying values of items in accordance with Turkish Accounting Standards					Not subject to capital requirements or subject to deduction from capital
		Carrying values in financial statements prepared as per TAS consolidation	TAS under regulatory	Credit Risk	Counterparty credit risk	Securitization positions	
Prior Period							
Assets							
Cash and Balances with the Central Bank	332,442	332,442	332,442	-	-	-	-
Available-for-Sale Financial Assets	362,073	362,073	362,073	-	-	362,073	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Banks	684,658	684,658	684,658	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-	-
Financial assets available for sale (net)	38,727	38,727	-	38,727	-	38,727	-
Loans and receivables	1,138,387	1,138,387	1,138,387	-	-	-	-
Receivables from factoring	-	-	-	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Tangible Assets (net)	4,805	4,805	2,911	-	-	-	1,894
Intangible Assets (net)	3,976	3,976	-	-	-	-	3,976
Real estate for investment purpose (net)	-	-	-	-	-	-	-
Tax asset	3,960	3,960	4,220	-	-	-	260
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-	-
Other assets	93,304	93,304	93,304	-	-	-	-
Total Assets	2,662,332	2,662,332	2,617,995	38,727	-	400,800	5,610
Liabilities							
Deposits	965,156	965,156	-	-	-	-	965,156
Derivative financial liabilities held for trading	45,176	45,176	-	45,176	-	45,176	45,176
Loans	1,004,274	1,004,274	-	-	-	-	1,004,274
Money market borrowings	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Provisions	37,159	37,159	-	-	-	-	37,159
Tax Liability	12,868	12,868	-	-	-	-	12,868
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	-
Other Liabilities	8,965	8,965	-	-	-	-	8,965
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' equity	588,734	588,734	-	-	-	-	588,734
Total liabilities	2,662,332	2,662,332	-	45,176	-	45,176	2,662,332

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2. Main sources of differences between risk amounts and amounts in financial statements which are evaluated in accordance with TAS

	a	b	c	d	e
	Total	Credit risk	Securitization positions	Counterparty credit risk	Market risk ⁽¹⁾
Current Period					
1 Asset carrying value amount under scope of TAS	2,737,379	2,733,766	-	2,732	3,613
2 Liabilities carrying value amount under TAS	-	-	-	-	-
3 Total net amount under regulatory	2,737,379	2,733,766	-	2,732	3,613
4 Off-balance Sheet Amounts	1,168,748	126,680	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	167	1,400
9 Differences due to risk mitigation	-	(1,365,056)	-	-	-
10 Risk exposure	3,906,127	1,495,390	-	2,899	5,013

	a	b	c	d	e
	Total	Credit risk	Securitization positions	Counterparty credit risk	Market risk ⁽¹⁾
Prior Period					
1 Asset carrying value amount under scope of TAS	2,656,722	2,617,995	-	38,727	362,073
2 Liabilities carrying value amount under TAS	-	-	-	-	-
3 Total net amount under regulatory	2,656,722	2,617,995	-	38,727	362,073
4 Off-balance Sheet Amounts	1,311,997	330,368	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	5,404	(344,908)
9 Differences due to risk mitigation	-	(2,948,363)	-	-	-
10 Risk exposure	3,968,719	-	-	44,131	17,165

⁽¹⁾ According to the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", risk amounts include the financial instruments included in trading accounts and market risk arising from the calculated capital requirement for currency risk.

3. Differences between risk amounts and amounts in financial statements which are evaluated in accordance with TAS

a) Scope of accounting and legal consolidation:

There is no difference between the Bank's accounting and legal consolidation scope.

b) Differences between the amounts in accordance with TAS and the risk amounts:

The differences between the amounts in accordance with TAS and the amounts after post-risk reduction in the transactions subject to counterparty credit risk stem from the addition of the potential risk amounts to the renewal costs of the derivative transactions subject to CCR and the volatility adjustments for repo / reverse repo transactions.

The fair values of marketable securities subject to TAS are fair value of trading financial instruments. On the other hand, the amount in the risk amount line represents the amount of the market risk based on the calculated capital requirement for the losses that the market risk can be caused by factors such as interest rate risk, stock price risk and currency rate risk in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

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c) Explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates in accordance with the prudent valuation principles and principles in Appendix 3 appended to the Regulation on the Measurement and Assessment of Banks' Capital Adequacy:

If financial instruments that are accounted for at fair value are traded in an active market, valuation based on market price is made. The fair value of the market price used in valuation is confirmed periodically. Fair valuation of financial instruments that do not have an active market is made in accordance with TFRS 9.

c. Explanations on Credit Risk

1. General Qualitative Information Related to Credit Risk

Credits Principles on risk management constitute part of the Bank's containment risk principles:

- Risk is taken within the framework of a defined risk appetite.
- Any risks that you may receive must be approved within the risk management framework.
- The receivable must be compensated appropriately
- Risk should be monitored continuously and regularly reported.

A strong culture of risk management helps strengthen the Bank's resistance.

Credit risk arises from any counterparty, borrower or obligor (all of them collectively named "counterparty"), every transaction in which a contingent or probable receipt occurs. Similar to the classification of the DB Group, the Bank recognizes three types of credit risk: counterparty risk, country risk and exchange risk. The Bank manages its credit risk through local policies and procedures prepared in line with the Group's policy and rules.

Before accepting the credit risk, the basic principle of credit risk management is to examine the customers. In accordance with the principle of "recognition of the customer", prudent customer selection is achieved in cooperation with the business units that see the first line of defense on behalf of the Bank.

The Bank may designate a portfolio risk appetite for specific business segments, industries, countries, certain products, or individual counterparties to provide diversification, avoid concentration, and obtain a marketable portfolio. When determining the risk appetite and risk limits, the Board of Directors also takes into account the "Country and Sector Concentration Risks". The Risk Management Unit is independent of business units. The Bank's credit policies are accordingly developed and the Risk Management Department is responsible for ensuring that these policies are maintained in accordance with the Bank's business. The Risk Management Department is responsible for the ongoing monitoring of credit risks, based on predetermined credit strategies. Credit strategies are coordinated with the management staff to ensure coordinated business and risk strategies are created.

All new credit risks in the bank should be approved according to the information of those who have the necessary credit authority according to the principle of "single debtor". All credit risk decisions related to the Bank are subject to the Bank's credit authority's approval. The bank aggregates and combines all the risk measures of the same borrower ("one borrower principle"). At the legal personality level, the ultimate responsibility for managing credit risk limits belongs to the Board of Directors. All current credit limits and risks are monitored at least once every three months in a manner consistent with the Risk and Capital Report.

In the Bank, the Board of Directors may use the methods of mitigating credit risk as mentioned in section 5.

Credit risk is avoided in our strategy without any intensive concentration in our portfolio. Significant concentration in credit risk is the risk that the Bank has entered into significant risks due to certain counterparties with similar economic characteristics or similar activities and that these similarities between the counterparties are not due to the contractual obligations arising from contracts of these parties in the economic or industrial circumstances. If they are likely to affect the ability to fulfil their obligations in the same way. Concentration of credit risk may also exist at a single counterparty level.

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Internal Auditing "IA" provides stakeholders with independent and impartial assurance on the adequacy of the design and effectiveness of internal control systems, as well as the effectiveness of risk management and audit processes. ID is objective and neutral. Its function is independent of the day-to-day business of the bank, and the ID staff is not responsible for neither the work nor the operations. The ID has the right to access all facilities, employees, information and documentation in order to fulfil its duties. ID acts with the authority provided by the Board of Directors and is expected to prepare and implement a dynamic and risk-based audit from the ID. The audit result is reported to the management in the form of individual audit reports.

Internal control activities include daily activities performed by the Bank. Relevant departments are first line of defense which is established to check whether the rules and restrictions are followed during the execution of the transactions, and the internal control unit is the second line of defense which is established to check whether it is fulfilled in accordance with the rules set by the Bank. Bank's employees must be informed about the rules and restrictions regarding the activities and business of the internal control unit.

2. Credit quality of assets

	Gross carrying value as per TAS		Allowances/amortisation and impairments		Net Değer
	Defaulted	Non-defaulted	Current Period ^(*)	Current Period	
1 Loans	-	1,041,585	222		1,041,363
2 Debt Securities	-	242,293	1,276		241,017
3 Off-balance sheet exposures	-	1,168,748	64		1,168,684
4 Total	-	2,452,626	1,562		2,451,064

	Gross carrying value as per TAS		Allowances/amortisation and impairments		Net Değer
	Defaulted	Non-defaulted	Prior Period ^(*)	Prior Period	
1 Loans	-	1,139,927	1,039		1,138,888
2 Debt Securities	-	362,073	85		361,988
3 Off-balance sheet exposures	-	1,311,997	153		1,311,844
4 Total	-	2,813,997	1,277		2,812,720

^(*) Consist of expected loss.

3. Changes in nominal defaulted receivables and borrowing instruments

The Bank has no defaulted receivables.

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4. Additional information on credit quality of assets

4.1. Geographical distribution of receivables amounts

Current Period	Loans			Borrowings Instruments		Off-balance sheet receivables		Provisions/ Amortisation and impairment	Removed from Assets
	Defaulted	Not defaulted	Defaulted	Not defaulted	Defaulted	Not defaulted			
1 Defaulted Receivables	-	1,009,368	-	242,293	-	1,006,747	1,562	-	
2 European Union Countries	-	32,217	-	-	-	83,206	-	-	
3 OECD Countries	-	-	-	-	-	-	-	-	
4 Off-Shore Banking Regions	-	-	-	-	-	-	-	-	
5 USA, Canada	-	-	-	-	-	27,274	-	-	
6 Other Countries	-	-	-	-	-	51,522	-	-	
7 Total	-	1,041,585	-	242,293	-	1,168,749	1,562	-	

Prior Period	Loans			Borrowings Instruments		Off-balance sheet receivables		Provisions/ Amortisation and impairment	Removed from Assets
	Defaulted	Not defaulted	Defaulted	Not defaulted	Defaulted	Not defaulted			
1 Defaulted Receivables	-	1,090,033	-	17,165	-	1,094,632	1,733	-	
2 European Union Countries	-	27,910	-	-	-	75,482	9	-	
3 OECD Countries	-	-	-	-	-	-	-	-	
4 Off-Shore Banking Regions	-	-	-	-	-	-	-	-	
5 USA, Canada	-	74	-	-	-	87,645	10	-	
6 Other Countries	-	20,871	-	-	-	54,238	74	-	
7 Total	-	1,138,888	-	17,165	-	1,311,997	1,826	-	

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4.2. Credit Quality of Assets - Sectoral risk concentrations

Current Period	Loans			Borrowings Instruments		Off-balance sheet receivables		Provisions/ Amortisation and Removed from impairment Assets
	Defaulted	Not defaulted	Defaulted	Not defaulted	Defaulted	Not defaulted		
Agriculture	-	18,362	-	-	-	-	-	-
Farming and Stockbreeding	-	18,362	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	618,342	-	-	-	914,630	222	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	618,342	-	-	-	914,630	222	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	-	401,898	-	242,293	-	254,119	1,340	-
Wholesale and Retail Trade	-	209,434	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	4,018	-	-	-	-	-	-
Financial Institutions	-	185,871	-	242,293	-	254,119	1,340	-
Real Estate and	-	-	-	-	-	-	-	-
Rental Services	-	2,499	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	76	-	-	-	-	-	-
Other	-	2,983	-	-	-	-	-	-
Total	-	1,041,585	-	242,293	-	1,168,749	1,562	-

Prior Period	Loans			Borrowings Instruments		Off-balance sheet receivables		Provisions/ Amortisation and Removed from impairment Assets
	Defaulted	Not defaulted	Defaulted	Not defaulted	Defaulted	Not defaulted		
Agriculture	-	14,328	-	-	-	-	-	-
Farming and Stockbreeding	-	14,328	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	681,330	-	-	-	1,003,995	1,588	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Production	-	681,330	-	-	-	1,003,995	1,588	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	3	-	-	-	-	-	-
Services	-	436,006	-	17,165	-	308,002	238	-
Wholesale and Retail Trade	-	110,328	-	-	-	-	-	-
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	-	7,590	-	-	-	-	-	-
Financial Institutions	-	317,875	-	17,165	-	308,002	238	-
Real Estate and	-	-	-	-	-	-	-	-
Rental Services	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	213	-	-	-	-	-	-
Other	-	7,221	-	-	-	-	-	-
Total	-	1,138,888	-	17,165	-	1,311,997	1,826	-

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4.3. Credit Quality of Assets-Distribution according to remaining flows

Current Period	Non-distributed	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Non-Defaulted Receivables	914,630	1,059,161	8,256	243,927	-	226,652	2,452,626
1 Loans	-	1,041,585	-	-	-	-	1,041,585
2 Borrowing Instruments	-	7,337	-	169,127	-	65,829	242,293
3 Off-Balance Receivables	914,630	10,239	8,256	74,800	-	160,823	1,168,748
Defaulted Receivables	-	-	-	-	-	-	-
1 Loans	-	-	-	-	-	-	-
2 Borrowing Instruments	-	-	-	-	-	-	-
3 Off-Balance Receivables	-	-	-	-	-	-	-
Provisions/ Amortization and present value							
Total	914,630	1,059,161	8,256	243,927	-	226,652	2,452,626
Prior Period	Non-distributed	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Total
Non-Defaulted Receivables	1,002,956	252,804	590,540	98,218	352,160	171,372	2,468,050
1 Loans	(1,039)	241,099	548,109	-	350,719	-	1,138,888
2 Borrowing Instruments	-	-	8,891	2,480	1,441	4,353	17,165
3 Off-Balance Receivables	1,003,995	11,705	33,540	95,738	-	167,019	1,311,997
Defaulted Receivables	-	-	-	-	-	-	-
1 Loans	-	-	-	-	-	-	-
2 Borrowing Instruments	-	-	-	-	-	-	-
3 Off-Balance Receivables	-	-	-	-	-	-	-
Provisions/ Amortization and present value							
Total	1,002,956	252,804	590,540	98,218	352,160	171,372	2,468,050

4.4. Quality of Assets - Aging analysis for overdue receivables

None.

4.5. Quality of Assets - Provisions for Restructured Receivables

None.

5. Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

In the Bank, the Board of Directors may use the following methods of mitigating credit risk, including but not limited to:

- On-balance sheet cash settlement
- Netting and cash collateral transactions for derivative instruments
- Offsetting of collateral received / given for repo transactions
- Other appropriate collateral
- Warranty from banks and parent company warranties

The main purpose of collateralizing any loan is to mitigate the credit risk.

In case of the loan is established with a guarantee condition, it is necessary to enter the guarantees into the banking system. Loan disbursement is the result of the systematic comparison of the collateral with the conditions of the communiqué regarding the credit.

Collateral matching is using in the system for each loan. In addition, for each collateral, the appropriateness of the collateral margin is also controlled.

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The credit risk the bank is exposed to and the credit risk mitigation techniques used to mitigate this risk are taken into account in the standards set out in the legislation. Credit risk mitigation is performed according to the comprehensive financial guarantee method, where the risk mitigation effects of financial collateral are calculated through volatility adjusted values. After applying risk mitigation techniques, standard risk weights are applied to the unprotected portion. Cash or similar assets and borrowing instruments with a high credit quality level are used to reduce credit risk.

6. Credit risk mitigation techniques- overview

Current Period	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	1,041,585	-	-	-	-	-	-
2 Debt Instruments	242,293	-	-	-	-	-	-
3 Total	1,283,878	-	-	-	-	-	-
4 Of which defaulted	-	-	-	-	-	-	-

Prior Period	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	1,139,927	-	-	-	-	-	-
2 Debt Instruments	362,073	-	-	-	-	-	-
3 Total	1,502,000	-	-	-	-	-	-
4 Of which defaulted	-	-	-	-	-	-	-

7. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The capital adequacy calculation uses the ratios given by Fitch Ratings, limited to Receivables from Central Government or Central Banks.

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8. Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Current Period Risk Classification	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
1 Claims on sovereigns and Central Banks	897,056	-	894,332	-	199,408	22.30%
2 Claims on regional governments or local authorities	-	-	-	-	-	-
3 Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
4 Claims on multilateral development banks	-	-	-	-	-	-
5 Claims on international organizations	-	-	-	-	-	-
6 Claims on banks and intermediary institutions	738,317	905,835	737,777	80,241	186,853	22.84%
7 Claims on corporates	1,038,052	261,357	1,037,471	46,098	1,083,569	100.00%
8 Claims included in the regulatory retail portfolios	-	1,372	-	760	760	100.00%
9 Claims secured by residential property	-	-	-	-	-	-
10 Claims secured by commercial property	-	-	-	-	-	-
11 Overdue loans	-	-	-	-	-	-
12 Higher risk categories decided by the Board	-	-	-	-	-	-
13 Secured by mortgages	-	-	-	-	-	-
14 Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15 Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16 Other receivables	32,606	-	32,606	-	25,273	77.51%
17 Equity share investments	-	-	-	-	-	-
18 Total	2,706,031	1,168,564	2,702,186	127,099	1,495,863	52.87%

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Risk Classification	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
1 Claims on sovereigns and Central Banks	696,871	-	696,871	-	-	-
2 Claims on regional governments or local authorities	-	-	-	-	-	-
3 Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
4 Claims on multilateral development banks	-	-	-	-	-	-
5 Claims on international organizations	-	-	-	-	-	-
6 Claims on banks and intermediary institutions	710,845	942,128	253,353	78,543	219,801	66.23%
7 Claims on corporates	1,099,755	288,327	1,140,228	78,804	1,218,923	99.99%
8 Claims included in the regulatory retail portfolios	-	826	-	3,340	19,579	586.17%
9 Claims secured by residential property	-	-	-	-	-	-
10 Claims secured by commercial property	-	-	-	-	-	-
11 Overdue loans	-	-	-	-	-	-
12 Higher risk categories decided by the Board	-	-	-	-	-	-
13 Secured by mortgages	-	-	-	-	-	-
14 Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15 Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16 Other receivables	58,249	-	58,249	-	8,485	14.57%
17 Equity share investments	-	-	-	-	-	-
18 Total	2,565,720	1,231,281	2,148,701	160,687	1,466,788	63.51%

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Standardised Approach- Claims By Risk Classification And Risk Weights:

Current Period	Risk Classification/Risk weight amount										Total risk amount	
	0%	10%	20%	50%	75%	100%	150%	200%	Others	(post-CCF and CRM)		
Claims on sovereigns and Central Banks	694,924	-	-	-	-	-	199,408	-	-	-	894,332	
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-	
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	
Claims on banks and intermediary institutions	-	-	736,167	-	81,112	-	739	-	-	-	818,018	
Claims on corporates	-	-	-	-	-	-	1,084,509	-	-	-	1,084,509	
Claims included in the regulatory retail portfolios	-	-	-	-	-	761	-	-	-	-	761	
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-	-	
Claims secured by commercial property	-	-	-	-	-	-	-	-	-	-	-	
Overdue loans	-	-	-	-	-	-	-	-	-	-	-	
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-	
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	
Equity share investments	7,334	-	-	-	-	-	25,272	-	-	-	32,606	
Other receivables	702,258	-	736,167	-	81,112	761	1,309,928	-	-	-	2,830,226	
Total												

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period Risk Classification/Risk weight amount	Prior Period										Total risk amount	
	0%	10%	20%	50%	75%	100%	150%	200%	Others	(post-CCF and CRM)		
Claims on sovereigns and Central Banks	696,871	-	-	-	-	-	-	-	-	-	696,871	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	95,178	-	816,756	-	110,452	-	1,235	-	-	-	1,023,621	-
Claims on corporates	109	-	-	-	-	-	1,257,767	-	-	-	1,257,876	-
Claims included in the regulatory retail portfolios	-	-	-	-	-	1,654	-	-	-	-	1,654	-
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-	-	-
Claims secured by commercial property	-	-	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	5,870	-	-	-	-	-	8,485	-	-	-	14,355	-
Total	798,028	-	816,756	-	110,452	1,654	1,267,487	-	-	-	2,994,377	-

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

d. Counterparty credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

The Bank currently uses "Cross Guarantees in Trade Transactions", "Bills in Reverse Repurchase Transactions" and "Bonds in DB AG Group Transactions" as risk reduction techniques.

31 December 2019	Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	Exposure at Default post-CRM	Risk Weighted Amount
1 Standard Approach-CCR (for derivatives)	12	6,666	-	-	6,678	2,588
2 Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5 VaR for SFTs	-	-	-	-	-	-
6 Total	12	6,666	-	-	6,678	2,588

31 December 2018	Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	Exposure at Default post-CRM	Risk Weighted Amount
1 Standard Approach-CCR (for derivatives)	384	49,747	-	-	50,131	40,575
2 Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5 VaR for SFTs	-	-	-	-	-	-
6 Total	384	49,747	-	-	50,131	40,575

* Effective expected positive exposure.

3. Credit valuation adjustment (CVA) capital charge:

31 December 2019	Exposure at default post-CRM	Risk Weighted Amount
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	6,678	2,588
4 Total subject to the CVA capital charge	1,661	1,661
31 December 2018	Exposure at default post-CRM	Risk Weighted Amount
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	50,131	40,575
4 Total subject to the CVA capital charge	5,574	5,574

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Notes To The Financial Statements As At 31 December 2019

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4. Standardised approach - Credit Counterparty Risk Exposures by regulatory portfolio and risk weights:

Risk Portfolio (Current Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit risk ^(*)
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
International organizations	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	3,481	1,959	-	-	-	-	5,440
Corporate	-	-	-	-	-	936	-	-	936
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Investments on securities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-
Total	-	-	3,481	1,959	-	936	-	-	6,376

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk Portfolio (Prior Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit risk ^(*)
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
International organizations	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	5,759	2,165	-	-	-	-	7,924
Corporate	-	-	-	-	-	38,807	-	-	38,807
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Investments on securities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-
Total	-	-	5,759	2,165	-	38,807	-	-	46,731

^(*)Total credit risk amount related to the capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

^(**)Other assets includes amounts that not included in the counterparty credit risk reported in the table "Central counterparty risks."

5. Composition of collateral for CCR exposure:

	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Period						
Cash-local currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	1,995	29,701
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total					1,995	29,701

6. Credit Derivative Exposures:

None.

7. Exposures to central counterparties (CCP):

Counterparties consist of central counterparties, banks corporate and business firms. Central counterparty risks consist of guaranties given and the amount of guarantee fund paid.

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

e. Securitization Explanations

The bank has no securitization transaction

f. Market risk disclosures

1. Qualitative requirements for public disclosure on Market risk:

Market risk is the risk that a Bank's positions will experience a possible loss of value due to market fluctuations. Market risk is due to uncertainties arising from changes in market prices and ratios, correlations between them and volatility levels. In accordance with the Regulation on Measurement and Assessment of Capital Adequacy of Banks, market risks can be classified as follows:

- **General market risk:** The probability that the Bank will be exposed to interest rate risk and exposure to market risk due to the position of the position of the financial instruments in the trading accounts

- **Specific risk:** The probability of loss that may arise due to the problems that may arise from the management and financial structures of the institutions that issue or guarantee the financial instruments constituting these positions, except for extraordinary market movements, in the positions regarding the financial instruments included in the bank's trading accounts,

- **Exchange risk:** The probability of loss that the Bank may incur as a result of changes that may occur in exchange rates due to all foreign currency assets and liabilities,

- **Commodity risk:** The probability of the loss that the Bank may incur due to positional conditions related to derivative and derivative financial instruments due to movements in commodity prices,

- **Compensation risk:** Exposure to the bank due to changes in the price of securities, foreign exchange or commodities subject to the processing of a securities, foreign exchange or commodity for the delivery of a certain price at the agreed price and foreseeing that both parties fulfil their obligations at the time of maturity probability of damage.

All market risks are monitored according to certain limits set by the Board of Directors. The above types of market risk are monitored by the Risk Management Unit. Types of risks undertaken by the Bank may include one or more of these types of market risk; Risk assessments are determined during the new product acceptance (LOI) process and at the time of application to purchase authorization certificates.

DB A.Ş. The Market Risks Management process outlines the following transactions:

- Identification of the market risk,
- Limit structure definition,
- The development and implementation of the policies of market risk and the principles of implementation,
- Analysis and monitoring of market risk,
- Control and reporting of market risk.

Market Risk Limits of DB A.Ş. are defined in "Market Risk Policy of DB A.Ş.". Market risk limits, as a result of agreement reached with related parties, DB A.Ş. Presented to the Board of Directors for review by the Risk Management Unit. The Board of Directors reviews and approves market risk limits at least once a year.

Finance and Operations units are responsible for daily monitoring and reporting of defined limits. Limit overruns are monitored daily by the Risk Management Unit through limit overrun reports.

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2. Standardised approach:

	Current period Risk Weighted Amount	Prior period Risk Weighted Amount
Outright products ^(*)	5,013	17,165
1 Interest rate risk (general and specific)	813	15,215
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	4,200	1,950
4 Commodity risk	-	-
Options	-	-
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	5,013	17,165

* Outright products refer to positions in products that are not optional.

g. Operational Risk

In the calculation of the Bank's operational risk, the "Basic Indicator Method" is used. The amount subject to operational risk is calculated once a year in accordance with the Regulation on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 25911 on 23 October 2015. In the basic indicator method, the operational risk base amount is calculated by multiplying the last three years by the average of fifteen percent of the year-end gross income amount realized by the last three years. The amount subject to operational risk is TL 412,387 for the current period (31 December 2018: TL 352,713).

	31.12.2016	31.12.2017	31.12.2018	Total / Number of years for which gross income is positive	Rate (%)	Total
Gross Income	188,383	185,654	285,782	219,940	15	32,991
Amount subject to operational risk (Total* 12.5)						412,387

h. Interest rate risk on banking books

The interest rate risk of the banking books is measured and monitored within the scope of the Regulation about Measurement and Assessment of Interest Rate Risk in the Banking Accounts by Standard Shock Method.

Current Period	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
Type of Currency			
TL (+) 500bp	(11,149)	(1.52%)	
TL (-) 400bp	9,584	1.30%	
EUR (+) 200bp	137		0.02%
EUR (-) 200bp	(143)		(0.02%)
USD (+) 200bp	(179)		(0.02%)
USD (-) 200bp	183		0.02%
Total (of positive shocks)		(11,191)	(1.52%)
Total (of negative shocks)		9,624	1.30%

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
Type of Currency			
TL (+) 500bp	(3,926)	(0.67%)	
TL (-) 400bp	3,277	0.56%	
EUR	(+) 200bp	3,540	0.61%
EUR	(-) 200bp	(3,643)	(0.62%)
USD	(+) 200bp	30	0.01%
USD	(-) 200bp	(31)	(0.01%)
Total (of positive shocks)		(356)	(0.05%)
Total (of negative shocks)		(397)	(0.07%)

XI. Explanations on operating segments

Information of operating segments for the years ended 31 December 2019 and 31 December 2018 is presented in the following table:

Current period	Global Transaction Banking	Markets	Other (*)	Unallocated	Bank's Total Operating
31 December 2019					
Operating Profit	159,276	39,567	121,319	-	320,162
Net Operating Profit / (Loss)	72,567	(4,102)	117,942	-	186,407
Profit /(Loss) Before Tax	72,567	(4,102)	117,942	-	186,407
Tax Provision (-)	-	-	-	(40,865)	(40,865)
Net Period Profit /(Loss)	72,567	(4,102)	117,942	(40,865)	145,542
31 December 2019					
Segment Assets	1,045,168	91,054	1,605,542	-	2,741,764
Segment Liabilities	1,038,685	-	962,454	-	2,001,139
Equity	-	-	-	740,625	740,625
Prior period					
31 December 2018					
Operating Profit	153,370	29,613	102,799	-	285,782
Net Operating Profit / (Loss)	91,026	(7,997)	73,533	-	156,562
Profit /(Loss) Before Tax	91,026	(7,997)	73,533	-	156,562
Tax Provision (-)	-	-	-	(34,072)	(34,072)
Net Period Profit /(Loss)	91,026	(7,997)	73,533	(34,072)	122,490
31 December 2018					
Segment Assets	1,211,271	460,307	990,754	-	2,662,332
Segment Liabilities	944,753	42,521	1,086,324	-	2,073,598
Equity	-	-	-	588,734	588,734

(*) Consists of equity and treasury.

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION FIVE

EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS

I. Explanations and notes related to assets

1. Information related to cash and balances with the Central Bank of the Republic of Turkey

1.a Information on cash and balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash / Effective	3,400	4,393	2,563	1,411
Central Bank of Turkey	21,325	541,738	73,937	254,531
Other	-	-	-	-
Total	24,724	546,131	76,500	255,942

1.b Information on balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	21,313	199,518	72,452	-
Unrestricted Time Deposits	-	19,728	-	25,176
Restricted Time Deposits	12	322,492	1,485	229,355
Total	21,325	541,738	73,937	254,531

1.c Information on reserve deposits

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey (CBRT), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014.

As of 30 September 2019, no interest paid on the required in USD, and for the required reserves held in TL, interest payments are made to the banks that comply with the provisions of Article 8 of the Required Reserves Application Instruction.

As of 31 December 2019, the rates for Turkish Lira required reserves are between 1% and 7% (31 December 2018: between 1.5% and 8%), depending on the maturity structure; the rates for foreign currency reserve requirements are between 5% and 21% (31 December 2018: between 4% and 20%) depending on the maturity structure.

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Information on financial assets at fair value through profit or loss

2.a Financial assets at fair value through profit or loss

2.a.1 Financial assets at fair value through profit/loss provided as collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Securities, Treasury Bills, and Other Securities	-	-	28,056	-
Share Certificates	-	-	-	-
Others	-	-	-	-
Total	-	-	28,056	-

2.a.2 Financial assets at fair value through profit/loss subject to repurchase agreements

None (31 December 2018: None).

2.b Positive differences on derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	955	-	38,677
Swap Transactions	-	1,777	-	50
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	2,732	-	38,727

3. Information on banks

3.a. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	684,675	323	630,525	146
Foreign	28,026	14,791	48,843	5,144
Foreign head offices and branches	-	-	-	-
Total	712,701	15,114	679,368	5,290

3.b Information on foreign banks account

	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
	Current Period	Current Period	Prior Period	Prior Period
EU Countries	32,802	-	52,745	-
USA, Canada	8,822	-	470	-
OECD Countries ^(*)	1,193	-	772	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	42,817	-	53,987	-

^(*) OECD countries other than EU countries, USA and Canada

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Information on financial assets at fair value through other comprehensive income

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	242,293	-	-	-
Listed	242,293	-	-	-
Unlisted	-	-	-	-
Stocks	-	-	-	-
Listed	-	-	-	-
Unlisted	-	-	-	-
Impairment Provision	-	-	-	-
Total	242,293	-	-	-

5. Explanations on loans

5.a Information on all types of loan or advance balances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct Lending to Shareholders	-	92,167	-	99,184
Corporate Shareholders	-	92,167	-	99,184
Individual Shareholders	-	-	-	-
Indirect Lending to Shareholders	78,494	-	62,084	-
Loans to Employees	-	-	-	-
Total	78,494	92,167	62,084	99,184

5.b Information on the first and second group loans and receivables including loans that have been restructured or rescheduled and other receivables

Cash loans	Standart loans	Loans under close monitoring		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-Specialized Loans	1,041,585	-	-	-
Commercial loans	552,934	-	-	-
Export Loans	276,417	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	135,996	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	76,238	-	-	-
Specialized Lending	-	-	-	-
Other Receivables	-	-	-	-
Total	1,041,585	-	-	-

	Current Period	
	Standard loans	Loans under close monitoring
12 month provisions for possible losses	222	-
Significant increase in credit risk	-	-
Total	222	-

As of 31 December 2019, there is no under the scope of restructuring o.

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5.c Loans according to their maturity structure

Current Period	Loans and Other Receivables Under Close Monitoring		
	Standard Loans and Other Receivables	Loans and Other Receivables not Subject to Restructuring	Refinance
Short Term Loans	1,041,585	-	-
Medium and Long Term Loans	-	-	-
Total	1,041,585	-	-

Prior Period	Loans and Other Receivables Under Close Monitoring		
	Standard Loans and Other Receivables	Loans and Other Receivables not Subject to Restructuring	Refinance
Short Term Loans	919,019	-	-
Medium and Long Term Loans	220,908	-	-
Total	1,139,927	-	-

5.d Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

The Bank has no consumer loans, consumer credit cards, personnel credit cards, short term personnel loans as of 31 December 2019 (31 December 2018: None).

5.e Information on instalment based commercial loans and corporate credit cards

The Bank's overdraft account amount is TL 2,228 as of 31 December 2019 (31 December 2018: TL 1,251).

5.f Information on allocation of loan customers

	Current Period	Prior Period
Public Sector	-	-
Private Sector	1,041,585	1,139,927
Total	1,041,585	1,139,927

5.g Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	1,037,394	1,139,911
Foreign Loans	4,191	16
Total	1,041,585	1,139,927

5.h Loans to associates and subsidiaries

None (31 December 2018: None).

5.i Specific provisions or allowance for expected credit losses (III. Stage) for loans

None (31 December 2018: None).

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5.j Information on non-performing loans (Net)

5.j.1 Information on non-performing loans and receivables restructured or rescheduled

None (31 December 2018: None).

5.j.2 Information on the movement of total non-performing loans

None (31 December 2018: None).

5.j.3 Information on foreign currency non-performing loans and receivables

None (31 December 2018: None).

6. Financial assets measured at amortised cost

None (31 December 2018: None).

7. Information on investments in associates

None (31 December 2018: None).

8. Information on investments in subsidiaries

None (31 December 2018: None).

9. Information on investments in joint ventures

None (31 December 2018: None).

10. Information on lease receivables

None (31 December 2018: None).

11. Information on derivative financial assets held for risk management

None (31 December 2018: None).

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12. Information on property and equipment

Current Period	Right of use Assets	Other Tangible Assets	Total
1 January 2019			
Cost	-	25,849	25,849
Accumulated Depreciation (-)	-	(21,044)	(21,044)
Net Carrying Value	-	4,805	4,805
31 December 2019			
Net Carrying Value at the Beginning of the Period	-	4,805	4,805
Additions	26,698	3,329	30,027
Disposals (-) (net)	-	-	-
Depreciation (-)	(8,535)	(1,787)	(10,322)
Cost at the End of the Period	26,698	29,178	55,876
Accumulated Depreciation at the End of the Period (-)	(8,535)	(22,831)	(31,366)
Net Carrying Value	18,163	6,347	24,510
Prior Period	Other Tangible Assets		Total
1 January 2018			
Cost	22,045		22,045
Accumulated Depreciation (-)	(19,583)		(19,583)
Net Carrying Value	2,462		2,462
31 December 2018			
Net Carrying Value at the Beginning of the Period	2,462		2,462
Additions	3,804		3,804
Disposals (-) (net)	-		-
Depreciation (-)	(1,461)		(1,461)
Cost at the End of the Period	25,849		25,849
Accumulated Depreciation at the End of the Period (-)	(21,044)		(21,044)
Net Carrying Value	4,805		4,805

As of 31 December 2019 and 31 December 2018, there is not impairment losses or reversal of impairment losses on tangible assets.

As of 31 December 2019 and 31 December 2018, there is no pledge on tangible assets.

13. Additionally necessary information on each intangible asset type:

The Bank has intangible assets amounting to TL 4,707 TL as of 31 December 2019 (31 December 2018: TL 3,976). The Bank acquired the custody operations (customer list) of a local Bank in Turkey on 11 May 2007 and the transaction was settled on 2 July 2007. Purchase amount was amounting to TL 150,976, a provision of TL 59,823 has been recorded after revaluation in April 2010 because of changes in expected cash flows. These intangible assets are fully amortized on 30 June 2017. As of 31 December 2019 and 31 December 2018, there are any net carrying value of aforesaid intangible assets.

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13.a Carrying value and accumulated amortization balances at current and prior period

Current Period	Carrying Value	Impairment	Accumulated Amortisation
Intangible Assets	176,069	60,750	110,612
Prior Period	Carrying Value	Impairment	Accumulated Amortisation
Intangible Assets	172,839	60,750	108,113

13.b Movement table containing the following information between the beginning and end of the period

	Current Period	Prior Period
Beginning of the Period	3,976	3,016
Additions due to Mergers, Transfers and Acquisitions	3,230	3,229
Excluded and sales	-	-
Amortization (-)	(2,499)	(2,269)
End of the Period	4,707	3,976

14. Information on investment property

None (31 December 2018: None).

15. Information on tax assets

As of 31 December 2019, the Bank has no current tax assets (31 December 2018: None).

As of 31 December 2019, the Bank has a deferred tax assets of TL 3,098 calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences (31 December 2018: TL 3,960 net deferred tax assets).

There is no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods.

Detailed information on net deferred tax assets is as follows:

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions for employee rights	10,747	2,263	11,512	2,456
Provisions	3,360	739	1,837	404
Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.	2,019	445		
Expense accrual on derivative financial assets	292	64	6,517	1,434
Other	506	112	426	93
Deferred tax asset	16,924	3,623	20,292	4,387
Difference between fair value of tangible and intangible assets and tax value	(2,583)	(525)	(2,065)	(427)
Deferred tax liability	(2,583)	(525)	(2,065)	(427)
Deferred tax asset/(liability), net	14,341	3,098	18,227	3,960

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

16. Information on assets held for sale and discontinued operations

None (31 December 2018: None).

17. Information on other assets

17.a Information on prepaid expenses, tax and similar transactions

	Current Period	Prior Period
Income accruals ^(*)	41,249	43,082
Guarantees Given ^(**)	30,324	45,243
Prepaid Expenses	470	2,211
Other ^(***)	2,296	2,768
Total	74,339	93,304

^(*) TL 38,446 of income accruals comprise service income accruals (31 December 2018: TL 39,070).

^(**) Includes collaterals given for derivative transactions.

^(***) Also includes collaterals given to Takasbank.

II. Explanations and Notes Related to Liabilities

1. Information on maturity structure of deposits

Current Period	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months- 1 Year	1 year and over	Total
Saving Deposits	-	-	-	-	-	-	-	-
Foreign Currency Deposits	328,282	-	39,216	57,199	-	-	-	424,697
Residents in Turkey	296,050	-	39,216	57,199	-	-	-	392,465
Residents Abroad	32,232	-	-	-	-	-	-	32,232
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	158,047	-	271,511	-	-	-	-	429,558
Other Institutions Deposits	126	-	1,546	-	-	-	-	1,672
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	676,942	-	-	-	-	-	-	676,942
The Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-
Foreign Banks	676,942	-	-	-	-	-	-	676,942
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	1,163,397	-	312,273	57,199	-	-	-	1,532,869

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Prior Period	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months-1 Year	1 year and over	Total
Saving Deposits	-	-	-	-	-	-	-	-
Foreign Currency Deposits	294,622	-	43,437	1,052	-	-	-	339,111
Residents in Turkey	269,229	-	43,437	1,052	-	-	-	313,718
Residents Abroad	25,393	-	-	-	-	-	-	25,393
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	192,418	-	144,630	14,000	-	-	-	351,048
Other Institutions Deposits	2	-	1,745	-	-	-	-	1,747
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	273,250	-	-	-	-	-	-	273,250
The Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-
Foreign Banks	273,250	-	-	-	-	-	-	273,250
Special Financial Institutions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	760,292	-	189,812	15,052	-	-	-	965,156

1.a Saving deposits covered by deposit insurance and total amount of deposits exceeding insurance coverage limit

None (31 December 2018: None).

1.b Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

None (31 December 2018: None).

1.c Saving deposits out of the insurance coverage limits of Saving Deposit Insurance Fund

None (31 December 2018: None).

2. Information on derivative financial liabilities at fair value through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	1,583	-	36,947
Swap Transactions	-	1,441	-	8,229
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	3,024	-	45,176

3. Information on funds borrowed

3.a Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	-	-	-	-
Foreign Banks, Institutions and Funds	-	379,084	-	1,004,274
Total	-	379,084	-	1,004,274

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3.b Information on maturity structure of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	379,084	-	731,934
Medium and Long-Term	-	-	-	272,340
Total	-	379,084	-	1,004,274

3.c Additional information on the major concentration of the Bank's liabilities

The Bank funds its assets within the normal course of its banking business with bank deposits, funds borrowed and interbank money markets

4. At least 20% of account of other liabilities on the balance sheet, exceeding 10% of the total liabilities excluding the off balance sheet items

Account of other liabilities on the balance sheet does not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Information on financial lease payables (Net)

With the "IFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees.

	31 December 2019		31 December 2018	
	TP	YP	TP	YP
Less than 1 year	4,565	3,654	-	-
Between 1-4 years	-	13,110	-	-
More than 4 years	-	-	-	-
Total	4,565	16,674	-	-

6. Information on derivative financial liabilities held for risk management

None (31 December 2018: None).

7. Information on provisions and subordinated loans

7.a Information on provisions for foreign exchange differences on foreign currency indexed loans

According to the 7th paragraph of Article 3 of the decision No.32 on the Protection of Turkish Currency, published in the Official Gazette dated 25 January 2018, the use of foreign currency indexed loans to persons residing in Turkey as of 2 May 2018 has been banned.

7.b Information on provisions on unindemnified non cash loans

As of 31 December 2019, provisions on unindemnified non cash loans amounting to TL 64 (31 December 2018: TL 153).

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7.c Reserve for employment benefits

Information on reserve for employment termination benefits

	Current Period	Prior Period
Personnel Bonus Provision	11,284	13,525
Provision for Employee Severance Indemnities	3,243	2,767
Vacation Pay Liability	1,598	1,235
Total	16,125	17,527

In accordance with the existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct and this amount is limited by the termination indemnity upper limit.

Employee severance indemnities are not subject to legal funding requirements.

The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, assumptions on discount rate, expected rate of salary increase and employee turnover rate is used in the calculation of the total liability. Each assumption is reviewed on an annual basis. The major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Net discount rate	4.36%	5.22%
Rate of expected inflation increase	10.20%	9.30%
Turnover rate to estimate the probability of retirement	92.40%	95.40%

Movement of provision for severance indemnities during the year is presented below:

	Current Period	Prior Period
Balance at the beginning of the period	1,235	1,089
The provision of the current year	152	137
Interest Cost	186	131
The provision is paid during the period (-)	(277)	(508)
The provision is cancelled during period (-)	-	-
Actuarial gains/(losses) ^(*)	302	386
Total	1,598	1,235

(*) Actuarial gains/(losses) are recognized under equity.

7.d Information on other provisions

7.d.1 General reserve for possible losses

None (31 December 2018: None).

7.d.2 Information on other provisions exceeding 10% of total provisions

As of 31 December 2019, other provisions amounting to TL 21,485 (31 December 2018: TL 19,632) includes provisions amounting to TL 18,736 (31 December 2018: TL 18,644) that will be paid in accordance with the service agreement signed with Deutsche Bank Group.

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8. Information on tax liability

8.a.1 Information on tax liability

As of 31 December 2019, the Bank's corporate tax payable is amounting to TL 12,072 (31 December 2018: TL 12,868).

8.a.2 Information on taxes payable

	Current period	Prior period
Corporate Taxes Payable	4,559	4,672
Banking Insurance Transaction tax (BITT)	2,511	3,604
Value Added Tax Payable	2,388	2,393
Taxation on Securities Income	474	411
Foreign Exchange transaction tax	234	-
Other ^(*)	1,371	1,311
Total	11,537	12,391

^(*) Includes withholding income taxes amounting to TL 1,335 (31 December 2018: TL 1,279).

8.a.3 Information on premium payables

	Current Period	Prior Period
Social Security Premiums-Employee	227	201
Social Security Premiums-Employer	260	234
Bank Pension Fund Premium-Employees	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	16	14
Unemployment Insurance-Employer	32	28
Others	-	-
Total	535	477

8.b Information on deferred tax liability

The Bank has no deferred tax liability in the current period (31 December 2018: None).

Detailed information on the net deferred tax asset / liability is presented in Section Five Note 14.

9. Information on liabilities related to assets held for sale and discontinued operations

None (31 December 2018: None).

10. Explanations on the number of subordinated loans the group used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any

None (31 December 2018: None).

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11. Information on shareholders' equity

11.1 Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	135,000	135,000
Preferred Stock	-	-
Total	135,000	135,000

11.2 Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so amount of registered share capital

The Bank is not subject to registered share capital system.

11.3 Information on the share capital increases during the period and their sources

None (31 December 2018: None).

11.4 Information on share capital increases from revaluation funds

None (31 December 2018: None).

11.5 Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and estimated resources required to meet these commitments

None (31 December 2018: None).

11.6 Information on privileges given to shares representing the capital

None (31 December 2018: None).

11.7 Information on securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From associates, subsidiaries, and joint ventures				
Valuation differences	-	-	-	-
Foreign exchange difference	-	-	-	-
Financial assets at fair value through other comprehensive income loans	7,172	-	-	-
Valuation differences	7,172	-	-	-
Foreign exchange difference	-	-	-	-
Total	7,172	-	-	-

11.8 Information on profit sharing bonds

Explanations are presented separately at note V.4.

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III. Explanations and Notes Related to Off-Balance Sheet Items

1. Information on off balance sheet liabilities

1.a The amount and type of irrevocable commitments

Type of irrevocable commitments	Current Period	Prior Period
Loan Granting Commitments	914,199	874,690
Two Days Forward Buy/Sell Commitments	-	128,960
Payment Commitments for Checks	-	122
Tax and Fund Liabilities from Export Commitments	431	223
Total	914,630	1,003,995

1.b Possible losses and commitments resulted from off-balance sheet items including the following

1.b.1 Non-cash loans including guarantees, bank acceptances, letters of guarantee substitute for financial guarantees and other letters of credit

As of 31 December 2019, amount of letters of guarantee, letters of credit, import letter of acceptance and sureties are amounting to TL 252,628 and TL 1,490, respectively. (31 December 2018: TL 305,300 and TL 2,614 respectively).

1.b.2 Certain guarantees, tentative guarantees, sureties and similar transactions

None except the items explained above in note 1.b.1.

1.c Non-cash loans

1.c.1 Total Non-cash loans

	Current Period	Prior Period
Non-Cash Loans for Cash Loans	-	-
With Original Maturity up to 1 Year	-	-
With Original Maturity of More Than 1 Year	-	-
Other Non-Cash Loans	254,118	308,002
Total	254,118	308,002

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1.c.1. Sector risk concentration of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	32,078	41	22,610	13	35,984	37	22,267	11
Mining	-	-	-	-	-	-	-	-
Production	32,078	41	22,610	13	35,984	37	22,267	11
Electricity, Gas, Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	6	-
Services	44,844	57	149,401	86	59,702	61	187,872	89
Wholesale and Retail Trade	3,646	5	20,458	12	3,048	3	17,329	8
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	2,106	3	882	1	2,121	2	2,283	1
Financial Institutions	33,941	43	128,061	73	49,106	51	168,260	80
Real Estate and Renting Services	5,000	6	-	-	5,000	5	-	-
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	151	-	-	-	427	-	-	-
Other	1,970	2	3,215	1	2,171	2	-	-
Total	78,892	100	175,226	100	97,857	100	210,145	100

1.c.2 Non-cash loans classified under Group I and II

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	78,892	173,736	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	1,490	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-
Total	78,892	175,226	-	-

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2. Information on financial derivative instruments

	Derivative Transactions per Their Purposes	
	Trading	Risk Management
	Current Period	Current Period
Derivatives Held for Trading		
Foreign Currency Related Derivative Transactions (I)	783,142	-
Currency Forwards	294,124	-
Currency Swaps	489,018	-
Currency Futures	-	-
Currency Options	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest Rate Forwards	-	-
Interest Rate Swaps	-	-
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Derivatives Held for Trading (III)	-	-
A. Total Derivatives Held for Trading (I+II+III)	783,142	-
Derivatives Held for Risk Management		
Fair Value Hedge (1)	-	-
Cash Flow Hedge (2)	-	-
Net Foreign Investment Hedge	-	-
B. Total Derivatives Held for Risk Management	-	-
Total Derivative Transactions(A+B)	783,142	-

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	Derivative Transactions per Their Purposes	
	Trading	Risk Management
	Prior Period	Prior Period
Derivatives Held for Trading		
Foreign Currency Related Derivative Transactions (I)	2,180,235	-
Currency Forwards	1,000,843	-
Currency Swaps	1,179,392	-
Currency Futures	-	-
Currency Options	-	-
Interest Rate Related Derivative Transactions (II)	-	-
Interest Rate Forwards	-	-
Interest Rate Swaps	-	-
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Derivatives Held for Trading (III)	-	-
A. Total Derivatives Held for Trading (I+II+III)	2,180,235	-
Derivatives Held for Risk Management		
Fair Value Hedge (1)	-	-
Cash Flow Hedge (2)	-	-
Net Foreign Investment Hedge	-	-
B. Total Derivatives Held for Risk Management	-	-
Total Derivative Transactions(A+B)	2,180,235	-

3. Information on credit derivatives and risk exposures on credit derivatives

None (31 December 2018: None).

4. Explanations on contingent liabilities and assets

As of 31 December 2019, there are on-going lawsuits against the Bank but since the cash outflow risk is low there is no provision provided.

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Explanations on services provided on behalf of third parties

The Bank provides purchase and sales of the financial instruments and custody services on behalf of the third parties. Financial instruments (notional values) held on behalf of the individuals and corporates by the Bank are as follows:

	Prior Period	Current Period
Treasury Bonds - TL	-	-
Government Bonds -TL	33,313,480	47,190,913
Government Bonds - FC	-	-
Private Sector Bonds - TL	171,300	159,600
Warrants	8,697,743	2,903,946
Issued Eurobonds from Treasury - USD	-	-
Issued Eurobonds from Treasury - EURO	-	-
Stocks - TL	8,344,043	8,564,072
Stocks - FC	-	-
Cheques in Portfolio - TL	94,219	88,702
Cheques in Portfolio - FC	-	-
Other	59,402	52,609
Total	50,680,187	58,959,842

IV. Explanations and Notes Related to Income Statement

1. Information on interest income:

1.a Information on interest income on loans⁽¹⁾

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term Loans	136,961	17,763	263,580	16,353
Medium/Long-Term Loans	-	86	-	1,797
Interest on Non-Performing Loans	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	136,961	17,849	263,580	18,150

⁽¹⁾ Includes also the fee and commission income on cash loans.

1.b Information on interest income on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	3,285	-	2,216	-
Domestic Banks	108,265	157	67,142	89
Foreign Banks	14,486	858	10,128	293
Foreign Head Offices and Branches	-	-	-	-
Total	126,036	1,015	79,486	382

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.c Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	10,871	-	60,573	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	13,103	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Total	23,974	-	60,573	-

1.d Information on interest income received from associates and subsidiaries

None (31 December 2018: None).

2. Information on interest expenses

2.a Information on interest expense on funds borrowed⁽¹⁾

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	2,314	-	3,223
Central Bank of Turkey	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	2,314	-	3,223
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	-	2,314	-	3,223

⁽¹⁾ Includes also the fee and commission expense on funds borrowed.

2.b Information on interest expense paid to associates and subsidiaries

None (31 December 2018: None).

2.c Interest expense on securities issued

None (31 December 2018: None).

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.d Maturity structure of the interest expense on deposits

Current Period	Time Deposits						Total
	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 year and over	
TL							
Bank Deposits	522	3,586	-	-	-	-	4,108
Saving Deposits	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	100	62,653	3,277	-	-	-	66,030
Other Deposits	-	198	-	-	-	-	198
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Total	622	66,437	3,277	-	-	-	70,336
Foreign Currency							
Foreign Currency Deposits	-	1,017	200	-	-	-	1,217
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	-	172	-	-	-	-	172
Total	-	1,189	200	-	-	-	1,389
Grand Total	622	67,626	3,477	-	-	-	71,725

Prior Period	Time Deposits						Total
	Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 year and over	
TL							
Bank Deposits	584	6,536	-	-	-	-	7,120
Saving Deposits	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	123	11,323	77	-	-	-	11,523
Other Deposits	-	621	-	-	-	-	621
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Total	707	18,480	77	-	-	-	19,264
Foreign Currency							
Foreign Currency Deposits	-	258	-	-	-	-	258
"7 Days Notice" Deposits	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	-	399	-	-	-	-	399
Total	-	657	-	-	-	-	657
Grand Total	707	19,137	77	-	-	-	19,921

3. Information on dividend income

None (31 December 2018: None).

4. Information on trading loss/income (Net)

	Current Period	Prior Period
Profit	1,416,579	6,994,053
Capital Market Transactions	7,653	113,186
Derivative Financial Transactions ^(*)	213,971	3,596,773
Foreign Exchange Gains	1,194,955	3,284,094
Losses (-)	1,440,740	7,177,545
Capital Market Transactions	8,134	112,023
Derivative Financial Transactions ^(*)	258,734	3,251,029
Foreign Exchange Losses	1,173,872	3,814,493
Net Income/(Losses) (Net)	(24,161)	(183,492)

^(*) Foreign exchange gain from derivative transactions is amounting to TL 42,799 (31 December 2018: TL 535,873).

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Information on other operating income

As of 31 December 2019, the Bank's other operating income is amounting to TL 16,793 (31 December 2018: TL 18,571).

	Current Period	Prior Period
Other Service Income		
Service Income - FC	8,588	11,060
Provision reversal expense ^(*)	3,671	3,097
Service Income - TL	3,053	3,572
Other	1,481	842
Total	16,793	18,571

^(*) It contains the reversal of service charges in 2018 and 2017.

6. Provisions for losses on loans and receivables

	Current Period	Prior Period
Expected Credit Loss	1,630	862
12 month expected credit loss (stage 1)	1,630	862
Significant increase in credit risk (stage 2)	-	-
Non-performing loans (stage 3)	-	-
Marketable Securities Impairment Provisions	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other Impairment Losses	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	1,630	862

7. Information on other operational expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	61	-
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	10,322	1,461
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	2,499	2,269
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	48,113	61,744
Leasing Expenses on TFRS 16 Exceptions ^(**)	-	6,639
Maintenance Expenses	1,219	1,245
Advertisement Expenses	-	-
Other Expenses ^(*)	46,894	53,860
Loss on Sales of Assets	-	-
Other	10,361	8,269
Total	71,356	73,743

^(*) Other expenses included communication expenses amounting to TL 7,720 (31 December 2018: TL 7,689) received benefits from the outside and service costs amounting to TL 2,888 (31 December 2018: TL 2,747), Information systems and technology expenses amounting to TL 8,662 (31 December 2018: TL 15,007), Deutsche Bank Group Management Service expenses amounting to TL 8,706 (31 December 2018: TL 7,951) and other expenses amounting to TL 18,918 (31 December 2018: TL 20,466).

^(**) 31 December 2018 amounts represent all operating lease expenses.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

8. Profit/loss before taxes from continuing and discontinued operations

As of December 31, 2019 the Bank has a profit before tax amounting to TL 186,407 (December 2018: profit of TL 156,562).

9. Information on provision for taxes from continuing and discontinued operations

9.a Information on current tax income/ expense and deferred tax income/expense from continuing and discontinued operations

As of 31 December 2019 the Bank has deferred tax expense amounting to TL 641 (31 December 2018: deferred tax income amounting to TL 1,612) and current tax expense amounting to TL 40,224 (31 December 2018: TL 35,684).

9.b Deferred tax income or expense from temporary differences of continuing and discontinued operations

Deferred tax expense amounting to TL 641 (31 December 2018: deferred tax income amounting to TL 1,612) is arising from timing differences resulting from the temporary differences between applied accounting policies and tax regulations.

9.c Deferred tax income/expense from the temporary differences tax losses or tax exemptions of continuing and discontinued operations

As of 31 December 2019 deferred tax income presented in the income statement includes the net amount remaining after netting of tax deductible timing differences and taxable timing differences. The Bank does not have prior years' losses.

10. Information on net operating profit/loss after taxes of continuing operations and discontinued operations

As of 31 December 2019 the Bank has profit after tax amounting to TL 145,542 (31 December 2018: TL 122,490).

11. Information on net profit or loss for the period

11.1 The nature and amount of certain income and expense items from ordinary operation is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

The main operations of the Bank are interbank money market transactions, marketable securities transactions, foreign currency transactions, custody services and providing collateralised non-cash loans. Therefore; net interest income, net trading income, net foreign exchange gain and fees and commission income from custody services are the most important captions of the Bank's income statement.

	Current Period	Prior Period
Interest Income/(Expense), Net	274,942	403,224
Income/(Loss) from Capital Market Transactions, Net	(481)	1,163
Gain/(Loss) from Derivative Financial Transactions, Net	(44,763)	345,744
Foreign Exchange Gains/(Losses), Net	21,083	(530,399)
Commissions from Custody Operations	39,140	40,464
Commissions from Intermediary Services	25,305	22,584
Commissions from Non-cash loans	2,429	2,806
Other Commission Income	1,941	1,999

11.2 Effects of changes in accounting estimates on the current and following periods' profit/loss

There is no significant change in accounting estimates which would affect the current or following period.

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

12. Components of other items in income statement, as each sub-account exceeding 20% of the total separately, exceeding 10% of total income statement

Other fee and commission income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Commissions from Custody Operations	39,138	2	40,464	-
Commissions from Intermediary Services	-	25,305	-	22,584
Other Fee and Commissions	1,217	724	1,374	625
Total	40,355	26,031	41,838	23,209

Other fee and commission expense:

	Current Period		Prior Period	
	TL	FC	TL	FC
Commissions due to Custody Operations	10,468	-	11,134	-
Commissions Paid to Intermediary Services	-	52	-	2,591
Commissions Paid to Correspondent Banks	-	1,015	-	922
Other Fee and Commissions	171	4,521	887	4,840
Total	10,639	5,588	12,021	8,353

V. Explanations and Notes Related to Changes in Shareholders' Equity

1. Information on increases due to cash flow hedges

None (31 December 2018: None).

2. Reconciliation of foreign exchange differences at beginning and end of current period

None (31 December 2018: None).

3. Information on decrease due to revaluation of fair value through other comprehensive income

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

4. Information on distribution of profit

BRSA did not approve of the Bank's demand to distribute the net profit of 2018 in cash, in line with the prudent policy to keep its equity structure as strong as possible. In this context, it was decided to transfer the net profit of TL 122,490 of the year ended 31 December 2018 to extraordinary reserves at the Ordinary General Assembly meeting held on 28 March 2019.

VI. Explanations and Notes Related to Statement of Cash Flows

1. Information on other items and effect of exchange rate on cash and cash equivalents in Cash Flow Statement;

The "others" account included in "operating profit before changes in operating assets and liabilities" are comprised of net trading gain/loss, impairment loss provision on loans and receivables and other operating income/loss. The "net increase/ (decrease) in other liabilities" account in "changes in operating assets and liabilities" is comprised of the changes in miscellaneous liabilities, other liabilities, provision expenses, lease payables and tax liabilities. The effect of change in foreign exchange rate on cash and cash equivalents as of 31 December 2019 is approximately realized as increase amounting to TL 11,645 (31 December 2018: increase of TL 1,791). The exchange rates in the last five working days have been taken into consideration as of the balance sheet dates, while the exchange rate changes are calculated.

Deutsche Bank Anonim Şirketi

Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Cash and cash equivalents at the beginning of the period

As of 31 December 2019 and 31 December 2018, cash equivalents include cash and effective storage balances, cash equivalents TC Central Bank accounts, bank deposits with original maturities of less than three months and receivables from the interbank money market.

	1 January 2019	1 January 2018
Cash	3,974	1,757
Cash Equivalents	783,771	416,484
Balances with Central Bank of Turkey	99,113	84,603
Banks' Demand Deposits and Time Deposits Whose Original Maturities Up to 3 Months	684,658	331,881
Total	787,745	418,241

3. Cash and cash equivalents at the end of the period

	1 January 2019	1 January 2018
Cash	7,793	3,974
Cash Equivalents	998,673	783,771
Balances with Central Bank of Turkey	220,843	99,113
Banks' Demand Deposits and Time Deposits Whose Original Maturities Up to 3 Months	727,815	684,658
Money market placements	50,015	-
Total	1,006,466	787,745

4. Restricted cash and cash equivalents due to legal requirements or other reasons

There are no cash and cash equivalents restricted for the usage of the Bank by legal limitations and other reasons (31 December 2018: None).

There is no additional information that needs to be disclosed in addition to those disclosed in Note 1.

VII. Explanations and Notes Related to Bank's Risk Group

1. Transactions with the Bank's risk group; lendings and deposits and other related party transactions outstanding at period end and income and expenses from such transactions incurred during the period

1.1 Current period

Bank's Risk Group	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Receivables						
Balance at the Beginning of the Period	-	-	61,342	94,184	742	5,000
Balance at the End of the Period	-	-	78,148	87,167	346	5,000
Funds Borrowed						
Balance at the Beginning of the Period	-	-	1,004,274	-	-	-
Balance at the End of the Period	-	-	379,084	-	-	-
Interest and Commission Income	-	-	32,529	1,097	-	-
Interest and Commission Expense	-	-	7,747	-	6,660	-

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.2 Prior Period

Bank's Risk Group	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Receivables						
Balance at the Beginning of the Period	-	-	69,763	103,055	973	-
Balance at the End of the Period	-	-	61,342	94,184	742	5,000
Funds Borrowed						
Balance at the Beginning of the Period	-	-	1,492,184	-	-	-
Balance at the End of the Period	-	-	1,004,275	-	-	-
Interest and Commission Income	-	-	27,549	1,162	-	216
Interest and Commission Expense	-	-	8,839	-	4,691	-

1.3 Information on deposits of the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	-	-	68,976	114,220	35,881	29,678
Balance at the End of the Period	-	-	474,503	68,976	44,028	35,881
Interest Expenses	-	-	335	277	6,660	4,691

1.4 Information on forward and option agreements and other similar agreements with the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Bank		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value						
Through Profit and Loss						
Beginning of the Period	-	-	784,552	2,108,984	-	-
End of the Period	-	-	305,670	784,552	-	-
Total Profit / Loss	-	-	(38,588)	(583,711)	2	305
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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Notes To The Financial Statements As At 31 December 2019

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Information on the Bank's risk group

2.1 The relations with entities that are included in the Bank's risk group and controlled by the Bank

The Bank performs various transactions with the group companies as a part of the banking transactions in accordance with the ordinary bank-client relationship and market conditions within the limitations determined by the Banking Law.

2.2 The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues

	Current Period		Prior Period	
	Amount	According to the Amounts in the Financial Statements%	Amount	According to the Amounts in the Financial Statements%
Banks	40,029	5%	23,014	3%
Loans and Other Receivables	38,465	4%	39,070	3%
Non-cash Loans	92,167	36%	99,184	31%
Deposits	518,531	34%	104,857	11%
Interest Income on Loans	7,225	5%	4,966	2%
Interest Expense on Deposits	6,995	10%	4,968	25%
Interest Expense on Funds Borrowed	2,314	100%	3,223	100%
Funds Borrowed	379,084	100%	1,004,274	100%
Fees and Commissions Received	26,401	50%	23,962	35%
Fees and Commissions Paid	5,098	8%	5,339	26%
Other Operating Income	10,511	63%	11,398	61%
Other Operating Expense	15,482	22%	20,310	28%
Derivative Financial Instruments	305,670	78%	784,552	72%

Terms of transactions made with group companies are set in accordance with the market prices, if market prices do not exist cost plus method is used. Except for the situations requiring separate disclosure, there is not any account balance that is similar in nature and presented as an aggregate line.

2.3 Transactions recognized according to equity pick-up method

The Bank has no transactions recognized according to equity pick-up method.

2.4 Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, licence agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts

The Bank has no agreement signed for asset purchases/sales, service rendering, agencies, finance lease contracts, research and development and licences with the group companies as of 31 December 2019.

The Bank is involved in information technology and software services from Deutsche Bank Group companies.

Within the scope of the service agreements signed with Deutsche Bank AG, the Bank obtains service revenue through the methods specified in the transfer pricing agreements with respect to the brokerage services of other group banks provided by the Bank's sales personnel.

In accordance with the agreement signed with Deutsche Bank AG, which is valid since January 2004, the Bank pays a service fee to Deutsche Bank AG in return of global and regional management, leadership and coordination activities provided to the Bank by the top management of Deutsche Bank AG.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

In accordance with the agreement signed with Deutsche Bank AG, which is valid since January 2005, Deutsche Bank AG pays a service fee to the Bank in return for the services related to financial sector cash management products.

Deutsche Securities Menkul Değerler A.Ş. is paying service fee to the Bank for the services and services it uses due to it is benefiting from the support services provided by the Bank itself.

2.5 Information on benefits provided to top management

Benefits paid to key management personnel in the current period amounting to TL 26,305 (31 December 2018: TL 24,461).

VIII. Explanations and notes to the domestic, foreign, off-shore branches and foreign representatives of the Bank

The Bank has no domestic, foreign or off-shore branches.

XI. Explanations and notes related to subsequent events

1. Significant events and matters arising subsequent to reporting date and their financial statement effects

None.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. Other explanations related to the Bank's operations

None.

Bulunmamaktadır.

SECTION SEVEN

EXPLANATIONS ON AUDITORS' REPORT

I. Explanations on the auditors' report

The unconsolidated financial statements for the year ended 31 December 2019 were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors' Report dated 10 March 2020 is presented in the introduction of this report.

II. Explanations and notes prepared by the independent auditor

None.

Our Purpose

This is why we're here. This is what we do.

We are here to enable economic growth and societal progress, by creating positive impact for our clients, our people, our investors and our communities.

Deutsche Bank A.Ş.
Ticaret Sicil No: 244378
Mersis No: 0-8760-0487-2200015
Esentepe Mahallesi Büyükdere Caddesi
Tekfen Tower No: 209 K: 17-18
Şişli 34394 İstanbul / Türkiye
Tel : +90 212 317 0100
Fax : +90 212 317 0105

www.db.com.tr
muhaberat.ist@list.db.com