

DEUTSCHE BANK

AKTIENGESELLSCHAFT

REPORT FOR THE YEAR 1971

We mourn for

ALFRED HAASE

who died on 5th March, 1972 in his 69th year.

He was bound in ties of friendship to our institution for many years. As a member of our Supervisory Board, for which he was also active on the Credit Committee to the last, and for a time as Deputy Chairman of our Advisory Board, he was one of our closest counsellors. With his wise and considered judgement, his great experience and breadth of business vision he gave us invaluable aid and worked for the bank with unstinting energy.

The loss of this loyal friend is a sad blow. We shall always remember him with respect and gratitude.

It is our sad duty to announce the deaths of the following members
of our Regional Advisory Councils:

J. Byron Eckert

Chairman of the Board of Managing Directors, Mobil Oil A.G. in Deutschland, Hamburg

Dr.-Ing. Dr.-Ing. E. h. Werner Hoevels

Chairman of the Board of Managing Directors, Saarbergwerke AG, Saarbrücken

Dr. Karl Hohner

Member of the Board of Managing Directors, Matth. Hohner AG, Trossingen

Dr. Werner Hotz

Member of the Board of Managing Directors, Salamander AG, Kornwestheim (Württemberg)

August von Joest

Member of the Presidium of the Management Committee,
Messrs. Pfeifer & Langen, Wesseling Bez. Köln

Dr. Wilhelm Kleinherne

Member of the Supervisory Board, Maschinenfabrik Grevenbroich AG, Neuss

Dr. Hans D. Köster

Member of the Board of Managing Directors, VEBA-CHEMIE AG, Gelsenkirchen

Dr. Herbert Laar

Windelsbleiche Krs. Bielefeld

Dr. h.c. Georg von Opel

Personally liable partner in various car trading firms, Frankfurt (Main)

Walter Pfeiffer

Ohler Eisenwerk Theob. Pfeiffer, Ohle (Westf.)

Dr. Kurt Rasch

Peine

Albert Ruckdeschel

Kulmbach

Dr.-Ing. Rudolf H. Sack

Chairman of the Management, Maschinenfabrik Sack GmbH, Düsseldorf

Dr. Eduard Schmidt-Ott

Messrs. Jung & Simons, Hann (Rhld.)

Hanns-Albrecht Seiffert

Member of the Board of Managing Directors,
Touristik Union International GmbH KG, Hannover

Richard Winkler

Partner and Managing Director,
Maschinenfabrik und Eisengiesserei Winkler & Dünnebier, Neuwied

We shall always remember them with respect and gratitude.

It is with deep regret that we report the deaths of the following members of our staff:

Heinz Arnal, Hamburg
Ludwig Bach, Landau
Richard Basan, Hannover
Konrad Bauer, Köln
Hans Betzwieser, Mannheim
Edmund Bocklet, Frankfurt (Main)
Klaus Bodenhausen, Münster
Marga Boemann, Düsseldorf
Walter Braun, Düsseldorf
Inge Christopher, Hamburg
Albert Claessen, Essen
Gisela Dieterich, Pirmasens
Hubert Eichler, Frankfurt (Main)
Erika Einbacher, Siegen
Rita Glatter, Wolfenbüttel
Peter Greverath, Düsseldorf
Willy Griesche, Stuttgart
Willi Hajek, Frankfurt (Main)
Ludwig Hansen, Hamburg
Gottfried Haupt, Köln
Tamara Hawen, Hamburg
Herbert Heidenreich, Darmstadt
Renate Heiss, München
Josef Helfrich, München
Franz Hemesath, Konstanz
Hermann Hogefeld, Münster
Wilfried Hoops, Bremen
Robert Kiesel, Hamburg
Hans Klunker, Düsseldorf
Kurt von Knobelsdorff-Brenkenhoff, Koblenz
Eduard Kritscha, Wuppertal
Hans Krumm, Essen
Erwin Künstle, Reutlingen
Karl-Heinz Lang, Darmstadt
Paul Leinung, Xanten

Willi Lickert, Freiburg (Breisgau)
Kurt Lüdtke, Wuppertal
Josef Maith, Offenbach (Main)
Herbert Marpe, Bad Wildungen
Heiner Menke, Oldenburg
Inge Mikus, Siegen
Norbert Müller, Weinheim
Wolfgang Müller, Köln
Franz Nierlich, Wiesbaden
Christine Paar, Köln
Walter Peters, Münster
Melanie Piehl, Düsseldorf
Marie-Luise Pohle, Hamburg
Ingrid Reppel, München
Heinz Rother, München
Dieter Rüschkamp, Düsseldorf
Hans Salmen, Dortmund
Hermann Söhngen, Barmen
Franz Schäffler, München
Ernestine Schirp, Hamburg
Erich Schmidt, Hamburg
Franz Schmidt, Ratingen
Richard Schneider, Hamburg
Heinz Schönach, Garmisch-Partenkirchen
Heinrich Scholl, Hannover
Josef Schröder, Karlsruhe
Willibald Schwarzkopf, Köln
Gerda Stadler, München
Hans Steenfatt, Hamburg
Charlotte Steiff, Hamburg
Käthe Thomas, Frankfurt (Main)
Heinz Tönjes, Bremen
Walter Wimmer, Hamburg
Paul Wloka, Düsseldorf
Günter Wutke, Stuttgart

Moreover, we mourn the passing of 334 retired employees of our bank.

We shall always honour their memory.

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Agenda

for the

Ordinary General Meeting

to be held at 10 a.m. on Thursday, 4th May, 1972
in Düsseldorf, Neue Messe (Vortragszentrum Saal 1),
Rotterdammer Strasse.

1.

Presentation of the established Statement of Accounts and the Report of the Board of Managing Directors for the year 1971, together with the Report of the Supervisory Board.

Presentation of the Consolidated Statement of Accounts and the Report of the Group for the year 1971.

2.

Resolution on the appropriation of profits.

3.

Ratification of the acts of management of the Board of Managing Directors for the year 1971.

4.

Ratification of the acts of management of the Supervisory Board for the year 1971.

5.

Authorisation of the Board of Managing Directors to increase the capital by not later than 30th April, 1977 with the approval of the Supervisory Board by the issue of new shares against payment at once or on different occasions up to altogether DM 80 million; the shareholders must be granted subscription rights, to be offered to them through a banking consortium (authorised capital).

Corresponding addition to § 4 of the Articles of Association.

6.

Elections to the Supervisory Board.

7.

Election of the auditor for the year 1972.

Supervisory Board

Hermann J. Abs, Frankfurt (Main), Chairman

Dr. Dr. h. c. Günter Henle, Duisburg, Deputy Chairman (until 14th May, 1971)
Partner and Managing Director of Klöckner & Co.

Hans L. Merkle, Stuttgart, Deputy Chairman
Chairman of the Management of Robert Bosch GmbH

Heinz Osterwind, Frankfurt (Main), Deputy Chairman (from 14th May, 1971)

Ottmar Baumgärtner, Frankfurt (Main)*
Deutsche Bank AG

Professor Dr. J. R. M. van den Brink, Amsterdam (from 14th May, 1971)
Chairman of the Supervisory Board of AKZO N.V.

Willi Buckardt, Wuppertal (until 14th May, 1971)*
Deutsche Bank AG

Bernhard Drewitz, Berlin*
Berliner Disconto Bank AG

Dr. Helmut Fabricius, Weinheim (Bergstrasse)
Personally liable partner of Freudenberg & Co.

Dr. Friedrich Karl Flick, Düsseldorf-Oberkassel (from 14th May, 1971)
Partner and Managing Director of Friedrich Flick KG

Fritz Gröning, Düsseldorf (until 14th May, 1971)

Alfred Haase, München (from 16th July, 1971)
Chairman of the Supervisory Board of Allianz-Versicherungs-AG, † 5th March, 1972

Werner Heck, Frankfurt (Main) (until 14th May, 1971)*
Deutsche Bank AG

Hermann Helms, Bremen (until 14th May, 1971)
Chairman of the Supervisory Board of Deutsche Dampfschiffahrtsgesellschaft "Hansa"

Jörg A. Henle, Duisburg (from 14th May, 1971)
Partner and Managing Director of Klöckner & Co.

Dr.-Ing. E. h. Heinz P. Kemper, Düsseldorf
Chairman of the Supervisory Board of VEBA AG

Alfred Kistenmacher, Hamburg*
Deutsche Bank AG

Dr.-Ing. Dr.-Ing. E. h. Heinz Küppenbender, Oberkochen (Württemberg) (until 14th May, 1971)
Member of the Management of Carl Zeiss

Werner Leo, Düsseldorf*
Deutsche Bank AG

Dipl.-Ing. Dr.-Ing. E. h. Helmut Meysenburg, Essen
Member of the Board of Managing Directors of Rheinisch-Westfälisches Elektrizitätswerk AG

Bernhard H. Niehues, Nordhorn (until 14th May, 1971)
Partner of NINO GmbH + Co.

Dr. h. c. Herbert Quandt, Bad Homburg v d Höhe
Industrialist, Chairman of the Board of Managing Directors of VARTA AG

Rudolf Schlenker, Hamburg
Chairman of the Board of Managing Directors of H. F. & Ph. F. Reemtsma

Käthe Schmitz-Karhoff, Köln (from 14th May, 1971)*
Deutsche Bank AG

Dr.-Ing. E. h. Ernst von Siemens, München
Deputy Chairman of the Supervisory Board of Siemens AG

Dr. Siegfried Weber, Hamburg (from 14th May, 1971)*
Deutsche Bank AG

Hannelore Winter, Düsseldorf (from 14th May, 1971)
Housewife

Professor Dr. Dr. h. c. Dr.-Ing. E. h. Dr. h. c. Carl Wurster, Ludwigshafen (Rhein)
(until 14th May, 1971)
Chairman of the Supervisory Board of Badische Anilin- & Soda-Fabrik AG

Gerhard Zietsch, Mannheim*
Deutsche Bank AG

** elected by the staff*

Advisory Board

Professor Dr. Kurt Hansen, Leverkusen, Chairman

Chairman of the Board of Managing Directors of Farbenfabriken Bayer AG

Alfred Haase, München, Deputy Chairman (until 14th May, 1971)

Chairman of the Supervisory Board of Allianz-Versicherungs-AG, † 5th March, 1972

Otto Wolff von Amerongen, Köln, Deputy Chairman (from 14th May, 1971)

Chairman of the Board of Managing Directors of Otto Wolff AG

Wilfrid Baumgartner, Paris (from 14th May, 1971)

Président Rhône-Poulenc S.A.

Dr. Hugo Griebel, Hamburg (until 14th May, 1971)

Deputy Chairman of the Board of Managing Directors of Deutsche Texaco AG

Dr.-Ing. Dr. phil. Dipl.-Chem. Friedrich Harders, Dortmund (from 14th May, 1971)

Chairman of the Board of Managing Directors of Hoesch AG

Dr.-Ing. Felix Herriger, Hannover (until 14th May, 1971)

Paul Hofmeister, Hamburg

Chairman of the Board of Managing Directors of Norddeutsche Affinerie

Max Hoseit, Essen (until 14th May, 1971)

Deputy Chairman of the Supervisory Board of Karstadt AG

Dr.-Ing. E. h. Willy Ochel, Dortmund (until 14th May, 1971)

Dr. Egon Overbeck, Düsseldorf

Chairman of the Board of Managing Directors of Mannesmann AG

Wolfgang Reuter, Duisburg

Chairman of the Board of Managing Directors of DEMAG AG

Rechtsanwalt Johannes Semler, Frankfurt (Main) (from 14th May, 1971)

Member of the Board of Managing Directors of Allgemeine Elektrizitäts-Gesellschaft AEG-TELEFUNKEN

Dipl. rer. pol. Dr. sc. pol. Gerd Tacke, München

Member of the Board of Managing Directors of Siemens AG

Professor Dr. phil. nat., Dr.-Ing. E. h. Dr. rer. nat. h. c. Bernhard Timm, Ludwigshafen (Rhein) (from 14th May, 1971)

Chairman of the Board of Managing Directors of Badische Anilin- & Soda-Fabrik AG

Werner Traber, Hamburg (from 14th May, 1971)

Spokesman of the Board of Managing Directors of Hapag-Lloyd Aktiengesellschaft

Bergassessor a. D. Clemens von Velsen, Hannover (until 14th May, 1971)

Dipl.-Kfm. Günter Vogelsang, Essen (from 14th May, 1971)

Chairman of the Board of Managing Directors of Fried. Krupp GmbH

Casimir Prinz Wittgenstein, Frankfurt (Main)

Deputy Chairman of the Board of Managing Directors of Metallgesellschaft AG

Dr. Joachim Zahn, Stuttgart-Untertürkheim

Chairman of the Board of Managing Directors of Daimler-Benz AG

Board of Managing Directors

F. Wilhelm Christians

Robert Ehret

Hans Feith

Wilfried Guth

Manfred O. von Hauenschild

Alfred Herrhausen

Andreas Kleffel

Hans Leibkutsch

Heinz Osterwind (until 14th May, 1971)

Franz Heinrich Ulrich

Wilhelm Vallenthin

Horst Burgard, Deputy (from 26th January, 1971)

Eckart van Hooven, Deputy (from 22nd March, 1972)

Klaus Mertin, Deputy (from 26th January, 1971)

Hans-Otto Thierbach, Deputy (from 26th January, 1971)

Assistant General Managers

Werner Blessing
Dr. Josef Bogner
Dr. Siegfried Jensen

Christoph Könneker
Dr. Paul Krebs
Ernst H. Plessner

Hans-Kurt Scherer
Dr. Walter Seipp
Dr. Karl Friedrich Woeste

Managers and Deputy Managers of the Central Offices

Frankfurt Central Office

Wilhelm Balzer
Dr. Hans-Albert von Becker
Georg Behrendt
Siegfried Brockhaus
Helmut Eckermann
Wilhelm Eilers
Dr. Hans Hubert Friedl
Dr. Klaus Gaertner
Rudolf Habicht
Dr. Walter Hook
Dr. Ulrich Hoppe
Heinrich Kunz
Richard Lehmann
Dr. Hans-Peter Linss
Dr. Walter Lippens
Heinz Mecklenburg
Alfred Moos
Albert Niemann
Klaus Schatz
Dr. Karl Schneiders

Dr. Georg Siara
Günter Sonnenburg
Hans Sprengel
Kurt H. Stahl
Dr. Ernst Taubner
Dr. Franz-Josef Trouvain
Dr. Winfried Werner, Syndic
Walter Wernicke
Dr. Kurt Winden, Syndic
Hans Woydt
Dr. Wolfgang Arendt, Deputy
Dr. Helmut Bendig, Deputy
Helmut von der Bey, Deputy
Hermann Brenger, Deputy
Dr. Rolf-Ernst Breuer, Deputy
Fritz Burghardt, Deputy
Robert Dörner, Deputy
Dr. Peter Grasnack, Deputy
Rudolf Herget, Deputy, Syndic
Dr. Jan Hiemisch, Deputy

Yorck Jetter, Deputy
Gerhard Junker, Deputy
Dr. Armin Klöckers, Deputy
Heinz Köhler, Deputy
Paul Körtgen, Deputy
Erich Kunder, Deputy
Horst Liefelth, Deputy
Hermann Marx, Deputy
Dr. Hans Otto Mehl, Deputy
Carl Pflitsch, Deputy
Dr. Hans Walter Schlöter, Deputy
Dr. Ernst Schneider, Deputy, Syndic
Heinrich Stein, Deputy
Erich W. L. Stromeyer, Deputy
Gerd Volkemer, Deputy
Walther Weber, Deputy
Dr. Olaf Wegner, Deputy
Dr. Ulrich Weiss, Deputy
Johann Wieland, Deputy

Düsseldorf Central Office

Erich Bindert
Heinz Jürgens
Dr. Theo Loevenich
Dr. Walter Obermüller, Syndic
Dr. Hans-Joachim Panten
Hans Rosentalski
Rudolf Weber

Reinhold Bandomir, Deputy
Dr. Dieter Bökenkamp, Deputy
Ernst Cremer, Deputy
Josef Gerhard, Deputy
Manfred Hahn, Deputy, Syndic
Günter Hastenrath, Deputy
Gerhard Koenig, Deputy

Dr. Hans-Otto Linnhoff, Deputy
Günther Pohl, Deputy
Werner Römer, Deputy
Wilhelm Schlaus, Deputy, Syndic
Dr. Werner Schwilling, Deputy
Heinz Weigle, Deputy
Friedhelm Wolff, Deputy

Managers and Deputy Managers of the Regional Head Branches

Aachen

Dr. Karl-Heinz Böhringer
Erich Möller

Bielefeld

Dr. Lothar Gruss
Anton Hellhake
Dr. Georg Vaerst, Deputy

Braunschweig

Wolfgang Büsselberg
Werner Rissmann
Hans Witscher
Horst Thiele, Deputy

Bremen

Dr. Roland Bellstedt
Hans-Henning von Bülow
Peter Hartmann

Dortmund

Dr. Harry Leihener
Dr. Wolfgang Tillmann
Hans Christian Oesterlink, Deputy
Johanna Prill, Deputy

Düsseldorf

Wolfgang Möller
Günter Sengpiel
Friedrich Stähler
Werner Gösel, Deputy
Klaus Leukert, Deputy
Dr. Rüdiger Weber, Deputy

Duisburg

Karlheinz Pfeffer
Karl Ernst Thiemann
Heinrich Sander, Deputy

Essen

Dr. Herbert F. Jacobs
Dr. Theodor E. Pietzcker
Günter M. Schwärzell
Horst Achenbach, Deputy

Frankfurt (Main)

Dr. Ulrich Klauke
Gottfried Michelmann
Dr. Hugo Graf von Walderdorff
Dr. Karl-Heinz Wessel
Karlheinz Albrecht, Deputy
Fritz Grandel, Deputy
Norbert Schiffer, Deputy

Freiburg (Breisgau)

Dr. Günther Dietzel
Heinz Quester
Ernst Bareiss, Deputy

Hamburg

Christoph Könneker
Hans-Kurt Scherer
Dr. Harald P. Burchard
Günther Hoops
Johann Pfeiffer
Dr. Hans-Dieter Bartels, Deputy
Franz Brinker, Deputy
Johannes Engelhardt, Deputy
Wilhelm Groth, Deputy
Gerhard Koop, Deputy
Dr. Jens Nielsen, Deputy, Syndic

Hannover

Dr. Werner Anders
Dr. Heyko Linnemann
Horst Dotzauer, Deputy
Rudolf Hahn, Deputy
Walter Kassebeer, Deputy

Hannover (cont'd)

Günter Olf, Deputy
Bruno Redetzki, Deputy
Erich-Karl Schmid, Deputy

Kiel

Walter Friehecke
Heinrich Garbe

Köln

Dr. Walter Barkhausen
Dr. Franz von Bitter
Paul Husmann
Wilhelm Clemens, Deputy
Jean Klein, Deputy
Karlheinz Krippendorf, Deputy
Dr. Dieter Wefers, Deputy
Ferdinand Zöller, Deputy

Krefeld

Hans Müller-Grundschock
Jürgen Paschke
Theo Dreschmann, Deputy
Werner Jungmann, Deputy

Mainz

Dr. Harro Petersen
Dr. Hans Pütz
Wilken Wiemers, Deputy

Mannheim

Karlheinz Reiter
Heinz G. Rothenbücher
Dr. Joachim Seidel
Dr. Herbert Zapp
Herbert Fuss, Deputy
Ernst Georg Kummer, Deputy
Helmut Schneider, Deputy

München

Dr. Josef Bogner
Dr. Siegfried Gropper
Dr. Hamilkar Hofmann
Dr. Hans Sedlmayr
Karl Dietl, Deputy
Lothar Ludwig, Deputy
Dr. Bernt W. Rohrer, Deputy
Dr. Hans Schuck, Deputy
Rudolf Thilo, Deputy
Dr. Caspar von Zumbusch, Deputy

Münster (Westfalen)

Oskar Klose
Lothar Zelz
Kurt Homann, Deputy

Osnabrück

Claus Hinz
Ulrich Stucke

Siegen (Westfalen)

Karl-Heinz Fink
Dr. Wolfgang-Dieter Lange
Emil Freund, Deputy
Reinhold Seloff, Deputy

Stuttgart

Hellmut Ballé
Dr. Nikolaus Kunkel
Dr. Fritz Lamb
Paul Leichert

Stuttgart (cont'd)

Gerhard Burk, Deputy
Helmut Deutscher, Deputy
Heinrich Kizler, Deputy
Georg Spang, Deputy

Wuppertal

Dr. Hans Hinrich Asmus
Hans W. Stahl
Dr. Gerd Weber
Dr. Jost Enseling, Deputy
Dr. Peter Rösler, Deputy

Report of the Board of Managing Directors

Economic Situation

At the beginning of 1971 there were some signs of a new upswing in economic activity. But the revival during the first few months of the year soon proved only a brief interlude, due to special factors, and the downward movement was only temporarily interrupted. Particularly after the rate for the D-Mark was freed in May the cyclical downswing became increasingly marked. The growth of industrial production largely came to a standstill. The German economy began to stagnate with prices rising as before.

The social product of the Federal Republic rose by 10.7% including price changes, as compared with 13.2% in the previous year. Real growth, however, dropped to 2.8% as compared with 5.5% in 1970 and 8% in 1969. The persistent gap between the nominal and real growth rates shows that there was even less success in 1971 than in previous years in coming to grips with the continuous inflationary tendencies. The rise in prices, which was mainly an outcome of wage costs, was not contained.

The cost of living went up by almost 6% during the year. That is by far the highest rate of price increase since the Korean crisis. It makes a return to stability, even if economic activity continues to slow down, extremely difficult. This is the third successive year of persistently rising prices. If there are then attempts to play down the significance of this there is a growing danger that the general public will come to accept unusually high rates of inflation, bringing further requests for adjustment mechanisms in order to live with these. As adjustment is not possible for everyone the effect of the inflationary development on incomes becomes more unjust while at the same time the return to stability is made more difficult. Such an inflation rate is also bound to have a negative effect on the wealth formation aims of wide sections of the population.

In the external sector there was a further slight increase in the surpluses on the trade balance. However, the deficits in services and transfer payments grew to such an extent that the current account as a whole closed with a surplus of only half a billion D-Mark.

The decline in economic activity was not yet reflect-

ed in the unemployment ratio for 1971. But in fact the reduction in over-employment has gone so far as to cause concern for jobs in some sectors. Here there is a marked difference between the consumer goods industries, which are still generally in the brighter phase of the business cycle, and the capital goods sectors, which have moved into the shade. Capacity utilisation by industry dropped during the year from 86.2% (January 1971) to 82.8% (January 1972). At the same time the number employed in industry went down by about 100,000.

The development in 1971 has proved once more that even with the modern instruments of economic policy it is not possible to maintain growth and price stability if the social partners cannot agree on a wage policy oriented to stability. The limits for wage increases compatible with the overall economic situation were clearly set at the beginning of the year. Persons of authority had stated that they were in agreement with these. Nevertheless, as in 1970, the increase in wages and salaries during the year was considerably higher than the increase in productivity.

During 1971 the mood in German industry progressively deteriorated. It was above all a feeling of uncertainty that possessed businessmen. This was closely related to the high pressure on companies and it was particularly intensified between May and December by the fears concerning the future competitiveness of German firms due to the floating of the D-Mark. Moreover the repeated discussion on reforms in the tax system and reforms relating to social structure – which in many cases brought demands for changes in our economic system – left its mark: the readiness to engage in private enterprise as the basis of our economic system is bound to be limited by attacks on private property, the will to achievement and business profits.

Loss of impetus

In many cases company profits declined considerably in 1971 in spite of a growth in turnover. Above all firms were under pressure from steadily rising wage costs, but also – as a result of the general rise in prices

– from higher administrative costs. Only a limited part of the rise in costs could be passed on in prices. Furthermore the D-Mark revaluation brought about a drop in earnings for the export industry after May last year, as most companies were at pains not to lose the position they had built up on the world markets over the long term and consequently accepted perceptible decreases in earnings. Moreover in some industries the decline in capacity utilisation had the effect of increasing unit costs. The drop in the profit-related corporation tax by more than one third over the past two years is a clear indication of the deterioration in the companies' profit situation.

As a result of the drop in profits the companies had less own funds available to finance their investment. Consequently most of them tried to finance essential investment through increased borrowing, whereby they had considerable recourse to foreign markets. But above all companies began more and more to cut back their investment plans. At the same time the purposes to which the planned investment was to be put were largely changed. The majority is now for rationalisation and only about a third for capacity expansion. Thus in 1971 investment lost the drive which was still decisive in previous years for economic expansion. There is everything to indicate that this reduction in investment will continue in 1972.

As a result of the unfavourable earnings situation the companies' self-financing ratio – in relation to net investment – fell to 29% in the first half of 1971, having been 45% for the same period in 1970 and as much as over 50% in 1969.

The discussion regarding further taxation of company profits already mentioned has had a further adverse effect on the propensity to invest. Businessmen were bound to gain the impression that certain groups in our society think that industry can stand unlimited pressure and profits are a never-ending source of financing for all sorts of projects. However this completely overlooks the fact that when profits are inadequate new investments cannot be justified, but that current investment is decisive for the growth in the social product in the coming years and hence in determining whether necessary reforms can be carried out.

In 1971 private consumption developed more and more into the most important expansive factor. It was fed by the growth in wages and salaries (by 12.6%),

which was far higher than the Federal Government's guideline. Nevertheless despite growing expenditure on consumption and the rising cost of living the savings ratio for private households rose in 1971 as well. This was presumably partly due to the improved state promotion measures for private wealth formation. But above all it seems as though growing concern about jobs has had the effect of promoting saving.

The central, regional and local authorities played a major part in expanding demand in the economy as a whole in 1971. Their financing deficit rose to DM 5.1 billion, 70% more than in 1970. The financial situation of many civic and local authorities gives cause for concern. Expenditure on consumption in the public sector increased by 19%, almost half as much again as had been forecast. The public sector could only increase net investment slightly in spite of considerably higher tax revenue, mainly as a result of the sharp rise in staff costs. Planned reforms thus became the victims of price rises which the government itself had not taken seriously enough at the beginning of 1971.

Little room for manoeuvre for economic policy

At present, with a stagnating economy and still rising prices, economic policy is hampered. The lack of progress in returning to stability prevents a rapid "take-off". We regard it as more important to improve the cost situation in industry than generally to expand demand. Hence caution should be exercised with regard to a greater increase in public expenditure than is entailed in the budget already determined. A speedy repayment of the surcharge levied on income and corporation tax would, on the other hand, be much more justifiable, particularly as some of this would help to strengthen company financing.

A reactivation of the private inclination to invest is still of decisive importance. That means first and foremost avoiding all measures and revising all plans which might further adversely affect companies' earnings positions. Wages policy must be reoriented to progress in productivity. The first signs of normalisation have recently become apparent, now that people are more generally aware that wage increases without an adequate backing in output are eroded not only by price increases but also, and particular-

ly, by rising social security contributions and a growing tax burden. The next few months will show in how far further investment incentives are necessary. But certainly all state stimulation measures will make wages policy more difficult and thus give further impetus to the inflationary tendencies.

Central bank policy between conflicting external and internal requirements

Right into the autumn of 1971 the Deutsche Bundesbank pursued a restrictive course in view of the continued rise in prices. But as in the previous year this policy was undermined by credit-raising abroad. As we have already mentioned, the interest differential during the first few months of the year (with fluctuations this was at times more than 2%) caused German companies increasingly to take up funds particularly on the Euro markets. To reduce this differential the Bundesbank lowered the discount rate at the end of March from 6% to 5% but at the same time reduced the rediscount facilities available to the credit institutions. The measure had little effect as interest rates on the Euro market remained much more favourable.

Then at the end of April a speculative inflow of funds set in in addition to the borrowing due to the interest differential; the inflow increased and at the beginning of May, after publication of the report by the five economic research institutions with its statement on exchange rate policy, and the reaction of the Federal Government to this, culminated in a positive flood of dollars. The Bundesbank stopped the flight into the D-Mark by ceasing dollar purchases. By suspending its obligation to intervene on the foreign exchange market the central bank regained greater room for manoeuvre in its credit policy although at the price of a material and psychological strain on industry. It drastically increased the minimum reserve requirements, particularly for liabilities to non-residents, and succeeded in draining approximately DM 6 billion in liquid funds out of the economy by the middle of the year. Interest rates in the banking sector began to rise again. After July, however, it became clear that the floating of the D-Mark was not an adequate insurance against an inflow of funds as long as the tendency to borrow on the Euro market continued and speculators could still count

on a further rise in the revaluation rate for the D-Mark. Influenced by numerous different statements and expectations this climbed further against the dollar to above 12%.

The Bundesbank changed its restrictive policy in two stages: in October it lowered the discount rate to 4½% and in December – after the currency agreement in Washington – to 4%. At the same time the minimum reserve ratios were also twice reduced. Both measures, as the Bundesbank announced, were mainly for external reasons; they were to help reduce the interest differential between the Federal Republic and other countries and thus discourage the inflow of funds. The change in credit policy, as the Bundesbank stated in December, was also in response to the increasing downward movement in the business cycle in Germany.

Altogether developments during 1971 have again shown how limited the scope is for a national credit policy in an open world economy with largely liberalised capital movements. The efforts to exercise greater control over cross-frontier movements of money should be seen in this light. The result in our country is the introduction of the cash deposit requirement. However, this does not remove the obligation to work towards a better international harmonisation of interest rates through international cooperation.

Bank charges under discussion

The profit and loss accounts of the credit institutions were characterised in general by increased earnings with a growth in balance sheet figures, although in many cases there was an even stronger rise in expenditure, particularly on staff. The fact that earnings can no longer keep pace with the volume of business and hence the profit ratio is steadily declining applies more and more to the banking industry, as to so many other sectors. It is only by continually expanding the volume of business that the majority of banks have so far been able to avoid a decline in their absolute profit. However the banks obviously cannot rely on this as the basis for future business success, but must endeavour to halt this decline in their profit ratio. Hence the different fields in which we operate are being increasingly closely scrutinised with regard to their earnings power. Now

that the interest margin is also steadily declining especially after interest rates were freed in 1967, bank charges in the services sector came increasingly under discussion in 1971.

The banking industry has always accepted the fact that it can only recoup part of the costs of services through prices. However, the cover ratio has become more and more unfavourable as a result of the sharp rise in staff costs – corresponding to developments in general – with hardly any change in bank charges and commission. This is having an increasingly adverse effect on the credit institutions' profit and loss accounts, but it cannot be cushioned by rationalisation or improved performance as within the services sector the banks are especially staff intensive. From this point of view the banks are in a worse position than the rest of industry which can compensate cost increases better through mechanisation and automation. So the credit institutions will have no choice but to adapt the price of their services, in other words charges, to rising costs.

Wage and salary accounts in particular are the subject of discussion here. Roughly a decade ago, when the change from wage packets to cashless wage payment was gathering momentum in industry, the competitive situation in the banking industry prevented the credit institutions from even covering part of their costs through charges. Meanwhile, employees have gained more banking experience and they now use their accounts in a variety of ways. The wage and salary account itself has developed from simply being a "payment account" to a "full service account". The account holder makes regular payments by means of standing orders and debit orders. The drawing credit enables him to overdraw his account without any formalities. The cheque card and eurocheque system offer the account holder convenience and security in payment transactions and on his trips abroad. And finally the account statement takes over the task of private book-keeping. Nowadays the employee would not want to be without these conveniences when running his domestic financial affairs.

The wage and salary account has thus become much more than a "cashless wage packet", and this must be taken into account when charges are being calculated. Basically every bank customer should contribute towards costs in proportion to the use he makes of the services offered. Anything else would

be unfair and contrary to the basic principles of a free market economy.

The share markets affected by declining profits

During the first twelve weeks of 1971 the price level on the German share markets rose by almost 20%. Between April and August the trend was uncertain and fluctuating but prices remained more or less at the same level. Then a quick downward movement set in, which lasted into November, and even brought prices slightly below the final 1970 figure. The last two months of the year brought a firmer trend. Altogether the year – measured by the official share index – closed with an average price gain of 11.8%, better than had been expected at times. Within this general trend there were quite varied movements in the different sectors of the market. Turnover on the share markets was very much greater than in 1970.

Buying and selling by foreign investors contributed largely to the strong price fluctuations. At first foreign investors assessed the cyclical development in the Federal Republic and the business position of companies too favourably. And foreign speculation on a revaluation of the D-Mark also led to increased investment in German shares. After i.a. interim reports from companies had made the deterioration in earnings positions clearer, and then again after the Nixon measures were announced on 15th August, the German share markets lost their appeal for a time for foreign investors. – The yield on German shares dropped as a result of lower dividends and higher prices from 4.39% at the end of 1970 to 3.98% at the end of 1971.

There were more new issues on the market during the year under review than in earlier years. The nominal value of issues was 17% and the market price 32% higher than last year; the issue prices were also higher than in 1970. During the last few years more and more German companies have chosen higher issue prices as otherwise financing through new shares is too unfavourable for the company, in comparison with borrowed funds, particularly as regards tax. This is bringing the issue practice in Germany gradually nearer to what has been usual for many years in the USA.

It was not possible in 1971 to realise the plans to ease the tax burden on shares which have been under discussion for years, but these have taken on a clearer form. A draft law now going through the initial stages and which is in accordance with the Federal Government's key figures for tax reform provides, although not until 1. 1. 1974, for a change to the imputation system in corporation tax and hence will eliminate double taxation of dividends. However, it is regrettable that a corresponding change is not intended in property tax. The removal of double taxation on shares is to help make these more attractive to wider circles of investors as part of the measures to promote individual wealth formation. But the success of this would certainly be inhibited if the overall effect of the tax reform were to place too heavy a burden on companies, thus hampering their performance, and considerably reducing their possibilities for self-financing and dividend payments. The final effect of that could be to make shares less attractive as an instrument for participation in productive assets.

Strong upswing in real estate funds

After the setback in 1970 the German investment fund business picked up again in 1971. The loss of confidence caused by the events concerning IOS and other foreign investment companies continued to have a negative effect on foreign funds. They were forced to redeem certificates to a value far exceeding their sales over the same period. German funds, on the other hand, had sales of around DM 1.8 billion, DM 0.3 billion more than in 1970. Bond funds accounted for 25% of this, share funds for 47% and real estate funds for 28%. This was a remarkable upswing for the real estate funds in 1971. With sales totalling around DM 0.5 billion they had assets of around DM 1.1 billion (+95%) by the end of the year.

Thus in 1971 saving through investment certificates further increased its importance as a savings form for wide sections of the population. It has become even more important for the tax reform to preserve the advantages of this form of saving and if possible to strengthen these.

The Foreign Investment Fund Unit Law has helped to sort out and improve the market. Many foreign

investment companies withdrew their applications for permission to sell in the Federal Republic because they were either unwilling or unable to comply with the legal conditions here.

There are, however, still a number of well-known and proven foreign funds for the German investor to choose from.

The bond market – a record year

With gross sales of fixed-interest securities of domestic issuers of DM 30.8 billion 1971 brought the peak result for the bond market since the war. The receptivity of the market was so great that the sales figure was almost half as much again as that for the previous year. There were also sales of DM foreign issues totalling around DM 4 billion.

Private households again proved the most important group of buyers for the bond market. Their readiness to invest in securities has grown with rising incomes, greater capacity to save and an increasing awareness of interest rates. The persistent inflation rate has also made private investors keener to have a higher interest rate on their investments, such as fixed-interest securities offer. Moreover the development on the German share markets for several months offered little incentive to buyers. The credit institutions grew in importance as bond purchasers, in contrast to the previous year. They increased their holdings of bonds.

More than DM 9 billion was paid out to investors from redemptions and approximately DM 12 billion from interest payments.

During the first two months of the year there was a declining trend in interest rates. Then, as a result of heavy borrowing on the market, an upward movement set in, reaching a peak in July. Loans with 8% nominal interest rate again replaced the 7% issues. It was only during the second half of the year that the tendency gradually changed, whereby expectations of a further decline in economic activity and of a consequent change in central bank policy were the major factors. At the beginning of 1972, under the influence of a relaxation in credit policy, there was a return in stages to the 7% nominal interest rate.

The public sector was the main borrower on the capital market. Roughly 56% of gross sales were of public authority and communal bonds. Mortgage

bonds accounted for around 17% of sales. Borrowing on the market by industry was very much greater than in 1970 in absolute amounts, but still modest as a market share of 6.1%.

Sales of DM foreign issues in 1971 were up again at DM 3.9 billion. During 1970 it was only possible to place DM 2.7 billion of these issues due to the weakness of the market which lasted for months following the D-Mark revaluation in October 1969.

After the unusually high sales of DM foreign issues in 1968 and 1969 – when admittedly a considerable amount of the bonds was always placed abroad – and the strong decline in 1970 more recent developments may be seen as a kind of consolidation. It has now become the practice on this market for the foreign issues to be planned by a sub-committee of the Central Capital Market Committee. The monthly amount planned has usually been DM 300 million. In addition to this there are the DM issues for international institutions (around DM 810 million in 1971) planned by the Central Capital Market Committee itself. A volume of DM loans for foreign borrowers of this order seems both justifiable and adequate.

43% of the DM foreign loans (after 57% in 1970) were for private companies. 36%, as compared with 22% in 1970, were for public borrowers (governments, cities and state enterprises). Borrowing on the German capital market by international organisations was almost unchanged at 21%.

Altogether there were international loans on the Euro capital market to the countervalue of US\$ 4.5 billion in 1971. This was above the 1968 peak. It is notable that the world monetary crisis only temporarily restricted the placing possibilities for international loans. This market, which is free of state intervention, has again proved its efficiency and ability to adjust.

European borrowers accounted for 45% and US borrowers for 30% of issues. About half the loans were in US dollars. Demand for dollar bonds picked up noticeably as international rates moved downwards and particularly after the realignment of 18th December. Altogether, however, the share of dollar loans has declined somewhat, whereas the share of D-Mark issues again moved up to about a quarter, after having once before, in 1969, been over 50%. 10.5% of issues were in Swiss francs and 6.5% in Dutch guilders.

German foreign trade under the influence of floating

The decisive event in the external sector for the Federal Republic was the floating of the D-Mark on 9th May, 1971. This was made necessary by the flood of speculative funds from abroad which set in after the economic research institutes had advocated floating as an external safeguard in their joint report and the Federal Government's reaction had been tantamount to concurrence. But there was no fundamental disequilibrium in the Federal Republic's current account; the surpluses on the trade balance were just sufficient to cover the deficit in the other items.

There is much to indicate that the massive pressure to which the government and central bank were subject in their external policy at the beginning of May could have been avoided: firstly by a more suitable treatment of the exchange rate question in public and secondly by timely preparation of measures to prevent excessive inflows of liquidity from abroad. Last year we too warned against undue intervention in cross-frontier money and capital transactions through full application of § 23 of the Foreign Trade and Payments Law. But with the growth in international liquidity and its increasing concentration in certain centres due to speculative influence it could no longer be denied that national monetary policy requires special protective measures against disturbing cross-frontier liquidity movements for times of particular need. It was the task of those responsible for economic policy to create a means of intervention which was in conformity with the market and would not call in question the basic liberalisation of capital transactions. The cash deposit requirement, which is designed for this purpose, was not considered until after matters had come to a head. We welcome this instrument, in spite of some misgivings, particularly on the undeniable tendency to self-perpetration such measures have. In any case experience will show whether the cash deposit requirement is an effective and in the final resort a more suitable economic instrument than § 23 of the Foreign Trade and Payments Law.

In floating the D-Mark the Federal Government was obviously not simply attempting to provide an external safeguard for its fight against rising prices; it was also aiming to give quick and lasting effect

The big banking hall in the new building in Frankfurt (Main). There are no longer any partitions separating customers from the members of our staff.



to its stability policy with a kind of shock therapy through a new D-Mark revaluation. At the Group of Ten conference on 17th and 18th December, 1971 the fixing of new central rates resulted in a revaluation of the D-Mark against the dollar of 13.6% and an overall revaluation of 4.8% against all important industrial countries. The considerable de facto revaluation of the D-Mark against the US dollar which had already been tolerated during the floating had to a certain extent anticipated the results of the negotiations. But as the other partners in the Washington realignment took over part of the burden which had previously rested chiefly on the German economy, the situation in the Federal Republic improved somewhat on 18th December over the preceding months.

The time between 15th August and 18th December was in a sense a world-wide trial period for a flexible exchange rate system, as after the US measures were announced most countries no longer felt bound by the obligation which had hitherto applied to intervene on the foreign exchange market. The result was hardly a surprise: no country was prepared to allow the completely free floating which the advocates of flexible exchange rates regard as an essential prerequisite for the success of the system. Instead, in an attempt to direct the effects of exchange rate fluctuations on the domestic economy and exports, the different countries evolved intervention techniques which were as varied as they were incisive: they ranged from drastic regulation of exchange rates by the central banks through two-tier markets for trade and financial transactions to strict control of capital movements.

The idea that floating would result in a "correct" market price for currencies, i.e. one in accordance with basic economic facts, thus proved unrealistic. But it was not solely due to these interventions and controls on capital transactions that the market rates were not a genuine reflection of the underlying economic conditions. The fact that the foreign exchange markets are obviously more strongly influenced by moods and rumours, by statements from politicians, experts and institutions than by economic data was of at least equal importance.

Altogether floating made international economic cooperation more difficult. It stimulated the business egoism and nationalist tendencies in individual countries. After the disadvantage of floating rates

had become clearer month by month almost all the countries concerned fortunately reached basic agreement quickly on the necessity to return to fixed parities, even if with wider margins.

For the German economy floating did help the move into a calmer cyclical phase but scarcely in a way or to an extent which could be regarded as satisfactory. Only a slight dampening effect on the upward movement of prices came, for example, from imports, as many foreign suppliers took advantage of revaluation to improve their own profit margins. In the export industries, on the other hand, the restrictive effects of cost increases and revaluation mounted. The volume of exports did not decline after the rate for the D-Mark was freed but the companies concerned had to accept considerable reductions in earnings in order not to lose their positions on world markets. These difficulties in turn have further reduced the readiness to invest, which was in any case weakened, and have concentrated the cyclical slowdown in individual sectors. Hence it was only indirectly and through a dangerous reduction in companies' self-financing power that the inflation we have had for some time due to domestic cost increases, our "home-made" inflation, in other words, could be combated, particularly since the expansive public expenditure remained unaffected by the alteration in the exchange rate.

The experiment of floating the D-Mark showed in all clarity the weaknesses of an economic policy aimed at compensating insufficient will to domestic stability by influence on the external sector through exchange rate policy, particularly when the re-establishment of stability has been made all the more difficult through too sweeping guarantees of full employment.

After the uncertainties of floating the Washington resolutions of December were bound to come as a relief, particularly as the handicap of the American special import tax and the disadvantage for foreign investment goods in the USA were removed at the same time. However, this cannot disguise the fact that a lasting strain has been put on the German economy. Compared with the situation before the floating of the D-Mark at the beginning of May the German competitive situation on world markets has deteriorated considerably. This must also be seen in connection with the previous D-Mark revaluation of 9.3% in 1969 and the sharp increase in wage

costs, by an average of 20% per production unit, in two years. Only then does the real extent of the pressure on the German export industry become apparent. If rising costs cannot be contained and the earnings situation improved, structural repercussions from this policy will be inevitable.

The world economy under the impact of the monetary crisis

The introduction of the German measures last May marked the beginning of a period of increasing uncertainty internationally as well, which culminated in the drastic measures adopted by the United States. After the announcement of the Nixon programme of 15th August there was the greatest danger since the Second World War of a collapse of international monetary cooperation and a return to protectionism in world trade.

But this time as well caution, a sense of responsibility on the part of the governments and the will to international cooperation proved stronger. The free world once again demonstrated that it is capable of overcoming even very serious crises.

The agreements reached on 18th December in Washington were a necessary and positive move in this critical situation. But they have not solved the basic problems. Recent developments on the foreign exchange markets have shown how little confidence there is as yet in the realignment. There is still a latent monetary uncertainty which will not disappear until the United States is prepared to orient its policy more towards the necessary external consolidation. But all those concerned must bear in mind that the realignment effects will not be reflected in their current accounts for a long time, even if all economic policies are in conformity with balance of payments requirements.

At the same time progress in the institutional reorganisation of the world monetary system is essential. The widening of margins is an initial but by no means decisive step on the way to reform. Admittedly, central banks and exporters need time to adjust to even this limited innovation. There is also agreement that Special Drawing Rights are to play a more important role in future – divergent as opinions are on when and to what extent they are to be allocated – and that they are to take over some of

the previous functions of the dollar, although it will not be possible in the foreseeable future to do without this as a reserve currency; it will inevitably retain a dominant position in international payment transactions.

So it is all the more important to find a solution to the question of how the convertibility of the dollar can at least be partly restored for the central banks. Under present conditions the United States is free of any pressure inherent in the system to balance of payments discipline. The other central banks are sustaining dollar convertibility within the framework of the permitted fluctuation margins.

No matter what the new system may be it will only function successfully if all the participants are prepared to keep to the rules that have been agreed. Ultimately it was really the creeping inflation in every country which shook the foundations of the Bretton Woods System. Hence the main aim of international cooperation in future must be a joint fight against inflation.

The 1971 crisis also brought to light the latent problems in trade. Five years have passed since the end of the Kennedy round in 1967. During this period the possibility of international negotiations was hardly used to solve the trade difficulties which arose. We now need new multinational negotiations to further the liberalisation of international trade and thereby effectively combat the protectionist tendencies that are emerging.

The interests of the developing countries must also be considered during these negotiations. The developing countries were promised customs preference for industrial semi-manufactures and manufactures at the first World Trade Conference in 1968 in New Delhi. Some countries, among them the EEC member states, have in the meantime fulfilled these promises. All the industrial countries should follow their example; moreover the preference system should be extended to further products and hence put on a broader basis.

New moves to European monetary union

The monetary crisis unfortunately also held up the realisation of economic and monetary union in Europe. Only three months after the encouraging Brussels decisions of 9th February, 1971 the floating of

the D-Mark called their basic effectiveness in question. It must be emphasised, however, that the latest delay in progress towards monetary integration was not caused by balance of payments disequilibria between the EEC member countries but by the international events surrounding the dollar. This underlines how important it is to achieve greater unity in monetary policy both within the Community and in relation to other countries. Despite the different reactions of the individual member countries to the German floating and the Nixon measures the existence of the EEC has already proved an advantage during negotiations in the Group of Ten. But only when the EEC presents a really unified concept both for its own future action and for the reform of the monetary system will its voice have the proper weight in decisions.

Of course the EEC will only be able to play a constructive part within the world monetary system if it is an open-minded Community of stability. The entry of Great Britain, Denmark, Ireland and Norway has further increased the importance of the Community, and hence its responsibility in world trade. The European Community of Ten will be a market of 257 million consumers and account for more than one third of world exports. This should also – and not least – be reflected in the contribution the EEC as a whole is prepared to make towards freedom in international trade and capital transactions.

Certainly the enlargement of the Common Market will also bring new problems for its internal and external consolidation. These can only be solved if there is a growing readiness in the political sphere to make decisions relating to the Community as a whole. This is also a basic prerequisite for ensured progress towards economic and monetary union. We consider its realisation to be vital. There is no necessity for further controversy on whether monetary or economic integration should take priority. The principle of parallelism in the two sectors laid down in the decisions by the Council of Ministers on 9th February last year should, even in the light of recent developments, prove the most suitable means of achieving acceptable solutions.

The reduction in fluctuation margins between EEC currencies which has now been agreed must go hand in hand with more extensive harmonisation of economic and financial policy in all sectors. In our opinion it should also be the aim to coordinate the use of the preventive measures against speculative capital movements when necessity arises. But these efforts should by no means prevent the EEC countries from at last embarking on the plan, which has long been in existence on paper, to liberalise long-term capital transactions and integrate the securities markets in EEC countries, now including the important financial and stock market centre, London.

Our Bank's Business

Declining profit ratio

The balance sheet total of the Deutsche Bank rose during the year 1971 by DM 3.8 billion, or 11.9%, to DM 35.2 billion. The volume of business expanded by 12.1%. Hence both increases were roughly of the same order as last year.

The operating result has slightly improved over last year's figure. In a phase of slackening economic activity and almost general deterioration in earnings positions this may at first appear very positive. But a more exact trend analysis of the essential factors in earnings and expenditure must lead to a very different verdict. It shows above all how relatively small a part the bank's major sector – the interest business – was able to play in the growth in earnings. The main contribution during 1971 came in fact from foreign and securities business. Foreign exchange and securities transactions for the bank's own account also brought very much higher earnings.

On the one hand the analysis again reveals the advantages of an all-round bank – advantages, it may be pointed out, both for the customer and for the shareholder – from which we have benefited in several years in the past: declining or stagnating profits in one business sector can be compensated by rising profits in others. On the other hand, however, no responsible bank management can rely on the emergence of favourable special conditions, as we had last year, for example, in the foreign exchange sector and towards the end of the year on the bond market. But the probability of evening out earnings between the different sectors in an all-round bank becomes problematic when one sector is making a structurally declining contribution to earnings. Precisely that is the situation in the interest business.

During 1971 the interest margin declined further, as debtor rates were far ahead of creditor rates in the downward movement. The rapid transition from a high to a low interest rate policy – in 1971 the discount rate dropped from 6 to 4% and by February 1972 had dropped further to 3% – strengthened a

development which has been observable for years. Hence this year profit on the interest business was no longer sufficient to cover management expenses, as it has always been so far, with the exception of only one year.

But the profit ratio altogether – the operating result as a percentage of the average volume of business – declined further. Here the trend is even more marked. Since the reunification of the Deutsche Bank in 1957, in 15 years in other words, the profit ratio has shrunk by more than half: the volume of business has increased more than fourfold during this period but the profit ratio has only doubled. Management expenses have risen by 300%. This development is far more than what might be described as "a return to normal" after years of good profits during the reconstruction phase of the German economy.

Decisive for this trend is on the expenses side the continuous rise in staff costs, mainly due to the rise in wages and salaries, which cannot be contained even with the exploitation of every possibility for rationalisation. 80% of all costs today in the bank are staff costs. But the continuous expansion of the bank's services requires more and more highly qualified staff. Thus in 1971, a year in which many companies reduced their numbers of employees, the bank had to appoint a further 1,232 full-time and 499 part-time staff. On the earnings side neither the interest income nor commissions brought compensation, so that a decline in the absolute operating result could again only be avoided through the expansion in the volume of business and the rise in other earnings. We have already pointed out in the first part of our Report that this situation makes higher charges urgently necessary.

On the liquidity side 1971 did not pose problems, despite the still largely restrictive policy of the central bank; certainly recourse by many borrowers to the Euro markets played a part here. Altogether the inflow of deposits was greater than the expansion of lending. On the deposits side the systematic efforts we have been making for years to win new savings deposits have had an effect. 1971 was a

good savings year – better for the Deutsche Bank even than for the banking sector as a whole.

The heavy borrowing by German companies on the Euro markets made special liquidity provisions necessary on our part. For almost all the year it was an open question whether state measures would be introduced to shift these credits back onto the home market. In fact the announcement that the cash deposit requirement would be introduced had by the end of 1971 given rise to such movements only to a slight degree.

The cyclical change during the year under review and the effects of the rise in wage costs and the revaluation of the D-Mark on the earnings positions of companies have certainly increased the risks in the lending business. Thus throughout the year we were obliged to exercise particularly careful control over our engagements. Fortunately there have not as yet been any defaults of note, although it must be remembered that the cost pressure on many companies will not have its full effects until 1972. In our annual statement of accounts we have exercised our usual caution with regard to the increased latent risks by making adjustments and provisions.

The deterioration in the earnings position of companies, which was structural as well in some industries, of necessity brought the bank, in the course of its work and its advisory service, even closer to the difficulties facing its customers. Detailed analysis of companies and industries also acquired increasing importance in connection with the work of managing directors and managers of the bank on the supervisory boards of industrial firms. We have recently systematically refined and extended these analyses. In a number of cases the bank has been able to play a constructive part in decisions regarding the structural adjustment of companies in difficult industries. Our particular concern in such cases is an early diagnosis and preventive measures, but we must also be ready for emergency calls. When we act in this capacity there is a fusion of the bank's own interests with its obligation to protect the interests of its depositors and shareholders, with its concern for its customers and its responsibility as a big all-round bank within the economy as a whole.

Representative increase in the Deutsche Bank Group

The most important event of 1971 for the Deutsche Bank Group was the inclusion of the Frankfurter Hypothekenbank with a balance sheet totaling DM 7.7 billion in the consolidated companies. Together with the consolidation last year of the Deutsche Centralbodenkredit-AG (1971 balance sheet total DM 4.7 billion) as the first step in the reorganisation in the mortgage bank sector, this gives the Group in business activity as in volume a significant enlargement. At DM 49.8 billion the consolidated balance sheet total has attained the size we need to meet the requirements facing a big all-round bank in the Common Market.

This expansion of the Deutsche Bank Group, which has been proceeding for years, must be seen as a parallel development to important changes in our economic and social structure and the growing integration in the world economy. Firstly rising incomes and general prosperity are bringing growing demands from our customers, and we must adjust and expand our range of services accordingly. And secondly we must think ahead and be ready to meet – both in specialisation and size – the specific demands of the international business, where service to multinational companies is an important factor. In all these sectors the bank needs top quality performance in face of fierce national and international competition.

Institutionally and in our organisation we have met this continual challenge in four ways:

By a continuous expansion and improvement of our own services. The most important change here over the last decade has been the development of what is known as retail banking.

By founding subsidiaries to which special functions are transferred. This method has proved its worth at home, for example in instalment sales financing and fund management. In the international sphere the Compagnie Financière de la Deutsche Bank AG in Luxembourg, which is particularly active in the Euro business, deserves special mention.

By acquiring majority participations or joining in the establishment of specialised institutions, where the bank may work in fruitful combination with the particular knowledge and ability of qualified partners. The mortgage banks mentioned above, the

Deutsche Kreditbank für Baufinanzierung AG and various jointly-operated investment funds are of especial importance here.

By working with other European banks in founding joint subsidiaries in Europe and overseas. Attention should be drawn here to the activities of the EBIC Group, which will be dealt with in detail later.

This shows the main principles according to which the Deutsche Bank Group has been built up and which will also determine future decisions: quick reaction to indications of new needs on the part of our customers, the choice of the most appropriate organisational form in each case, and work in partnership wherever this promises the best performance. It is obvious that in the course of this development of the Group the central management problems also become greater and more difficult, but that at the same time growing demands are made on those in responsible positions in all parts of the Group to be ready to take responsibility and to make independent decisions.

Cooperation with the mortgage banks

In view of the growing interest of wider and wider sections of the population in the acquisition of property and in building their own homes it was clearly within the framework of the Group philosophy outlined above for the Deutsche Bank to include comprehensive building financing facilities in its range of services. The acquisition of a holding in the Deutsche Kreditbank für Baufinanzierung in 1967 and the introduction of the programmed Personal Mortgage Loans as part of our retail banking services in 1968 were the first successful steps. However, it only became possible to realise this concept fully with the reorganisation in the mortgage bank sector in the course of the last year. We believe that the reorganisation is in the interests of all concerned and will serve customers by further improving the financing available.

In our cooperation with the Deutsche Centralbodenkredit-AG and the Frankfurter Hypothekbank we are guided principally by the view that the business relations already established by these two institutions should not be disturbed and that access should be made possible to new circles of customers for them through the big branch network of the

Deutsche Bank. At the same time we are working at the development of optimal models, based on concrete financing instances, for interlinking the shorter and longer-term funds which the individual institutions can provide. Initial experience indicates that this pragmatic and largely "de-central" method best suits the circumstances.

A growth of almost DM 1.5 billion in savings deposits

1971 brought the bank an exceptional increase in savings deposits. Whereas net in-payments to savings accounts were only DM 115.2 million in 1970 these passed the DM 1 billion mark for the first time in 1971. Together with interest payments of around DM half a billion savings deposits rose by DM 1.48 billion to DM 9.7 billion. This growth rate (+18.1%) was higher than the in itself high 1971 average for the banking sector (+13.2%). The number of savings accounts increased by around 380,000 to 3.8 million. The average balance per savings account was DM 2,540 as compared with DM 2,390 in 1970. Only a small percentage of the money which was transferred during 1970 from savings accounts to term deposit accounts was returned to savings accounts in 1971.

1971 brought roughly the same amount of switching from savings accounts to securities as 1970. Total saving by our customers – net in-payments to savings accounts and net securities purchases from savings accounts – was around DM 2.2 billion in 1971 in comparison with around DM 1.3 billion in 1970.

"Erfolgssystem 100" proves popular

At the end of 1970 the bank had introduced its new individual wealth formation plan "Erfolgssystem 100" to the public. During its first year the plan was used by large numbers of our customers. In keeping with its purpose the plan has made the many different forms of investment available, and particularly the various state savings promotion schemes, clearer to the customer. The fourteen types of investment included within the system enable the customer to choose the combinations which best

suit his individual requirements and personal situation. The plan makes systematic wealth formation possible for the saver, and in many cases this replaces investment left more to chance.

Our bonus savings plan was used by large numbers of customers in addition to the state bonus schemes. Our plan provides for wealth formation beyond the chances offered by the state. The investment savings plans within the system had reached a contract volume of DM 142 million by the end of 1971. After a rather hesitant start this part of the savings scheme has recently met with growing interest.

The Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v d Höhe, founded in October 1970, manages the three wealth formation funds offered within the "Erfolgssystem 100". Investors' interest concentrated on the Deutsche Vermögensbildungsfonds R (bonds). The majority of savings under the securities contracts in the system went into this fund. This is certainly also due to the fact that the "Erfolgssystem 100" was designed for people who were at first unused to the securities business and who were consequently more prepared to invest in a bond than in a share fund.

A further higher growth rate in the lending business

The volume of credit extended by the bank rose in 1971 by around DM 2 billion to DM 23.2 billion. The growth rate of 9.6% was very much higher than in the previous year, when it was 3.1%. There has been an increase in loans of all maturities, whereby that in short and medium-term loans was greater than that in longer-term lending. Bills discounted on the other hand declined slightly.

This development has confirmed our experience that the demand for credit at first continues to rise even when economic activity is slowing down. As long as investment is not shrinking companies' need for financing grows. As the earnings position was at the same time deteriorating enterprises were increasingly dependent on borrowed funds. Moreover in some cases growing stocks with declining sales also led to an increased need for credit. Finally the general rise in costs and prices led to a higher need for operating funds even where turnover re-

mained quantitatively the same.

The rise in our lending was so much the more remarkable as the need for bank loans was very much affected, as it was in the preceding year, by the inflow of liquidity from abroad. Particularly before the floating of the D-Mark German companies, as we have already described in the first part of this Report, borrowed heavily on foreign markets. Accordingly the bank's volume of credit during the first five months of 1971 was at times below the figure for the end of 1970. In June the demand for credit rose suddenly after the floating of the D-Mark had temporarily stopped the inflow of funds from abroad. At the same time apparently the announcement that a cash deposit would be introduced – as a regulator on borrowing by German companies abroad – has also led to a certain increase in the demand for domestic loans. Altogether, however, during the course of 1971 there was not a larger shift from borrowing abroad to borrowing at home.

Steep rise in personal loans

In 1971 we raised the maximum limit for the programmed Small Personal Loans from DM 2,000 to DM 4,000. This is to meet the greater requirements of customers, particularly in making cash purchases. It was also justifiable with regard to the risks involved, as our losses on Small Personal Loans have been very slight for more than a decade.

The increase in the maximum borrowing limit led to a strong rise in this business: the volume of borrowings rose by 36.7%, after these loans had lost ground to the Loans for Specified Purchases during the last few years and shown a declining trend.

Demand for Personal Mortgage Loans was also unusually high. The volume of these has increased by almost 50% and the sum lent out is now around DM 900 million, a development which is certainly due to the variety of uses to which this type of credit can be put. The money taken up in this form is mainly used for the improvement and modernisation of land and housing.

The total amount lent out in programmed credits by the bank was at the end of 1971 DM 2.3 billion as compared with DM 1.7 billion at the end of 1970.

The new uniform eurocheques and eurocheque cards. 30 countries have joined the eurocheque system.



Further expansion of the eurocheque system

In 1971 it was possible to complete the preparatory work for further expansion of the eurocheque system. The bank played an important part in this development. One major improvement for the holder of a eurocheque card is the increase in the amount guaranteed per cheque from DM 200 to DM 300. Moreover, since 1st January, 1972 all the credit institutions in the Federal Republic use uniform eurocheque forms and eurocheque cards with the blue and red ec sign. Credit institutions in other Western European countries intend to do the same. This is the beginning of uniformity on an international scale as well. The cheque forms are printed on the same paper and with the same process as securities, to meet the greater safety requirements. The number of countries participating in the eurocheque system rose during 1971 from 23 to 30. – In our bank we had issued around 450,000 cheque cards by the end of 1971.

Building financing intensified

The greater interest in property shown by our customers during 1971 led to a very considerable growth in the demand for building loans. In response to the desire of our customers for comprehensive advice from the bank in questions of building financing as well, we intensified training for our staff in this sector. We were able to meet the need for building loans through closer cooperation with the two largest private mortgage banks in the Federal Republic, the Deutsche Centralbodenkredit-AG and the Frankfurter Hypothekenbank, and by providing funds ourselves. We also arranged for a greater number of savings agreements with well-known savings and loan associations. Through a simplified lending procedure we offered our customers favourable conditions for interim financing of such agreements.

High growth rates in the securities business

The securities business in 1971 brought higher earnings with a strong rise in turnover in all sectors. Business in domestic shares picked up parallel to

the rise in prices on the German share markets, particularly during the first few months of the year. In the second half of the year, on the other hand, when prices were falling, turnover remained roughly at the same low level as last year. Altogether share transactions for our non-bank customers were 22.1% up on last year's figure.

Business in foreign shares had even higher growth rates. Particularly turnover in North American shares rose, with fluctuations, almost throughout the year – a sign that the positive assessment of the future trend on the US stock market has not been affected by the monetary crisis.

Bond dealings for our customers were 28.1% higher than last year. This sector was only temporarily affected by the rise in interest rates, which continued until the middle of the year, and by the brief halt in issue activity in June. During the fourth quarter sales were particularly stimulated by the increasingly marked trend to lower interest rates. New issues accounted for a considerable amount of the rise in turnover, and reached a record volume in 1971.

The number of safe custody accounts managed for our non-bank customers rose during 1971 by roughly 24,000 to around 657,000, with a total value of approximately DM 36 billion. As in previous years roughly two thirds of these accounts have a market value of less than DM 10,000.

Our work in portfolio management and i. a. in trust management has been extended during the year under review with the aim of offering a comprehensive, individual and long-term service. We have enjoyed the confidence of a growing number of customers.

The Deutsche Grundbesitz-Investmentgesellschaft mbH and the Deutsche Grundbesitz-Anlagegesellschaft mbH, which we set up in 1970 together with the savings and loan association GdF Wüstenrot, had a favourable development in 1971. The first open-end real estate fund "grundbesitz-invest" set up by the Deutsche Grundbesitz-Investmentgesellschaft mbH in November 1970 had sales totalling DM 206.8 million in 1971. At the end of the year the fund's assets were DM 269.4 million. Thus the fund has acquired a market share of 23.7% during the first fourteen months of operation.

The Deutsche Grundbesitz-Anlagegesellschaft mbH offered its first closed-end real estate fund – the

Anlagefonds Kaufhof Lövenich-Weiden – in the form of a limited partnership for subscription at the end of 1971. The shares in this fund met with lively interest on the part of customers. Further closed-end real estate funds are to follow during 1972. – At the end of 1971 the Commerzbank AG joined both the Deutsche Grundbesitz-Investmentgesellschaft mbH and the Deutsche Grundbesitz-Anlagegesellschaft mbH as shareholder.

The Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), Frankfurt (Main), in which we hold a share together with fourteen other banks and bankers, had good results for 1971. The funds INVESTA, INTERVEST, AKKUMULA, INRENTA and INTER-RENTA had new sales of certificates totalling DM 237 million. The total assets of the five funds rose during 1971 from DM 2.16 billion to DM 2.41 billion, although four of the funds paid out altogether DM 193.2 million in distributions for the financial year ended on 30th September, 1971. The price rises on various stock exchanges during the business year made a major contribution to the growth in the total assets.

In 1971 the assets of the INRENTA fund passed the DM 1 billion mark. As shares in this bond fund again met with particular buying interest INRENTA had moved up to first place among the five DWS funds by the end of the year. As the share fund INVESTA also has assets of over DM 1 billion, the DWS is now managing two "billionaires". On 31st December, 1971 more than 40 million shares in DWS funds were in circulation.

The Deutsche Gesellschaft für Fondsverwaltung mbH (Degef), Frankfurt (Main), which acts as an investment company mainly for large institutional investors, was able further to expand its volume of business during the year under review. Since it began operation at the beginning of 1968 the company has set up 50 securities funds with assets which will shortly pass the DM 500 million mark. In the individual mutual funds managed by the company cover funds of company, professional and other pension trusts, etc. are invested. The Degef also works together with domestic insurance companies. This is particularly the case with most of the leading German life insurance companies, which offer, or are planning to offer their customers fund-linked life assurance or investment savings agreements coupled with insurance policies.

As part of the wealth formation with tax concessions built into collective wage agreements the company also sets up "employees' funds" and manages them. Holdings in these funds may only be acquired by employees of the company for which the fund has been set up. The employees' funds set up so far have proved remarkably popular. This form of investment leads to saving through securities. The staff representatives and the company management can influence the investment policy. We regard it as of particular significance as a model for wealth formation.

Successful issue business

The bank was able further to intensify its activity in the issue business during the year under review. The market for domestic issues proved more receptive than in previous years. We participated in 22 industrial and 18 public issues.

Further DM foreign loans have also been successfully placed. The bank was again able to strengthen its position on the market for foreign currency issues. It headed the syndicate for a US\$ 35 million loan for the Hydro-Electric Power Commission of Ontario and acted as co-manager for 14 dollar issues as well as 6 issues in other currencies. Three of these were in European Currency Units (ECU), whereby the borrower agrees to make the interest and redemption payments in any one of the six EEC currencies the creditor chooses. The bank was able to maintain the position it has held for four years at the top of the list of leading issue houses.

We again played an important part in the issue of new shares for domestic companies. Despite the difficult market situation for most of the year the volume of such issues has risen. The capital increases by Siemens AG and Veba AG, which were successfully carried through under our management, deserve special mention.

A list of the security issuing and other syndicate transactions as well as introductions on the stock exchange in which our bank participated in 1971 is given on pages 88 to 92.

The Deutsche Beteiligungsgesellschaft mbH, Frankfurt (Main), which by acquiring participations provides capital for companies which cannot issue

on the market, exercised reserve with regard to new engagements during the past business year owing to the uncertain economic situation. In 1971 only one new participation, in a medium-sized company, was acquired. This brings the number of participations in the company's fund to sixteen.

Some medium-sized firms, in which the Deutsche Beteiligungsgesellschaft holds participations, suffered particularly from the cyclical downswing in certain industries and from the external measures. Here the advisory service offered by the company proved especially valuable and in some cases the risk of loss could be averted.

Increased earnings in foreign business

Our turnover in commercial foreign business during the year under review showed a somewhat stronger growth rate than the Federal Republic of Germany's foreign trade. There was a particularly favourable increase in our export financing; turnover on the import side, on the other hand, rose only slightly.

The credit facilities we hold available for foreign banks were utilised more strongly than in the previous year. The total volume of lending to foreign banks and companies rose again in 1971. There was also a further rise in the balances maintained with our institution by foreign banks.

In the long-term export business the total financing provided by the consortium which we head, of the AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main), was in 1971 roughly the same as in 1970. After the credit lines had been very much expanded in 1970 there were enough funds available during the year under review to meet all credit requirements. For the first time recourse was had to line C as several tied financial credits were promised to foreign takers of German exports.

The capital of the AKA was increased out of the company's funds from DM 34.08 million to DM 40 million. Our share in the company has been slightly reduced through the sale of a small part of our holding to a new partner in the group.

The Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt (Main), was able to meet all credit requirements for the financing of medium and long-term deliveries to the German Democratic Republic.

For our foreign exchange dealers 1971 was the most interesting and hectic year since the Second World War. As a result of the floating of numerous currencies there were sharp exchange rate fluctuations, increasing the risk but also increasing the chances of making a profit. Altogether earnings from foreign exchange arbitrage were very much higher. Turnover, on the other hand, remained almost the same. It rose in the arbitrage business, but was very much lower in the classical spot and forward transactions. Actually the world monetary crisis led to a greater need for forward cover and should thus in fact have increased the volume of forward transactions. But the rapid fluctuations caused such uncertainty among our foreign exchange customers that the majority often preferred to wait and see how things would develop so that far too little use was made of the opportunities for covering on the forward markets.

The bank was able further to extend its leading position on the German market for gold bars and coins. Earnings here have risen markedly. The Krueger Rand was by far the most popular among the gold coins. Sales of gold certificates remained slow.

Turnover in sales of notes and coin for foreign travel increased, although German tourists made greater use of the eurocheque card and in view of the monetary situation in some cases preferred to take D-Marks abroad. Under these circumstances our sales of DM Travellers' Cheques also developed favourably.

Further extension of our foreign organisation

During the last few years foreign business has grown more difficult. Competition has steadily become keener and it is only through alacrity and elasticity in complying with customers' wishes, by devoting much care and attention to our foreign relations and continually developing the range of services offered in this sector that we can maintain the large share we enjoy in the German credit institutions' foreign business. For efficiency in world-wide transactions a modern all-round bank must have above all adequate financial capacity, it needs broad placing possibilities in the issue business, it must be able to provide the facilities for all types

of foreign exchange and payment transactions, it must offer a comprehensive advisory service and finally it must be present at all the important international business and financial centres. In accordance with this concept, which we described in detail in our last Annual Report, we are systematically extending our foreign organisation.

During the year under review the bank, as it does every two or three years, invited the leading members of its foreign organisation to a two-month round trip to the most important branches of the bank in the Federal Republic. This gave our customers in many cities the opportunity to discuss the developments in different countries and the relevant business problems directly with the men who represent us abroad.

We may report as follows on the new steps taken in our foreign business:

On 21st June, 1971 our subsidiary, the Deutsche Ueberseeische Bank, opened a branch in Tokyo. The Deutsche Bank has already had a branch in Tokyo, about a hundred years ago. Thus our relations with Japan are almost as old as the bank itself. In addition to our traditional role in handling German-Japanese trade financing we have during the last ten years acted in the issue and placing of 15 Japanese bonded loans to a total amount of around DM 1.5 billion. These were floated under our management.

The branch in Tokyo is engaged in all the usual banking business, in particular credit and foreign business. The only exception is securities trading, which according to Japanese legislation is the prerogative of special institutions. We are thus in a position to help our customers, particularly German firms and their subsidiaries, and German-Japanese joint ventures in Japan, by making credits available to them and by providing them with access to the Japanese possibilities of foreign trade financing. In addition the branch places at our customers' disposal the experience it gains in day-to-day operations in Japan, to help them with their business projects there.

The branch got off to a good start right away. The friendly support of Japanese public authorities and Japanese banks was a very positive factor. — The representative office the Deutsche Bank has maintained in Tokyo since 1962 has been absorbed into the branch.

In the United States the Deutsche Bank at the end of 1971 joined as an equal partner the American broking and issue house American UBS Corporation, New York, a subsidiary founded by the Union Bank of Switzerland (Schweizerische Bankgesellschaft) at the end of 1970. At the same time the name of what is now a joint subsidiary was changed to UBS-DB Corporation. The capital is approximately US\$ 8 million.

The UBS-DB Corporation will participate as issue house in domestic American and international capital market financing and act as broker in the American securities business. Among other things it will be the object of the joint subsidiary to provide the services and facilities of a US broking and issue house to the German and Swiss and international customers of the two parent banks and to offer them long-term financing possibilities on the American capital market. On the other hand the corporation will make available for its American customers the specialised knowledge of the two parent banks on the financing possibilities on the European capital market. Thus the UBS-DB Corporation is an important addition to the service we have been able to offer our customers since 1968 through the European-American Banking Corporation and the European-American Bank & Trust Company.

In the autumn of 1970 the Compagnie Financière de la Deutsche Bank AG, Luxembourg, commenced operations. Our expectations with regard to the development of this subsidiary have been entirely fulfilled. During its first business year — from 1. 10. 1970 to 30. 9. 1971 — the bank reached a balance sheet total of the equivalent of more than DM 2 billion. Claims on customers amounted to around DM 1.1 billion. The bank is active in foreign exchange transactions, in international financing on a short, medium and long-term basis in all convertible currencies, and participates in issues and securities dealings.

EBIC Group expanded to six banks

The European Advisory Committee, which was founded in 1963 by the Amsterdamsche Bank N.V., the Banque de la Société Générale de Belgique, the Midland Bank Ltd. and the Deutsche Bank AG, was joined by two further partners, the Creditanstalt-



On 21st June, 1971 the Deutsche Ueberseeische Bank, a subsidiary of the Deutsche Bank, was the first German credit institution to open a branch in Tokyo. This is in Marunouchi, the banking quarter.



Bankverein, Vienna, and the Société Générale, Paris, in 1971. This European group thus consists of six banks domiciled in Austria, Belgium, France, Germany, Great Britain and the Netherlands. The two new partners at the same time joined the European Banks' International Company S.A. (EBIC), Brussels, which acts as management company for the group and is concerned with the fulfilment of the aims defined in the European Advisory Committee. Cooperation is through various specialised sub-committees on which all six banks are represented and extends from lending and investment business through organisation and security questions to general economic analyses.

During the year under review the EBIC Group strengthened the cooperation between the member banks in Europe in various sectors. In addition preparatory work was undertaken for new joint activities in other parts of the world.

A further joint representative office for the EBIC partners, the third after Djakarta and Johannesburg, was opened on 3rd May, 1971 in Canada. The main task of the Toronto representative office is to strengthen and help promote mutual business relations between Europe and Canada and in so doing to use wherever appropriate the extensive financial possibilities of the EBIC Group.

The Board of Directors of EBIC consists of the members of the European Advisory Committee. In 1971 its members were:

J. R. M. van den Brink
C. F. Karsten
Amsterdam-Rotterdam Bank N.V.

H. Treichl
G. N. Schmidt-Chiari
Creditanstalt-Bankverein

W. Guth
F. H. Ulrich
Deutsche Bank AG

L. C. Mather
E. J. W. Hellmuth
Midland Bank Limited

P. E. Janssen
R. Alloo
Société Générale de Banque S. A.

M. Lauré
J. Richard
Société Générale (France)

The six partner banks in the EBIC Group together have a balance sheet total of the equivalent of approximately DM 140 billion and more than 8,100 branches and altogether nearly 150,000 employees.

The activities of the joint institutions of the EBIC Group

The balance sheet totals of the two EBIC institutions in New York, the European-American Banking Corporation and the European-American Bank & Trust Company, passed the \$ 1 billion mark in 1971 for the first time. On 31. 12. 1971 they stood at \$ 1.129 billion, an increase of around 62% over the end of 1970. This makes the two banks not only still the most important joint EBIC institutions but also the largest foreign-owned banks in the United States.

The volume of credit granted by these institutions had reached \$ 833 million by the end of the year. The main borrowers were as before the subsidiaries of European companies in the USA. Credit granted to German subsidiaries alone amounted to about DM 1.5 billion at the end of 1971.

The two new partners in the EBIC Group, the Creditanstalt-Bankverein, Vienna, and the Société Générale, Paris, have also taken shares in the European-American Banks.

The Banque Européenne de Crédit à Moyen Terme (BEC), Brussels, in which we hold a share together with seven credit institutions, two of whom are not in the EBIC Group, has developed into one of the leading international banks in the field of medium-term credit in Europe and overseas. The bank's balance sheet total grew in 1971 by 28.5% to \$ 710 million. The volume of medium-term credit rose by as much as 53% to \$ 413 million whereas the volume of short-term advances remained practically unchanged. At the end of the year under review the BEC had granted 185 medium-term credits in 8 different currencies to 161 companies in 23 countries. — At the end of 1971 the Crédit Lyonnais (France) left the BEC in mutual friendly agreement as it had joined another European group-

ing; it transferred its shares to the other shareholders.

For the Pacific area the EBIC Group, together with the Commercial Bank of Australia Ltd., Melbourne, the Fuji Bank Ltd., Tokyo, and the United California Bank, Los Angeles, founded the Euro-Pacific Finance Corporation Ltd., Melbourne, at the

end of 1970. This institution, which has an authorised capital of A\$ 20 million, provides financing and an advisory service for Australian subsidiaries of companies from EBIC countries and for Australian firms. The institution refinances both through domestic deposits and deposits from the Eurodollar market. The first business year was promising.

Staff and Welfare

A further increase in the number of staff

The growth in the volume of business of our bank and the continuous extension of the branch network made it necessary for us to increase the number of staff in 1971 as well.

At the end of the year we had a total of 34,801 employees (including part-time staff); the number of full-time staff had risen by 1,232 to 31,996. However, the rate of increase over the two previous years has gone down to 4%. The fact that more women went over to part-time work is reflected here. As we again had to engage more part-time staff, their number rose by 499 to 2,805. The proportion of part-time staff in our employment has risen continually over the years and is now 8.1%. The continued tension on the labour market led to a stronger turn-over in our staff.

Once again the rise in the number of women employees contributed considerably more to the

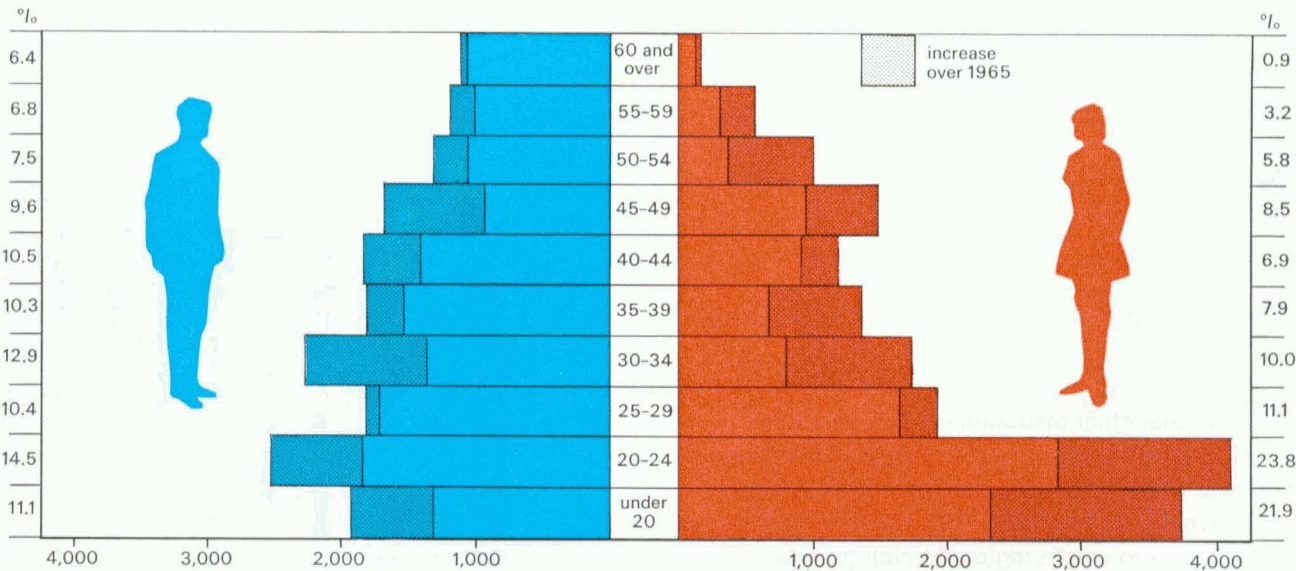
overall increase in staff than the rise in the number of male employees. Accordingly the proportion of women employees to full-time staff has risen to 46% and to as much as 55% of employees with business training on an agreed salary scale.

At the end of 1971 4,304 young men and women were serving their apprenticeship with the bank. The number of apprentices has not risen appreciably over last year. It was our aim to keep the proportion of apprentices to the staff as a whole at an appropriate level.

The growing demands of the banking business, our entry into new business sectors and the related increased use of modern planning methods in various fields of the bank's activities made qualified banking staff increasingly necessary. This also means greater chances for all our staff of rising to positions with more responsibility.

During the year under review 18 members of the bank's staff completed 50 years, 42 completed

Age structure of the staff as of 31. 12. 1971 including part-time employees and apprentices



Staff structure



40 years and 70 completed 25 years of service in our institution. Almost 30% of our staff have been with us for 10 years or more. At the end of the year we were paying pensions to 7,993 retired employees and widows of former employees.

Professional training and further education

We continued to intensify staff training in 1971. The fact that chief instructors and instructors are employed full-time in the areas under each of our regional head branches is evidence of the importance we attach to professional training. Furthermore it is our aim to create regional training units with

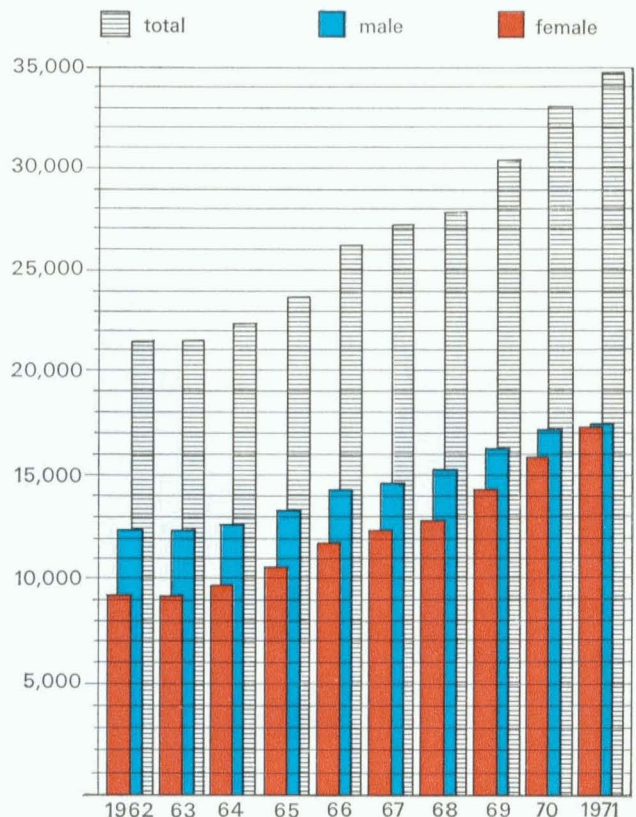
study rooms for the instructors as well as lecture, reading and rest rooms for the members of our staff undergoing training.

Due to increased computerisation we have had to expand internal instruction, as our employees do not always come into direct contact with the complete technical procedure in the course of their individual work.

The expansion of the range of services offered in all sectors of the bank, changing organisational structures, the stronger orientation towards the customer and the internationalisation of banking business make it necessary to provide our employees continually with professional training and further education.

In all sectors of the bank specialised training courses were introduced; these are based on pro-

Growth in the number of employees from 1962 to 1971 including part-time employees



fessional training and enable our staff to acquire specialised qualifications. For 9 months seminars alternate with planned phases of practical work. Our aim here is to offer qualified consultant staff to customers in all our branches.

In addition to professional and specialised training we organise promotive programmes and discussion groups for qualified and managerial staff.

Here specialised topics and management questions are complemented by discussions with guests from the fields of learning and journalism, from companies with which we maintain business connections and other branches of industry in the Federal Republic and abroad.

These discussions and contacts with speakers and people from outside the bank help to widen the range of first-hand experience and further the understanding of problems. Fluency in foreign languages is of course a prerequisite for our qualified and managerial staff.

In 1971 we were able to expand the capacity of our training centres in Düsseldorf, Hamburg and Jugenheim to 100 places with board and lodging. Parallel to this work was begun on the training centre in Kronberg which will provide a further 80 places and is especially for the training of young managerial staff.

Cooperation with the Staff Council

In the period under review problems of staff and business policy were discussed regularly in mutual confidence with the Staff Council for the Entire Bank, the Business Committee and the Staff Councils of the individual branches. One of the results of the cooperation with the Staff Council for the Entire Bank is the publication of a brochure on the bank's voluntary welfare and social benefits and the introduction of a new system of staff evaluation. In 1971 the Staff Councils held their own training courses for the first time. We helped to promote the exchange of information in these seminars by providing specialised speakers from the bank. We should like to thank the members of the Staff Councils and the Business Committee for their cooperative attitude.

Thanks to all the staff

Through their zeal and initiative our employees made a vital contribution to the bank's operating results. We are pleased to take this opportunity of expressing our recognition and thanks for their efforts.

Comments on the Statement of Accounts for the Year

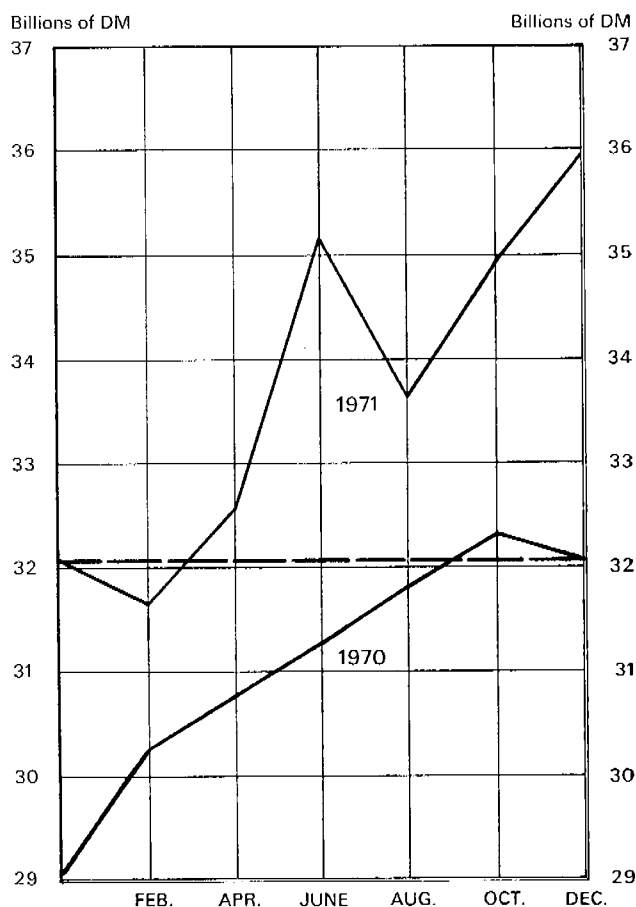
BALANCE SHEET

Volume of Business

The bank's *balance sheet total* rose during the past financial year by DM 3.8 billion, or 11.9%, to DM 35.2 billion. The *volume of business* (balance sheet total plus endorsement liabilities) rose by DM 3.9 billion, or 12.1%, to DM 36.0 billion. The graph below shows the development during 1971.

Turnovers on non-bank customers' accounts at DM 1,225 billion were DM 166 billion, or 15.7%, higher than last year.

Growth in the volume of business during the year



The source and use of funds during 1971 can be seen from the following table:

Financing Table 1971

Source of Funds	in millions of DM	
Increase in Own Funds		
Capital increase 1971	224	
Allocation to the reserves from the net earnings for 1971	40	264
Increase in funds from outside sources		
Liabilities to non-bank customers		
demand deposits	917	
term deposits	419	
savings deposits	1,480	2,816
Liabilities to credit institutions	614	3,430
Reduction in securities holdings		
Bonds and debt instruments	424	
Other securities	178	602
Other funds		
Reduction in discount credits	91	
Increase in bills rediscounted	140	
Others	181	412
Total		4,708

Use of Funds	in millions of DM	
Expansion of cash credits		
Lending to banks	81	
Claims on customers	2,040	2,121
Increase of liquid assets and money market investments		
Cash reserve	954	
Claims on banks (excluding credits)	1,066	
Treasury bills and non-interest		
Treasury bonds	316	2,336
Other use of funds		251
Total		4,708

Liquidity

The *cash reserve* – cash in hand, balances with the Deutsche Bundesbank and on postal cheque accounts – was DM 3.7 billion on balance sheet date (DM 2.8 billion at the end of 1970). It covered 11.4% (9.4% last year) of the sum of liabilities to credit institutions and other creditors, own accept-

ances in circulation and sundry liabilities of DM 32.6 billion (DM 29.3 billion last year).

Together with cheques on other banks, matured bonds, interest and dividend coupons as well as items received for collection, bills rediscountable at the Bundesbank, demand claims on credit institutions, Treasury bills and non-interest Treasury bonds, and bonds and debt instruments eligible as collateral for Bundesbank advances the liquid funds amounted to DM 10.4 billion. Thus the *overall liquidity ratio* was 32.0%, as compared with 32.4% at the end of 1970.

The principles concerning the capital resources and liquidity of credit institutions established by the Federal Banking Supervisory Office have always been observed. The holding of *Treasury bills and non-interest Treasury bonds* was increased through new purchases towards the close of the year to DM 724.5 million, after the holdings shown at the end of 1970 of DM 408.5 million had been redeemed in the course of the year.

Securities

Bonds and debt instruments dropped by DM 423.6 million to DM 1,057.9 million; DM 255.7 million of this reduction was in securities with a lifetime of over 4 years. Of the total amount held DM 714.3 million, or 67.5%, was eligible as collateral at the Deutsche Bundesbank.

Securities, so far as they have not to be included in other items, are shown at DM 1,146.6 million as against DM 1,324.9 million last year.

Syndicate holdings accounted for DM 246.7 million. Holdings of more than 10% of the capital of a company are shown at DM 857.9 million.

Holdings of more than 25% of the capital were reported in accordance with Paragraph 20 of the Joint Stock Corporation Act to the following companies:

Augsburger Kammgarn-Spinnerei, Augsburg
Bayerische Elektrizitäts-Werke, München
Bergmann-Elektricitäts-Werke Aktiengesellschaft,
Berlin
Daimler-Benz Aktiengesellschaft, Stuttgart
Didier-Werke Aktiengesellschaft, Wiesbaden
Hapag-Lloyd Aktiengesellschaft, Hamburg

Hoffmann's Stärkefabriken Aktiengesellschaft,
Bad Salzuflen

Philipp Holzmann Aktiengesellschaft,
Frankfurt (Main)

Karstadt Aktiengesellschaft, Essen

Maschinenfabrik Moenus Aktiengesellschaft,
Frankfurt (Main)

Nord-Deutsche und Hamburg-Bremer

Versicherungs-Aktiengesellschaft, Hamburg

Pittler Maschinenfabrik Aktiengesellschaft,
Langen (Hessen)

Porzellanfabrik Kahla, Schönwald

Schitag Schwäbische Treuhand-Aktiengesellschaft,
Stuttgart

Schuhfabrik Manz Aktiengesellschaft, Bamberg

Gebrüder Stollwerck Aktiengesellschaft, Köln

Süddeutsche Zucker-Aktiengesellschaft, Mannheim

The bank holds more than 50% of the capital of INEFA Kunststoffe Aktiengesellschaft, Itzehoe (formerly: Itzehoe Netzfabrik).

As in other years the securities holdings have been valued strictly according to the minimum value principle.

On balance sheet date neither the bank nor any associated institution or company held any of the bank's *own shares*.

During the year under review the bank and companies associated with it bought and sold 471,324 shares of Deutsche Bank AG at current prices on the stock market; such securities transactions must be reported in accordance with § 71, subpara. (1) No. 1 of the Joint Stock Corporation Act. The average purchase price was DM 303.06 and the average selling price DM 304.09. The proceeds remained in the working funds.

At the end of the year 64,136 shares of Deutsche Bank AG had been pledged to the bank and the institutions associated with it as collateral for loans.

Total credit extended

The table on the following page shows the composition of the volume of credit in 1971 and 1970.

With an increase of DM 2,030.0 million, or 9.6%, the expansion of the volume of credit was very much greater than in 1970 (DM 637.2 million, or 3.1%). It was almost entirely due to the increase in advances to customers as discount credits declined

Volume of credit

	End of 1971	End of 1970	Change
	— in millions of DM —		
Claims on customers			
short and medium-term	10,283.2	8,892.9	+1,390.3 = 15.6%
long-term	6,540.9	5,891.6	+ 649.3 = 11.0%
	16,824.1	14,784.5	+2,039.6 = 13.8%
Discount credits	4,810.0	4,900.7	— 90.7 = 1.9%
Lending to credit institutions	1,586.5	1,505.4	+ 81.1 = 5.4%
Total volume of credit	23,220.6	21,190.6	+2,030.0 = 9.6%

further, if only slightly, and lending to credit institutions remained more or less the same.

The graph below shows the development of the volume of credit over the last 10 years.

Long-term *loans to customers* have declined proportionately (from 39.8% to 38.9% of total claims

on customers) as short and medium-term credits accounted for more of the increase. Of the long-term loans (shown at DM 6,540.9 million) DM 3,792.4 million, or 58.0% (54.9% last year) were due in less than four years on balance sheet date.

The instalment credit business with our private customers was further extended. The emphasis was again on the *personal mortgage loans*, which show an increase of DM 295.4 million and at DM 896.3 million make up 13.7% of long-term claims on customers. Altogether our programmed credits accounted for 28.5% of the expansion of the volume of credit.

The *bill holding* dropped by DM 217.8 million to DM 3,877.2 million, of which DM 3,269.9 million were eligible for rediscount or as collateral for advances at the Bundesbank. The endorsement liabilities rose by DM 140.0 million to DM 780.3 million.

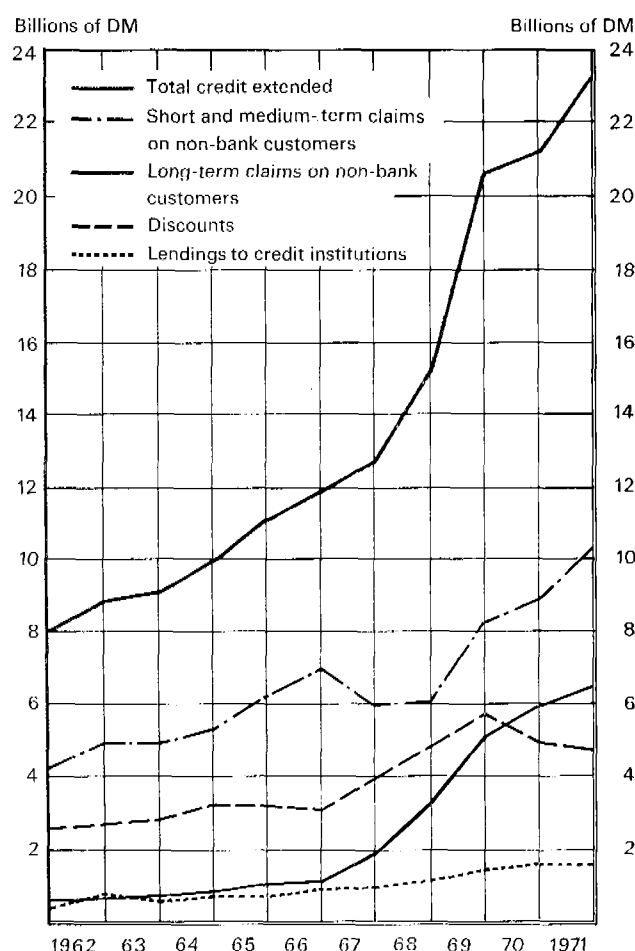
The diagram on the next page gives a breakdown of the advances and discount credits to customers according to the main sectors.

The *claims on credit institutions* (DM 5,450.4 million) include credits to the amount of DM 1,586.5 million. The remaining DM 3,863.9 million was employed in money transactions or held as balances on clearing accounts. The figure shown for credits includes loans to the amount of DM 70 million, used to strengthen the borrowers' liable funds.

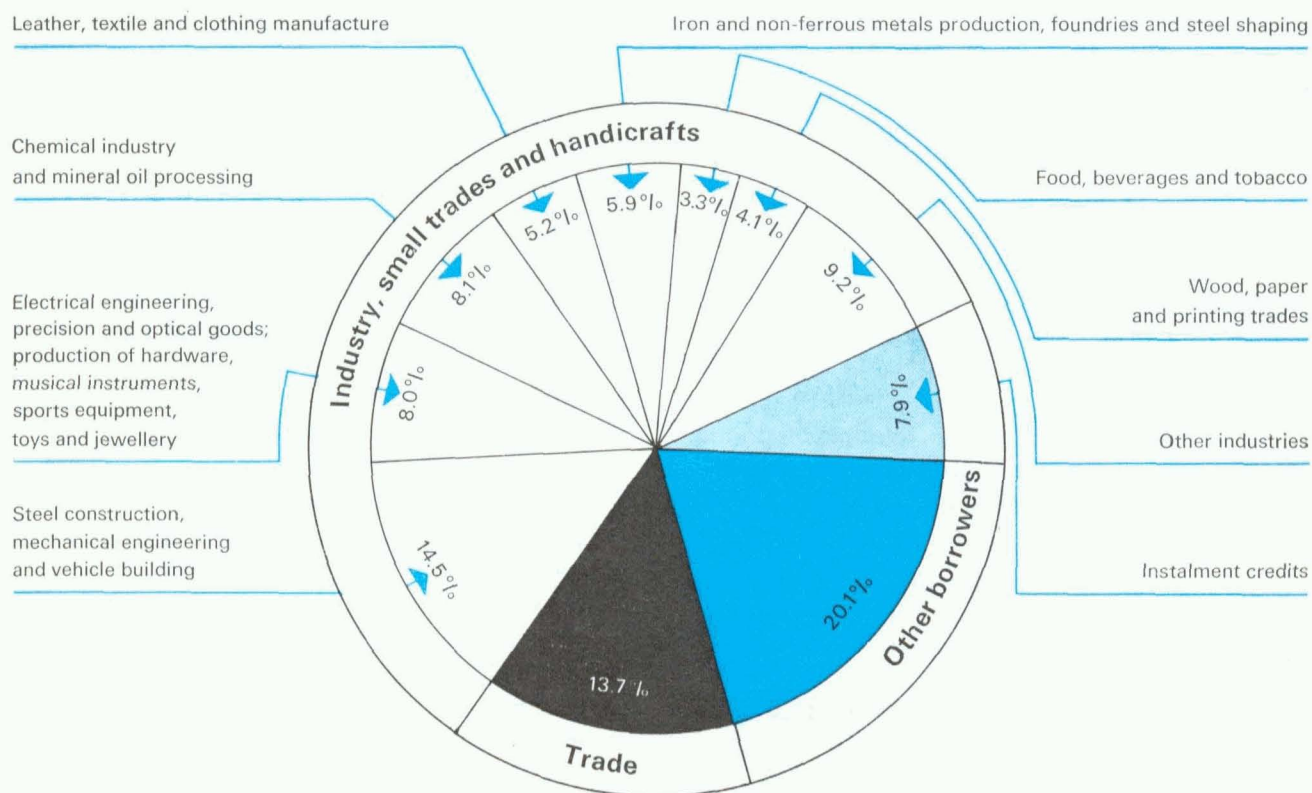
DM 911.6 million of claims on customers were financed from funds taken up for specific purposes, mainly from the Kreditanstalt für Wiederaufbau; these were passed on to the borrowers on the terms fixed by the institution providing the funds.

Account was taken of all discernible risks in the lending business through individual adjustments

Volume of credit 1961–1971



Break-down of lendings to customers by branches as of 31st December, 1971



and provisions, and of latent risks through the prescribed overall adjustment.

Investments in subsidiaries and associated companies

This item in the balance sheet has risen by DM 55,362,600. – to DM 589,560,800. – in comparison with last year; there were additions of altogether DM 124,490,896.71, deductions of DM 59,222,105.25, depreciation of DM 9,835,191.46 and transfers to the item *Securities* of DM 71,000. –.

The additions are from shares taken in the capital of new companies, capital increases by associated companies and institutions, further purchases of shares in existing participations, the acquisition of new participations and increased holdings through exchange.

The new companies are:

Euro-Pacific Finance Corporation Ltd., Melbourne
German-American Capital Corporation, Baltimore.

The associated companies and institutions whose capital increases deserve special mention are:

Berliner Disconto Bank AG, Berlin
Deutsche Kreditbank für Baufinanzierung AG, Köln
Banco Comercial Transatlántico, Barcelona
Schiffshypothekenbank zu Lübeck AG, Lübeck
and Deutsche Schiffahrtsbank AG, Bremen.

Further shares in the associated mortgage banks, the Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Köln, and the Frankfurter Hypothekenbank, Frankfurt (Main), were purchased and 50% of the capital of the UBS-DB Corporation, New York, formerly a 100% subsidiary of the Union Bank of Switzerland (Schweizerische Bankgesellschaft), Zurich, was acquired.

Through exchange the bank acquired shares of the Frankfurter Hypothekenbank, Frankfurt (Main) and gave up its participations in the Deutsche Hypothekenbank, Bremen, Hypothekenbank in Hamburg, Hamburg, Pfälzische Hypothekenbank, Ludwigshafen, and Rheinische Hypothekenbank, Mannheim.

The main deductions came from selling the participation in the Westdeutsche Bodenkreditanstalt, Cologne, and selling shares in the European-American Banking Corporation, New York, and the European-American Bank & Trust Company, New York. The bank's remaining shares in these companies were transferred to the newly-founded German-American Capital Corporation, Baltimore.

The depreciation takes account of subsequent reductions in value and risks now discernible in the foreign participations.

A list of participations, subdivided into credit institutions and other enterprises, is given on pp. 85 to 87.

The Report of the Group gives information on the bank's relations with its associated companies and institutions.

Fixed assets

Land and buildings are shown at DM 332,370,500. For this item there were additions of DM 74,450,153.89, deductions of DM 1,850,288.82 and depreciation of altogether DM 85,104,065.07. Of the additions DM 9.6 million are from the purchase of land for branch banking purposes, and DM 64.8 million costs for new buildings, extensions and alterations, mainly for our branches, with a remaining amount for the new building in Frankfurt, which is now finished and in use. Of the depreciation DM 9.3 million was ordinary depreciation and DM 75.8 million special depreciation, of which DM 73.9 million was in accordance with the tax concession in § 6b of the Income Tax Law; DM 26.6 million of this is from the special items including reserves and DM 47.3 million from profits on sales in 1971.

Office furniture and equipment is DM 122,751,400.— after additions of DM 55,159,786.58, deductions of DM 12,000.— and depreciation of DM 33,786,986.58. The additions are for the equipment of 49 newly-opened offices and the new building in Frankfurt, and the further equipment which has become necessary through rationalisation and the expansion of business. Minor items to a total value of DM 14.1 million were again completely written off.

Depreciation on goods included in this item in the balance sheet was DM 19.7 million, of which DM 2.1 million was special depreciation in accordance with § 6b of the Income Tax Law.

Other asset items

The *Equalisation and Covering Claims* dropped altogether by DM 19.3 million to DM 461.8 million. Of the Equalisation Claims DM 7.7 million were redeemed; a further DM 3.6 million have been taken over by the Deutsche Bundesbank. Through adjustment of the Conversion Account there was an increase on balance of DM 0.4 million.

The drop of DM 8.4 million in the Covering Claims is due to normal redemptions according to § 252 of the Equalisation of Burdens Law and § 19 of the Old Savings Law.

The *sundry assets*, as in other years, are, besides gold holdings, mainly holdings in companies with limited liability (GmbH), which are neither a participation nor, according to the balance sheet regulations, eligible for inclusion under *Securities*.

Funds from outside sources

Funds from outside sources rose altogether in 1971 by DM 3.4 billion (11.8%); hence the absolute increase is only slightly lower than last year (+ DM 3.7 billion). Customers' deposits accounted for most of the increase (DM 2.8 billion, or 82%), and more than half of this was in savings deposits (DM 1.5 billion).

The composition of funds from outside sources and the change over 1970 can be seen in the table on the next page.

The *liabilities to credit institutions* of DM 7.4 billion include DM 3.8 billion liabilities to foreign credit institutions. A considerable part of the increase in demand deposits (DM 0.8 billion) was also from foreign credit institutions.

The graph opposite shows the development of *non-bank customers' deposits* over the last 10 years.

As can be seen there has been an increase of DM 16.0 billion, or 173%, over this period. The main growth (DM 9.6 billion) was during the years 1968–1971.

Funds from outside sources

	End of 1971	End of 1970
	– in millions of DM –	
Liabilities to credit institutions		
demand deposits	3,921.1 = 12.1%	3,158.1 = 10.8%
term deposits	3,460.3 = 10.6%	3,612.2 = 12.4%
customers' drawings on credits opened at other institutions	9.5 = —	6.2 = —
	<u>7,390.9 = 22.7%</u>	<u>6,776.5 = 23.2%</u>
Liabilities to non-bank customers		
demand deposits	7,795.4 = 23.9%	6,878.6 = 23.6%
term deposits	7,750.1 = 23.8%	7,330.8 = 25.1%
savings deposits	9,667.0 = 29.6%	8,187.5 = 28.1%
	<u>25,212.5 = 77.3%</u>	<u>22,396.9 = 76.8%</u>
Total funds from outside sources	<u>32,603.4 = 100.0%</u>	<u>29,173.4 = 100.0%</u>

The change in the composition of customers' deposits is of particular note:

	1961	1966	1971
	%	%	%
demand deposits	44.4	35.4	31.0
term deposits	29.8	26.2	30.7
savings deposits	25.8	38.4	38.3
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

The growth in *savings deposits* in 1971 of DM 1,479.5 million, or 18.1%, is very much greater than that last year (DM 541 million, or 7.1%). The main increase (DM 889.4 million, or +22.5%) was again in savings deposits with specially agreed period of notice. For the first time these accounted for over 50% of total savings deposits.

The graph on the following page shows the shares of the different groups of savers in total savings deposits.

The graph on the next page shows the total savings of our customers after deductions from savings accounts for purchases of securities have been balanced against amounts credited to these accounts from sales of securities.

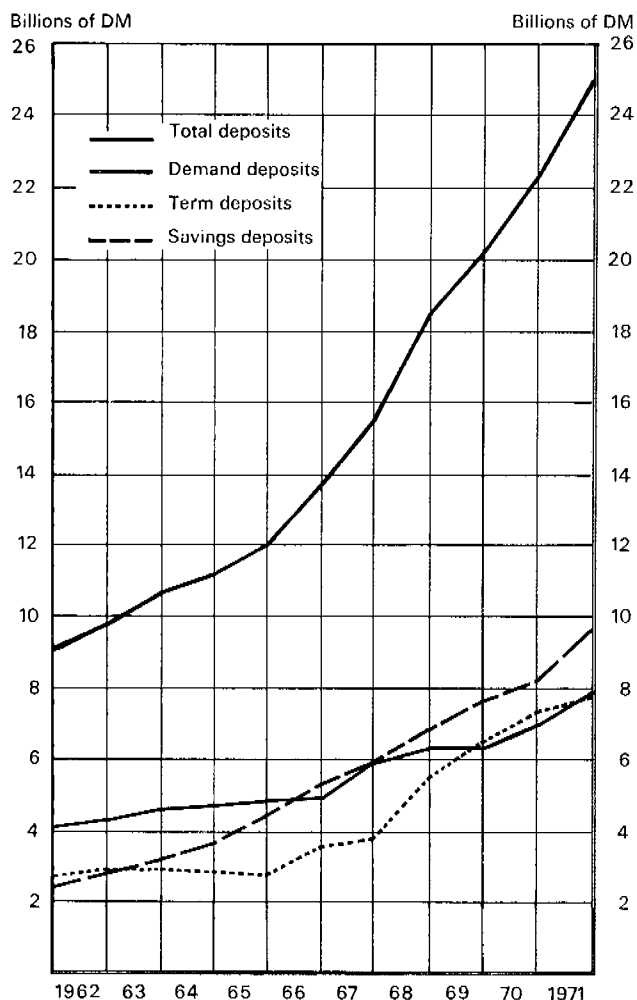
Provisions for special purposes

Provisions for uncertain liabilities at the end of 1971 amounted to DM 558.4 million altogether.

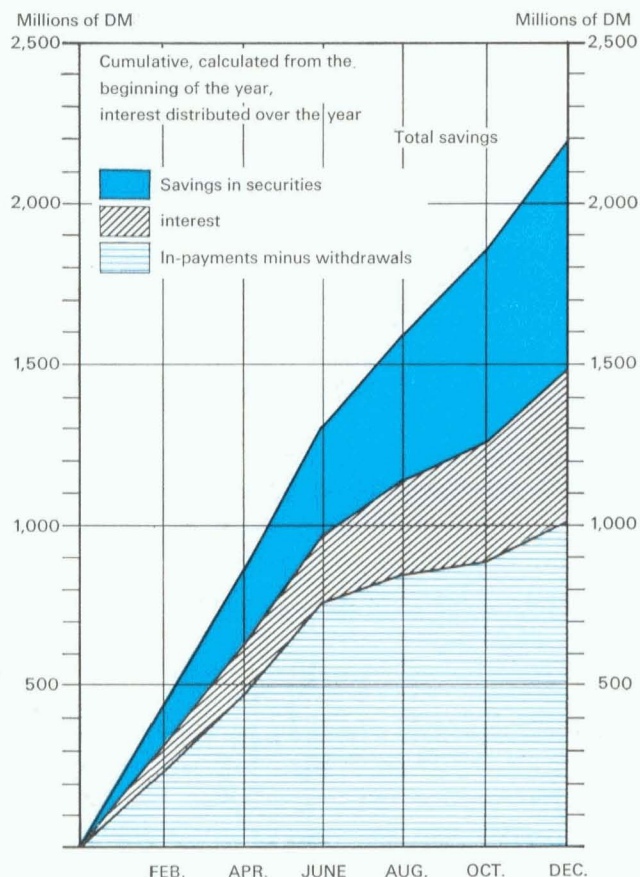
According to the actuarial computation a further DM 23.1 million had to be added to the *provisions for pensions* included in this figure; they now total DM 387.4 million.

Other provisions rose by DM 13.3 million to DM 171.0 million. These include provisions against

Non-bank customers' deposits 1961–1971



Growth in savings 1971



tax, the overall adjustment (which cannot be offset against asset items) for rights of recourse in respect of endorsement liabilities as well as for liabilities arising from guarantees and warranty contracts, and also provisions for uncertain liabilities.

Other liabilities items

The *sundry liabilities* at DM 11.0 million include, as in previous years, liabilities outside the banking business, in particular wage and church tax and social insurance contributions payable.

The *special items including reserves* contain only the special item in accordance with the Development Aid Tax Law, which was increased during the year under review by DM 0.8 million to DM 1.0 million. This year's balance sheet has no special item in accordance with § 6b of the Income Tax Law. The amount of DM 28.7 million entered in the

balance sheet for the end of 1970 has been written back and full allowance has been made on the special depreciation on fixed assets.

The *transitory items* include receipts which do not relate to the year under review.

Contingent liabilities

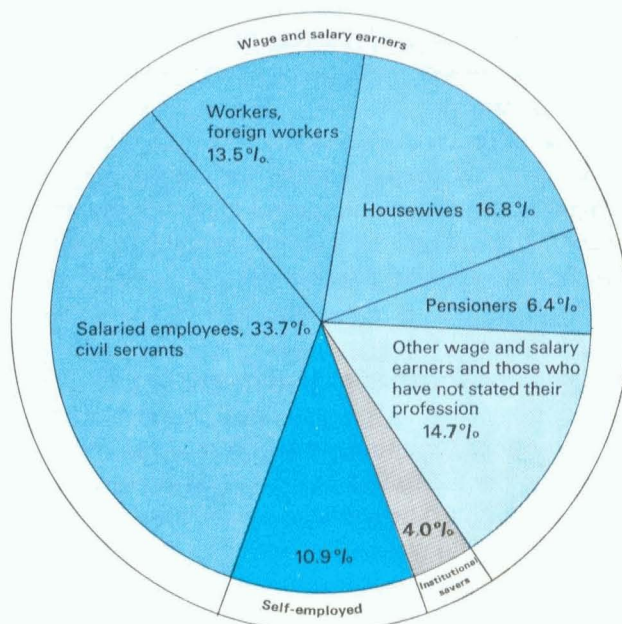
Endorsement liabilities on rediscounted bills of exchange at the end of 1971 totalled DM 780.3 million as against DM 640.3 million last year. Furthermore bills to a total amount of DM 80.8 million were in the process of collection.

Liabilities arising from guarantees of various kinds and warranty contracts rose by DM 201.5 million to DM 4,386.8 million.

Obligations to repurchase items assigned en pension at the end of the year were DM 666.0 million (DM 298.1 million last year).

Liabilities for possible calls on shares not fully paid up in public and private limited companies and limited partnerships were DM 23.2 million on balance sheet date. In some cases the bank released unlimited partners from their personal liabilities.

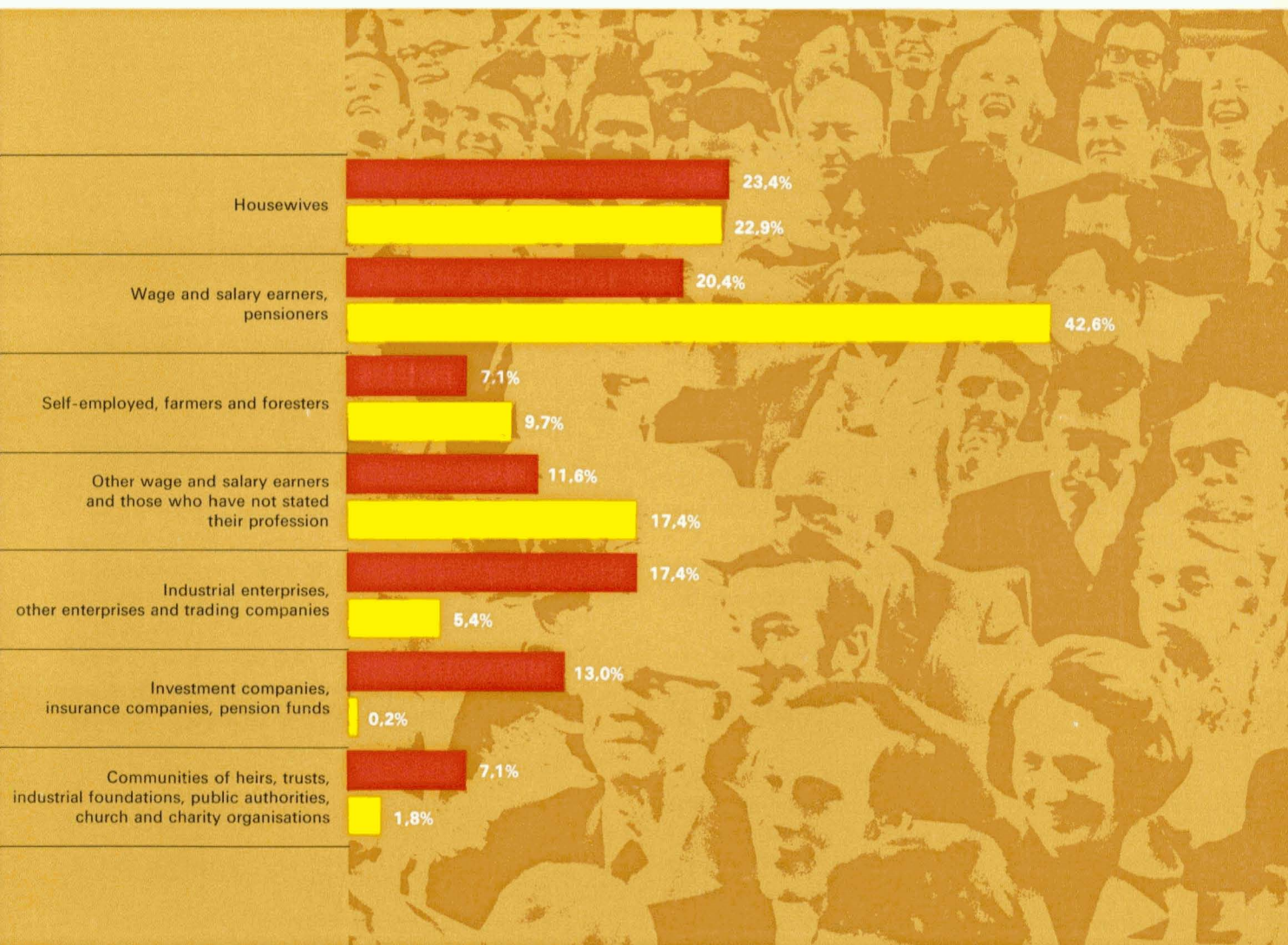
Breakdown of savings deposits according to groups of savers as at 31st December, 1971



At the end of 1971 the capital of the Deutsche Bank was owned by 122,000 shareholders. The diagram shows that the capital is widely spread amongst almost all sections of the population.

■ Percentages refer to the capital of DM 560 million

■ Percentages refer to 122,000 shareholders



PROFIT AND LOSS ACCOUNT

Receipts on the volume of business

The drop in the interest rate level in 1971 led to a decrease in receipts from and expenditure on interest, but also to a further narrowing of the interest margin. Whereas the debtor rates were adjusted directly to the cuts in the discount rate, the creditor rates were slow to follow. Hence an expansion in the volume of business of 7.3% on average for the year was necessary to compensate the decline in the net interest income and bring about a slight increase of DM 29.8 million or 3.3%. The increase in the overall adjustment absorbed most of this higher income. The following table gives details of interest receipts and expense:

	1971	1970
	Mill. DM	Mill. DM
Interest and similar receipts from lending and money market transactions	1,918.1	2,025.0
Current receipts from securities, debt register claims, and investments in subsidiaries and associates	231.7	242.2
	2,149.8	2,267.2
Interest paid and similar expenses	1,219.6	1,366.8
Receipt on the volume of business	930.2	900.4

Receipts from services

As a result of the favourable development in turnover in foreign and securities business commission and other receipts from services rose by DM 45.1 million.

After deduction of expenditure on commissions there is a surplus of DM 290.8 million; this is DM 42.2 million higher than last year. In spite of this increase receipts on services only cover just on 30% of management expenses.

Other receipts

In 1971 the receipts on securities and foreign exchange dealings listed under this item, which are

part of our ordinary business, were considerably higher than last year. In accordance with the relevant regulations part of the net earnings on securities trading as well as gains on the sale of securities and amounts received on claims written off, on released adjustments and provisions for possible loan losses were calculated against depreciation and adjustment on claims and securities. The remainder and other receipts on ordinary business are shown at DM 134.8 million under Other receipts.

Management expenses

Staff expenses (wages and salaries, social security contributions, retirement pensions and other benefits) rose by a total of DM 121.0 million, or 18.2% in 1971, chiefly as a result of a further increase in collectively agreed salaries of 7.9% from 1st March, 1971 and other salaries, improvements in the "vermögenswirksame Leistungen" (employer's contribution to individual wealth formation) and the increase in the number of staff.

Most of the increase was accounted for by wages and salaries (+ DM 91.3 million). Relatively the strongest increase, at DM 17.1 million or +34.8%, was again in social security contributions; these expenses have doubled over 1968, in other words within 3 years.

Expenditure on administration, which rose by DM 12.5 million, or 6.8%, was kept at an appropriate level within the framework of the expansion of business. Increased expenditure was due to price rises and rationalisation measures necessitated by the staff and competitive situation.

Depreciation

Depreciation and adjustments on land and buildings and on office furniture and equipment, which rose from DM 57.2 million to DM 118.9 million, includes DM 76.0 million special depreciation in accordance with § 6b of the Income Tax Law. DM 47.3 million of this is from the sale of land and securities in 1971 and DM 28.7 million from the

writing back of the special items including reserves in accordance with § 6b shown at the end of 1970.

Taxes

Tax expense totalling DM 117.0 million includes tax on income, earnings and property to the amount of DM 104.9 million as compared with DM 91.3 million in 1970. The increase is mainly a result of the slight improvement in the operating result and the fact that less depreciation on securities was necessary. Capital investment tax of DM 5.6 million on the capital increase in 1971 is shown under *Other Taxes*.

Other expenses

The emoluments of the Board of Managing Directors for the year under review amounted to DM 6,657,398.74; former members of the Boards of Managing Directors of Deutsche Bank AG and Deutsche Bank, Berlin, or their surviving dependents received payments aggregating DM 1,727,787.52.

The Supervisory Board received as fixed emoluments DM 302,685.—; the Supervisory Board payments, which vary according to the annual dividend paid, amounted to DM 672,844.—. Members of the Advisory Board received DM 386,906.68. The members of the Regional Advisory Councils received DM 1,676,484.60.

Proposed appropriation of profit

The Profit and Loss Account shows:

<i>Receipts</i>	DM 2,620.7 million
<i>Expenses</i>	DM 2,479.9 million
<i>Year's net earnings</i>	DM 140.8 million
<i>Allocation to published</i>	
<i>reserves</i>	DM 40.0 million
<i>Disposable profit</i>	DM 100.8 million

We propose to the shareholders that a dividend of DM 9.— be paid per share of DM 50.— par value, i. e. DM 100.8 million, on the capital of DM 560,000,000.—.

Capital and reserves

By resolution of the Ordinary General Meeting of 14th May, 1971 the capital was increased by DM 80 million to DM 560 million. The resultant premium of DM 144 million was allocated to the statutory reserve fund.

After allocation of DM 40 million to the Published Reserves the bank's *own funds* are composed as follows:

<i>Capital</i>	DM 560.0 million
<i>Published Reserves</i>	
a) <i>statutory reserve fund</i>	DM 314.0 million
b) <i>other reserves</i>	DM 750.0 million
(voluntary reserve fund)	
<i>Total</i>	DM 1,624.0 million

Frankfurt (Main), March 1972

THE BOARD OF MANAGING DIRECTORS

Philipp *lein* *Frej* *Kaunert*
Strohan *Kunze* *Prinzing*
Reise *Volkmann*
Meyer *Kinn* *Ullrich* *Heck*

Growth of Capital and Reserves

	Capital	Published Reserves	Capital and Reserves Total
	DM	DM	DM
1st January, 1952 (opening balance sheet)	100,000,000.—	40,500,000.—	140,500,000.—
Allocation: 1952, as per Annual Report		34,500,000.—	34,500,000.—
31st December, 1952	100,000,000.—	75,000,000.—	175,000,000.—
Allocation from the net earnings 1953		10,000,000.—	10,000,000.—
31st December, 1953	100,000,000.—	85,000,000.—	185,000,000.—
Allocation from the net earnings 1954		15,000,000.—	15,000,000.—
31st December, 1954	100,000,000.—	100,000,000.—	200,000,000.—
Capital increase: 1955 (1 for 2 at par)	50,000,000.—		50,000,000.—
Allocation from the conversion account		1,500,000.—	1,500,000.—
Allocation from the net earnings 1955		23,500,000.—	23,500,000.—
31st December, 1955	150,000,000.—	125,000,000.—	275,000,000.—
Capital increase: 1956 (1 for 3 at par)	50,000,000.—		50,000,000.—
Allocation from the net earnings 1956		25,000,000.—	25,000,000.—
31st December, 1956	200,000,000.—	150,000,000.—	350,000,000.—
Allocation from the net earnings 1957		30,000,000.—	30,000,000.—
31st December, 1957	200,000,000.—	180,000,000.—	380,000,000.—
Capital increase: 1958 (1 for 4 at par)	50,000,000.—		50,000,000.—
Allocation from the net earnings 1958		35,000,000.—	35,000,000.—
31st December, 1958	250,000,000.—	215,000,000.—	465,000,000.—
Allocation from the net earnings 1959		35,000,000.—	35,000,000.—
31st December, 1959	250,000,000.—	250,000,000.—	500,000,000.—
Allocation from the net earnings 1960		50,000,000.—	50,000,000.—
31st December, 1960	250,000,000.—	300,000,000.—	550,000,000.—
Capital increase: 1961 (1 for 5 at par)	50,000,000.—		50,000,000.—
Allocation from the net earnings 1961		40,000,000.—	40,000,000.—
31st December, 1961	300,000,000.—	340,000,000.—	640,000,000.—
Allocation from the net earnings 1962		20,000,000.—	20,000,000.—
31st December, 1962	300,000,000.—	360,000,000.—	660,000,000.—
Allocation from the net earnings 1963		40,000,000.—	40,000,000.—
31st December, 1963	300,000,000.—	400,000,000.—	700,000,000.—
Allocation from the net earnings 1964		30,000,000.—	30,000,000.—
31st December, 1964	300,000,000.—	430,000,000.—	730,000,000.—
Capital increase: 1965 (1 for 6 at par)	50,000,000.—		50,000,000.—
Allocation from the net earnings 1965		70,000,000.—	70,000,000.—
31st December, 1965	350,000,000.—	500,000,000.—	850,000,000.—
Capital increase: 1966 (1 for 7 at par)	50,000,000.—		50,000,000.—
Allocation from the net earnings 1966		100,000,000.—	100,000,000.—
31st December, 1966	400,000,000.—	600,000,000.—	1,000,000,000.—
Allocation from the net earnings 1967		50,000,000.—	50,000,000.—
31st December, 1967	400,000,000.—	650,000,000.—	1,050,000,000.—
Capital increase: 1968 (1 for 5 at 250)	80,000,000.—		80,000,000.—
Allocation from the net earnings 1968		50,000,000.—	50,000,000.—
31st December, 1968	480,000,000.—	820,000,000.—	1,300,000,000.—
Allocation from the net earnings 1969		30,000,000.—	30,000,000.—
31st December, 1969	480,000,000.—	850,000,000.—	1,330,000,000.—
Allocation from the net earnings 1970		30,000,000.—	30,000,000.—
31st December, 1970	480,000,000.—	880,000,000.—	1,360,000,000.—
Capital increase: 1971 (1 for 6 at 280)	80,000,000.—		80,000,000.—
Allocation from the net earnings 1971		40,000,000.—	40,000,000.—
31st December, 1971	560,000,000.—	1,064,000,000.—	1,624,000,000.—

Development of Reserves

Published reserves as per opening balance sheet 1. 1. 1952	40,500,000.—
Allocation from the continued Conversion Account	1,500,000.—
Allocations from net earnings	758,000,000.—
Premium out of the capital increases 1968 and 1971	264,000,000.—
Total published reserves	1,064,000,000.—

Report of the Supervisory Board

At the Supervisory Board meetings last year, and in numerous individual discussions, we obtained detailed reports concerning the bank's situation and the basic questions of business policy, and debated these together with the Board of Managing Directors. We followed closely the development of the balance sheet and earnings account throughout the year. Further subjects which received attention were the German and international monetary situation, cooperation with the mortgage banks which now belong to our Group and with our European partner banks, the development of the share and bond markets, the range of services we offer, and the question of bank charges. The economic situation was the subject of detailed reports and discussion. We also debated important individual business transactions, and dealt with those matters submitted to us for approval in accordance with legal or statutory requirements. Questions of staff policy and collective wage and salary agreements were likewise discussed by the Supervisory Board.

It is the function of the Credit Committee of the Supervisory Board to examine credit commitments. It accordingly called for reports and comments to be given at its meetings of all major loans or those en-

tailing increased risks.

The Treuverkehr AG Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Frankfurt (Main), who were chosen as auditors of the annual accounts by the Annual General Meeting, have examined the Annual Statement of Accounts, the Report of the Board of Managing Directors and the accounting and have found these to be in conformity with the books, which were properly kept, and with the provisions of the applicable law. We accept the Report of the Auditors.

Furthermore we have ourselves examined the Statement of Accounts as of 31st December, 1971, the proposed appropriation of profits and the Report of the Board of Managing Directors. We do not raise any objections.

The Consolidated Annual Statement of Accounts, the Report of the Group and the Report of the Auditors of the Consolidated Annual Accounts have been submitted to the Supervisory Board.

We have approved the Annual Statement of Accounts drawn up by the Board of Managing Directors, which has thus been established. We agree to the proposed appropriation of profits.

Frankfurt (Main), March 1972

THE SUPERVISORY BOARD



Chairman

ANNUAL BALANCE SHEET

as of 31st December, 1971

PROFIT AND LOSS ACCOUNT

for the period from 1st January to 31st December,
1971

THE GROWTH OF THE BALANCE SHEET

from 1st January, 1952

until 31st December, 1971

ASSETS

DEUTSCHE BANK

AKTIENGESELLSCHAFT

	DM	DM	31. 12. 1970 in 1,000 DM
Cash in hand		216,718,979.09	201,119
Balances with the Deutsche Bundesbank		3,476,733,650.07	2,533,483
Balances on postal cheque accounts		23,707,580.20	28,373
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection		252,137,851.18	293,946
Bills discounted		3,877,150,396.29	4,094,983
including:			
a) rediscountable at the Deutsche Bundesbank	DM 3,269,912,924.33		
b) own drawings	DM 7,174,681.80		
Claims on credit institutions			
a) payable on demand	1,757,194,431.56		1,503,217
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,066,212,443.58		552,563
bb) at least three months, but less than four years	2,096,857,176.86		1,817,732
bc) four years or longer	530,099,364.84		429,463
		5,450,363,416.84	4,302,975
Treasury bills and non-interest-bearing Treasury bonds			
a) of the Federal Republic and the Länder	724,508,333.33		389,839
b) others			18,625
		724,508,333.33	408,464
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Länder	DM 68,409,104.15		
ab) of credit institutions	DM 140,061,808.32		
ac) others	DM 60.—		
including:			
eligible as collateral for Bundesbank advances	DM 208,470,912.47		
b) with a life of more than four years			
ba) of the Federal Republic and the Länder	DM 173,829,796.08		
bb) of credit institutions	DM 360,582,272.45		
bc) others	DM 314,984,934.12		
including:			
eligible as collateral for Bundesbank advances	DM 505,779,181.12		
		1,057,867,975.12	1,481,530
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,134,601,032.63		1,314,477
b) other securities	11,998,202.55		10,462
including: holdings of more than one tenth of the shares in a joint stock corporation or mining company, excluding investments in subsidiaries and associated companies	DM 857,880,254.48		
		1,146,599,235.18	1,324,939
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	10,283,154,795.71		8,892,919
b) four years or longer	6,540,922,869.16		5,891,561
including:			
ba) secured by mortgages on real estate	DM 338,657,350.26		
bb) communal loans	DM 36,644,858.64		
due in less than four years	DM 3,792,414,000.—		
		16,824,077,664.87	14,784,480
Equalisation and Covering Claims on Federal and Länder authorities under the Currency Reform Laws		461,856,567.87	481,051
Loans on a trust basis at third party risk		71,042,286.33	52,335
Investments in subsidiaries and associated companies		589,560,800.—	534,198
including: in credit institutions	DM 510,991,300.—		
Land and buildings		332,370,500.—	344,875
Office furniture and equipment		122,751,400.—	101,391
Sundry assets		559,086,899.83	462,328
Transitory items		1,367,815.35	1,784
TOTAL ASSETS		35,187,901,351.55	31,432,254

The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include

a) claims on associated companies in accordance with Article 15 of the Joint Stock Corporation Act	1,093,906,130.04	1,134,502
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown in a)	151,157,607.22	113,300

BALANCE SHEET as of 31st December, 1971

LIABILITIES

	DM	DM	DM	31. 12. 1970 in 1,000 DM
Liabilities to credit institutions				
a) payable on demand		3,921,105,054.—		3,158,077
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	1,235,099,671.85			
bb) at least three months, but less than four years	1,308,324,136.17			
bc) four years or longer	916,841,846.25	3,460,265,654.27		3,612,243
including: due in less than four years	DM 509,563,532.46			
c) customers' drawings on credits opened at other institutions		9,490,367.39		6,164
			7,390,861,075.66	6,776,484
Banking liabilities to other creditors				
a) payable on demand		7,795,385,738.93		6,878,550
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	4,079,493,730.10			
bb) at least three months, but less than four years	3,611,234,965.56			
bc) four years or longer	59,390,445.95	7,750,119,141.61		7,330,839
including: due in less than four years	DM 26,516,943.95			
c) savings deposits				
ca) subject to legal period of notice	4,816,642,303.59			
cb) others	4,850,317,225.46	9,666,959,529.05		8,187,498
			25,212,464,409.59	22,396,887
Own acceptances and promissory notes in circulation			33,423,166.49	69,990
Loans on a trust basis at third party risk			71,042,286.33	52,335
Provisions for special purposes				
a) for pensions		387,454,100.—		364,289
b) others		170,973,790.60		157,694
			558,427,890.60	521,983
Sundry liabilities			10,999,298.89	10,577
Franz Urbig and Oscar Schlitter Endowment				
assets of the Endowment		1,509,505.34		1,552
less investments in securities		1,439,921.15		1,459
			69,584.19	93
Transitory items			184,814,897.22	128,589
Special items including reserves				
a) in accordance with the Development Aid Tax Law		998,742.58		192
b) in accordance with Article 6 b of the Income Tax Law		—		28,724
			998,742.58	28,916
Capital			560,000,000.—	480,000
Published reserves				
a) statutory reserve fund		314,000,000.—		170,000
b) other reserves (voluntary reserve fund)	710,000,000.—			
allocation from the year's net earnings	40,000,000.—	750,000,000.—		710,000
			1,064,000,000.—	880,000
Disposable profit			100,800,000.—	86,400
TOTAL LIABILITIES				35,187,901,351.55
				31,432,254
Endorsement liabilities on rediscounted bills of exchange			780,323,482.90	640,317
Liabilities arising from guarantees of various kinds and warranty contracts			4,386,821,924.46	4,185,301
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			666,030,228.—	298,089
Savings premiums under the Savings Premium Law			179,834,810.81	160,351
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			951,364,193.58	407,200

EXPENSES

PROFIT AND LOSS ACCOUNT

	DM	DM	1970 in 1,000 DM
Interest and similar expenses		1,219,586,850.65	1,366,786
Commissions and similar expenses in respect of service transactions		11,857,398.54	8,939
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		—	47,440
Salaries and wages		628,815,404.66	537,497
Social security contributions		66,216,245.37	49,112
Expenditure on retirement pensions and other benefits		91,345,617.48	78,743
Administrative expenditure on the banking business		197,351,616.75	184,864
Depreciation and adjustments on land and buildings, and on office furniture and equipment		118,891,051.65	57,205
Depreciation and adjustments on investments in subsidiaries and associated companies		9,835,191.46	3,417
Taxes			
a) on income, earnings and property	104,875,676.52		91,276
b) others	<u>12,126,568.77</u>		4,840
		117,002,245.29	96,116
Allocations to special items including reserves		806,869.53	13,999
Other expenses		18,170,378.47	21,754
Year's net earnings		140,800,000.—	116,400
TOTAL EXPENSES		2,620,678,869.85	2,582,272

Year's net earnings
 Allocations from the year's net earnings to published reserves
 a) to the statutory reserve fund
 b) to other reserves (voluntary reserve fund)
 Disposable profit

In the year under review the Bank effected payment of DM 47,316,233.47 representing pensions and contributions to the Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a. G.), Berlin. The payments to be effected in the next five years will probably reach 107%, 115%, 124%, 134%, and 147% of the above-mentioned amount.

Frankfurt (Main), March 1972

DEUTSCHE BANK AKTIENGESELLSCHAFT

Christians Feith Guth v. Hauenschild
Herrhausen Kleffel Leibkutsch Ulrich Vallenthin
Burgard Ehret Mertin Thierbach

RECEIPTS

DM	DM	1970 DM
	140,800,000.—	116,400,000.—
—, —		
40,000,000.—	40,000,000.—	30,000,000.—
<u>40,000,000.—</u>	<u>100,800,000.—</u>	<u>86,400,000.—</u>

Fandré
Wirtschaftsprüfer
(Chartered Accountant)

THE GROWTH OF THE BALANCE SHEET until 31 st December, 1971

— in millions of DM —

	31. 12. 1971	31. 12. 1970	31. 12. 1969	31. 12. 1968	31. 12. 1967	31. 12. 1966
ASSETS						
Cash, balances with Deutsche Bundesbank and on postal cheque accounts	3,717	2,763	1,673	1,931	1,379	1,859
Bills discounted	3,877	4,095	4,186	4,532	3,777	2,890
Claims on credit institutions	5,450	4,303	3,462	2,843	2,329	1,760
Treasury bills and non-interest-bearing Treasury bonds	725	408	—	1,878	1,704	705
Bonds and debt instruments	1,058	1,482	1,635	1,303	851	561
Securities, so far as they have not to be included in other items	1,147	1,325	1,307	1,250	1,038	1,094
Claims on customers	16,824	14,785	13,411	9,310	7,857	7,975
with agreed life, or subject to agreed period of notice, of						
a) less than four years	10,283	8,893	8,190	6,043	6,004	6,915
b) four years and longer	6,541	5,892	5,221	3,267	1,853	1,060
Claims on Federal and Länder authorities under the Currency Reform Laws	462	481	499	512	519	514
Loans on a trust basis	71	52	43	45	198	171
Investments in subsidiaries and associated companies	590	534	340	320	191	154
Land and buildings	332	345	276	263	241	226
Office furniture and equipment	123	101	88	82	75	70
Other assets	812	758	816	574	262	173
BALANCE SHEET TOTAL	35,188	31,432	27,736	24,843	20,421	18,152
LIABILITIES						
Liabilities to credit institutions	7,391	6,776	5,132	4,267	3,018	2,565
Banking liabilities						
to other creditors	25,213	22,397	20,326	18,628	15,633	13,777
including: term deposits	7,750	7,331	6,393	5,489	3,778	3,607
savings deposits	9,667	8,187	7,647	6,835	5,983	5,295
Own acceptances in circulation	33	70	170	8	4	142
Loans on a trust basis	71	52	43	45	198	171
Provisions for special purposes	558	522	484	430	382	380
a) for pensions	387	364	346	319	301	244
b) others	171	158	138	111	81	136
Capital	560	480	480	480	400	400
Published reserves	1,064	880	850	820	650	600
a) statutory reserve fund	314	170	170	170	50	50
b) other reserves (voluntary reserve fund)	750	710	680	650	600	550
Other liabilities	197	169	131	79	56	53
Disposable profit	101	86	120	86	80	64
BALANCE SHEET TOTAL	35,188	31,432	27,736	24,843	20,421	18,152
Endorsement liabilities on rediscounted bills of exchange ..	780	640	1,332	151	74	90
Liabilities arising from guarantees of various kinds and warranty contracts	4,387	4,185	3,144	2,353	2,066	1,894
Year's net earnings	141	116	150	136	130	164*)
Allocations to published reserves	40	30	30	50	50	100
Disposable profit	101	86	120	86	80	64
Dividend in %	(18%)	18%	18%+7%	18%	16%+4%	16%
in DM per share	9,—	9,—	12.50	9,—	10,—	8,—

*) including receipts from the appreciation in value of office furniture and equipment of DM 70 m.

**) including receipts from the appreciation in value of land and buildings of DM 35 m.

31. 12. 1965	31. 12. 1964	31. 12. 1963	31. 12. 1962	31. 12. 1961	31. 12. 1960	31. 12. 1959	31. 12. 1958	31. 12. 1957	31. 12. 1956	1. 1. 1952
1,609	1,386	1,546	1,224	1,194	1,388	1,009	953	894	699	417
2,711	2,890	2,566	2,140	2,288	2,109	2,172	2,041	1,973	1,897	598
1,285	1,560	1,394	1,453	1,268	983	1,077	1,154	694	686	347
203	210	511	448	641	482	320	406	456	54	64
657	826	664	591	617	557	1,109	521	374	333	3
1,064	837	735	826	791	706	532	409	368	352	60
7,206	6,046	5,693	5,558	4,841	4,128	3,395	2,789	2,779	2,805	1,690
6,235	5,250	4,912	4,922	4,235	3,696	3,007	2,425	2,407	2,396	1,458
971	796	727	636	606	432	388	364	372	409	232
511	506	504	496	494	501	502	506	493	476	417
153	123	109	89	77	65	60	66	78	87	46
146	121	117	109	97	80	67	62	58	54	9
206	162	159	161	158	154	149	142	134	118	61
—	—	—	—	—	—	—	—	—	—	20
103	119	98	101	109	69	82	62	56	60	26
15,854	14,786	14,042	13,196	12,575	11,222	10,474	9,111	8,357	7,621	3,758
2,153	2,140	2,019	2,044	2,190	1,744	1,516	1,405	1,689	1,810	589
12,096	11,315	10,764	9,960	9,238	8,475	8,045	6,857	5,933	5,092	2,652
2,818	2,886	2,970	2,867	2,751	2,551	2,558	2,280	2,103	1,652	731
4,444	3,704	3,213	2,778	2,383	2,200	1,914	1,427	1,151	964	197
133	41	42	61	53	51	56	25	15	15	119
153	123	109	89	77	65	60	66	78	87	46
366	350	328	308	310	281	219	206	202	209	188
221	195	178	169	153	146	139	130	123	127	76
145	155	150	139	157	135	80	76	79	82	112
350	300	300	300	300	250	250	250	200	200	100
500	430	400	360	340	300	250	215	180	150	41
50	50	50	50	50	50	25	25	25	25	25
450	380	350	310	290	250	225	190	155	125	16
47	39	32	26	19	16	38	52	35	33	23
56	48	48	48	48	40	40	35	25	25	—
15,854	14,786	14,042	13,196	12,575	11,222	10,474	9,111	8,357	7,621	3,758
417	260	206	526	235	167	133	74	138	317	794
1,856	1,718	1,543	1,646	1,618	1,473	1,326	1,213	1,338	816	461
126**)	78	88	68	88	90	75	70	55	50	
70	30	40	20	40	50	35	35	30	25	
56	48	48	48	48	40	40	35	25	25	
16%	16%	16%	16%	16%	16%	16%	14%	12%	12%	

— until 31. 12. 1967 after adjustment to the new prescribed form —

DEUTSCHE BANK

AKTIENTENGESELLSCHAFT

REPORT OF THE GROUP
FOR THE YEAR 1971

Report of the Group for 1971

The *Consolidated Annual Statement of Accounts* of the Deutsche Bank Aktiengesellschaft as of 31st December, 1971 includes the following companies:

	Proportion of capital held
Berliner Disconto Bank Aktiengesellschaft, Berlin	100 %
Terraingesellschaft Gross-Berlin GmbH, Berlin	100 %
Bernhard Blanke, Bankhaus, Düsseldorf	100 %
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Cologne	63.6%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	100 %
Deutsche Ueberseeische Bank, Berlin-Hamburg	97 %
Frankfurter Hypothekenbank, Frankfurt (Main)	75.7%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Gefa-Leasing GmbH, Wuppertal	100 %
Meller Volksbank Aktiengesellschaft, Melle	100 %
Saarländische Kreditbank Aktiengesellschaft, Saarbrücken	68.2%
Saarländische Immobilien-Gesellschaft mbH, Saarbrücken	68.2%
"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	100 %
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt (Main)	100 %
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	100 %
Matura Vermögensverwaltung mbH, Düsseldorf	100 %
Nordwestdeutscher Wohnungsbauträger GmbH, Brunswick	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)	100 %
Elektro-Export-Gesellschaft mbH, Nuremberg	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)	100 %
Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin	100 %
Tauernallee Grundstücksgesellschaft mbH, Berlin	100 %

The Frankfurter Hypothekenbank, Frankfurt (Main), and the Meller Volksbank AG, Melle, are new additions to the consolidated companies. It was decided not to include the Compagnie Financière de la Deutsche Bank AG, Luxembourg, in the Report for the Group in view of the fact that it has a special balance sheet structure, due to the international nature of its business. The Deutsche Bank, Berlin, and the Exportkreditbank AG, Berlin, as dormant old banks with no new business, are not included in the consolidated accounts. The old bank accounts for these companies have still not been finally confirmed.

The Deutsche Kreditbank für Baufinanzierung AG, Cologne, together with its subsidiaries, in which the bank only has a 50% holding, some other smaller

companies which are of no importance for the present consolidated accounts, as well as the Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Düsseldorf, and the Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Hamburg, were also not included in the Report of the Group.

The Deutsche Eisenbahn Consulting GmbH, Frankfurt (Main), the Deutsche Gesellschaft für Anlageverwaltung mbH, Frankfurt (Main), and INEFA Kunststoffe AG, Itzehoe are not under the uniform direction of the Deutsche Bank AG. The bank holds more than 50% in these companies, but only maintains those business relations normal with bank customers. There are no business transactions

capable of materially affecting the bank's situation to note in connection with these companies.

With regard to the associated companies belonging to the Group we report as follows:

The *Berliner Disconto Bank AG, Berlin*, was established in 1949 as an all-round bank. It maintains 63 offices in West Berlin. In the year under review the balance sheet total rose by 16.1% and, at DM 2,024 million, passed the two-billion mark for the first time. In 1971 the capital was increased by DM 5 million, and now totals DM 30 million. The premium of DM 7.5 million was allocated to the statutory reserve fund. The net earnings for 1971 of DM 7.2 million made it possible to allocate DM 3 million to the Published Reserves. At the end of 1971 the bank's Own Funds totalled DM 87.5 million. The disposable profit of DM 4.2 million is for payment of a dividend of 14%. Normal banking relations are maintained with the associated companies. Together with the *Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)*, the *Berliner Disconto Bank AG, Berlin*, holds the shares in the *Terraingesellschaft Gross-Berlin GmbH, Berlin*, which manages property in West Berlin for its own account and that of others. The *Berliner Disconto Bank AG, Berlin*, has rented banking premises from the *Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)*.

Bankhaus Bernhard Blanke, Düsseldorf, has been in existence since 1923. It operates as an all-round bank, with special emphasis on service to private customers. The Deutsche Bank has been a partner with limited liability since 1st October, 1970. Business in 1971 was satisfactory.

In 1970 the *Compagnie Financière de la Deutsche Bank AG, Luxembourg*, was established to carry out special tasks on the international money and capital market; it successfully completed its first business year on 30th September, 1971. In this initial year of operations it succeeded in acquiring a firm position in the banking centre of Luxembourg and on the Euro market. The favourable development has continued in the second business year as well. The balance sheet total as at 31st December, 1971 amounted to the equivalent of DM 2.3 billion. The decisive factors for the expansion of business were the activity in the international credit business on a short, medium and long-term basis in all convertible currencies and the interest arbitrage business. The com-

pany has already been able to make use of the legal possibilities for a global adjustment, and hence to make provision for indiscernible credit risks. The disposable profit for the first business year, which is shown at approximately DM 1 million, was allocated to the Published Reserves.

The *Deutsche Centralbodenkredit-AG, Berlin-Cologne*, engages in all bank business permitted under the Mortgage Bank Law in the Federal Territory and West Berlin, in particular the granting of mortgages and communal loans and the issuing of mortgage bonds and communal bonds. It is the second largest private mortgage bank. As a result of the very lively loan and issue business the balance sheet total rose by 18.6% to DM 4,728 million. DM 6 million of the year's net earnings was allocated to the Published Reserves, which now total DM 93 million. Including the capital of DM 36 million, the company has DM 129 million Own Funds at its disposal. A dividend of DM 9 per share of DM 50 par value is again to be paid for 1971.

The *Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)*, operates as an investment company, chiefly for large institutional investors, company pension and welfare trusts, insurance companies and other trusts. The DEGEF, which was established in 1968, has developed according to expectations. In 1971 the number and total assets of the funds managed was further increased. For the business year 1970/71 the company paid 8% on its capital of DM 1 million.

The *Deutsche Kreditbank für Baufinanzierung AG, Cologne*, specialises in the financing of housing construction; in the year under review it also considerably expanded its volume of business. Besides loans to finance purchases of property and loans to builders the bank also grants advance and interim credits against mortgages and savings and loan associations' savings agreements as well as long-term loans for housebuilding within the framework of its lending programme "Gesamtbaufinanzierung" (financing for the whole building project). At the end of the year under review the balance sheet total had reached DM 802 million. The capital was increased by DM 8 million to DM 24 million; the bank has own funds of DM 33.7 million. Its subsidiary, the *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, which was established in 1969, also registered a marked expansion in the volume of business. The

financing of investment in property and buildings which it offers is continually gaining in importance and is coming to be considered as an alternative to conventional financing forms by a growing number of companies. In the year under review the company founded the DIL Deutsche Gesellschaft für Bauplanung und -beratung mbH and the Grundstücksgesellschaft Grafenberger Allee mbH and took over the Castolin Grundstücksgesellschaft mbH to carry out special duties such as planning and handling the financial aspect of building projects for business premises and arranging for the construction and renting of special building projects.

In addition to conducting normal banking business the *Deutsche Ueberseeische Bank, Berlin-Hamburg*, is chiefly engaged in financing foreign trade, where it cooperates closely with other banks in the Group. The bank has 5 branches in the Federal Republic and West Berlin. It further maintains 2 branches and 10 sub-branches in Argentina and one branch each in Brazil, Paraguay and Japan. Of the 6 foreign representative offices in Central and South America 5 are managed jointly with the Deutsche Bank AG. At the end of the year under review the balance sheet total was DM 754 million. From the net earnings for the year of DM 2.9 million a dividend of DM 3 per share of DM 50 par value is to be paid. The remaining DM 0.5 million has been allocated to the Published Reserves; the bank's Own Funds now total DM 56.5 million.

In the year under review the Deutsche Bank AG acquired the qualified majority in the *Frankfurter Hypothekenbank, Frankfurt (Main)*, the oldest and biggest private mortgage bank. This institution engages in all bank business conducted by a purely mortgage bank; in particular it grants mortgages and communal loans and issues mortgage bonds and communal bonds. It is active in the mortgage bank sector throughout the Federal Territory and West Berlin while under certain conditions communal loans are also granted across the borders in the EEC countries as well. In 1971 the balance sheet total rose by 9.6% to DM 7,736 million. DM 10 million was allocated to the Published Reserves from the year's net earnings. The Supervisory Board and the Board of Managing Directors propose to the Annual General Meeting that a further DM 5 million be allocated to the Published Reserves. The Own Funds will then total DM 223.8 million (including DM 52.8 million

capital). A dividend of DM 9 per share of DM 50 par value is again to be paid for the business year 1971.

Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal, is chiefly engaged in the medium-term financing of capital and consumer goods. It owns Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf, which provides credit exclusively for the purchase of consumer goods. Gefa is also the sole partner in Gefa-Leasing GmbH, Wuppertal, which rents out transportable equipment. There are profit and loss transfer agreements between Gefa and its subsidiaries. Gefa is also linked by a profit and loss transfer agreement to the Deutsche Bank AG.

Gefa's capital is unchanged at DM 18 million. The balance sheet total of Gefa and its subsidiaries has risen from DM 418 million to DM 499 million.

The *Meller Volksbank AG, Melle*, was established in 1921 with the support and participation of the Osnabrücker Bank. It operates in the town of Melle, situated between Osnabrück and Bielefeld, and in the regional district Melle. In the year under review the Deutsche Bank, which had previously held 34.7% of the capital of the Meller Volksbank, acquired the remaining shares. The institution's Own Funds total DM 0.6 million. In 1971 the balance sheet total rose by 4% to around DM 12 million.

The Deutsche Bank AG holds 68.2% of the capital of the *Saarländische Kreditbank AG, Saarbrücken*, which stands at DM 14 million. Most of the remainder is held by a French banking group. The bank is engaged in all ordinary banking business and maintains 19 branches in the Saarland. In Saarbrücken and St. Ingbert the Deutsche Bank AG has placed banking premises at the disposal of the Saarländische Kreditbank, which pays rent for these two buildings at normal market conditions. The bank has rented further property from its subsidiary, the Saarländische Immobilien-Gesellschaft mbH, Saarbrücken. There is a profit and loss transfer agreement between the two companies. The balance sheet total rose by DM 78 million to DM 605 million. A 10% dividend will again be paid for the business year 1971.

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg, performs managing and trust functions, chiefly in North Germany. The company is jointly owned by the Deutsche Bank AG and Trinitas Vermögensverwaltung GmbH. A very satisfactory result was achieved in the past business year.

The *Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt (Main)*, systematically expanded its service in the financial analysis sector. The number of customers has risen further. The studies compiled by the company met with a good reception amongst the public. It was thus able to contribute towards further objectivity in investment evaluation and decisions. In addition the DEGAB again acted last year for a number of international funds as their representative in Germany or as their agent. The development in profits was satisfactory.

The property managed by the *Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)*, is used by the Deutsche Bank AG and partly by its employees. In 1971 work was begun on extending an apartment house for foreign guests. Work is progressing on the construction of a training centre to be rented by the Deutsche Bank for the instruction of its employees. Two pieces of land were sold. The company is owned by the Deutsche Bank AG and Matura Vermögensverwaltung mbH. Development in 1970 was in accordance with expectations.

Matura Vermögensverwaltung mbH, Düsseldorf, is owned by the Deutsche Bank. The company manages assets for account of itself and others in the area of competence of our Central Office in Düsseldorf. The results for 1971 were satisfactory.

Nordwestdeutscher Wohnungsbauträger GmbH, Brunswick, owns and manages one piece of property which is to be sold. It has a profit and loss transfer agreement with the Deutsche Bank AG. The business year 1971 was satisfactory.

The *Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)*, manages assets of every kind, chiefly in South Germany. The company owns all the shares of Elektro-Export GmbH, Nuremberg, which finances the export of electrical engineering products. Both companies achieved satisfactory results.

Trinitas Vermögensverwaltung GmbH, Frankfurt (Main), and its two subsidiaries, *Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin*, and *Tauernallee Grundstücksgesellschaft mbH, Berlin*, manage property for their own account and that of others in West Berlin; this is used for the most part by the Berliner Disconto Bank AG or its employees. In the year under review a large piece of land was purchased in West Berlin. In addition, Trinitas, which maintains a branch office in West Berlin, is taking an active part in winding up the Deutsche Bank, Berlin. There is a

profit and loss transfer agreement between Trinitas and the Deutsche Bank AG. The net earnings for the year were satisfactory.

As a general principle transactions between companies belonging to the Group are effected at market conditions.

The development of the Group is determined by business trends in the larger subsidiaries, and in particular in the Deutsche Bank AG, which on 31st December, 1971 accounted for 67.8% of the unoffset consolidated balance sheet total. The consolidated credit institutions account for a further 31.6%, 24.0% of which represents the balance sheet totals of the two mortgage banks.

The number of employees in the Group rose from 36,957 to 39,037 in 1971 (including 3,104 part-time staff). As in the previous year the consolidated annual statement of accounts as of 31st December, 1971 was drawn up on the special sheets published for credit institutions with the legal form of an Aktiengesellschaft and for mortgage banks. We offer the following comments on the statement of accounts.

CONSOLIDATED BALANCE SHEET

Apart from the elimination of a small interim profit, the valuations entered in the individual balance sheets are unchanged in the consolidated balance sheet. Claims and liabilities referring to the companies included in the consolidated accounts were offset against each other. Bonds and debt instruments of the Deutsche Centralbodenkredit-AG and the Frankfurter Hypothekenbank are listed under "Debt instruments issued by a member of the Group". The Own Funds (Capital and Published Reserves) shown in the individual balance sheets which are included in the consolidated accounts were offset against the book values of participations in proportion to the Group holding in the individual companies. The surplus on balance of DM 79.6 million is shown separately as "Reserves arising from consolidation"; it has the character of own funds. We included a compensatory item to the total of DM 117.8 million for participations held by others in the own funds and the profit.

Two companies whose business year is not the same as the calendar year drew up interim accounts.

Volume of business

The *volume of business* – balance sheet total plus endorsement liabilities – rose from DM 39.3 billion at the end of 1970 to DM 50.8 billion. This increase of DM 11.5 billion, or 29.3%, was the result of the expansion of the Group and the growth of the companies belonging to it. At DM 49.8 billion the consolidated balance sheet total exceeds the balance sheet total of the Deutsche Bank AG by DM 14.6 billion and is DM 11.4 billion, or 29.7%, above last year's consolidated balance sheet total.

Liquidity

The *cash reserve* (cash in hand, balances with the Deutsche Bundesbank and balances on postal cheque accounts) is 11.2% of the total of liabilities – without mortgage bank business – to credit institutions and other creditors, own acceptances in circulation, liabilities arising out of interest due on bonds issued, and other liabilities. The ratio of total liquid assets, i.e. cash reserve, cheques on other banks, matured bonds, interest and dividend coupons as well as items received for collection, bills rediscountable at the Bundesbank, demand claims on credit institutions, Treasury bills and non-interest Treasury bonds, and bonds and debt instruments eligible as collateral for Bundesbank advances, to the liabilities

mentioned above gives an *overall liquidity ratio* for the Group of 30.7%.

Securities

The *bonds and debt instruments* shown at altogether DM 1,304.4 million include DM 919.5 million (= 70.5%) eligible as collateral at the Bundesbank.

Of the *Securities, so far as they have not to be included in other items*, to a total of DM 1,153.6 million, DM 1,139.2 million (= 98.8%) are shares marketable on a stock exchange and investment fund certificates. 99.4% of the total amount is in the possession of the Deutsche Bank AG.

As in other years the strict minimum value principle was applied for the valuation of the securities.

Total credit extended

Total credit extended by the Group – the composition of which is shown in the following table – amounts to DM 36.9 billion. Of this DM 10.8 billion is for long-term claims in mortgage bank business including interest and DM 7.4 billion for long-term claims on customers by the commercial banks in the Group. The increase in long-term claims in mortgage bank business is chiefly due to the inclusion of the Frankfurter Hypothekenbank in the consolidated accounts for the first time.

Account has been taken, through individual adjustments and provisions, for all discernible credit risks. In addition the consolidated credit institutions

Total credit extended

	End of 1971		End of 1970
	– in millions of DM –		
Discounts	5,290.2 = 14.3%		5,385.1 = 19.6%
Lendings to credit institutions	1,246.4 = 3.4%		1,355.4 = 5.0%
Claims on non-bank customers			
Short and medium-term claims	12,163.5 = 33.0%	10,352.8 = 37.7%	
Personal mortgage loans	930.8 = 2.5%	625.9 = 2.3%	
Other long-term claims	6,488.0 = 17.6%	6,207.2 = 22.6%	17,185.9 = 62.6%
	26,118.9 = 70.8%		23,926.4 = 87.2%
Long-term claims in mortgage bank business, including interest	10,759.5 = 29.2%		3,516.8 = 12.8%
Total credit extended	36,878.4 = 100.0%		27,443.2 = 100.0%

Funds from outside sources

	End of 1971	End of 1970
	– in millions of DM –	
Liabilities to credit institutions		
demand deposits	3,786.6 = 8.1%	3,071.4 = 8.6%
term deposits	4,025.5 = 8.7%	4,509.9 = 12.6%
customers' drawings on credits opened at other institutions	17.0 = —	16.6 = 0.1%
	<u>7,829.1 = 16.8%</u>	<u>7,597.9 = 21.3%</u>
Liabilities towards non-bank customers		
demand deposits	8,427.2 = 18.1%	7,454.3 = 20.9%
term deposits	8,383.6 = 18.0%	7,975.9 = 22.3%
savings deposits	10,672.1 = 23.0%	9,030.1 = 25.3%
	<u>27,482.9 = 59.1%</u>	<u>24,460.3 = 68.5%</u>
Debt instruments issued including debt instruments deliverable	10,422.1 = 22.4%	3,458.6 = 9.7%
Long-term loans taken up in mortgage bank business	586.4 = 1.3%	130.6 = 0.3%
Interest	199.1 = 0.4%	66.7 = 0.2%
	<u>11,207.6 = 24.1%</u>	<u>3,655.9 = 10.2%</u>
Total funds from outside sources	<u>46,519.6 = 100.0%</u>	<u>35,714.1 = 100.0%</u>

have made the prescribed overall adjustment for indiscernible risks.

Investments in subsidiaries and associated companies

Holdings of the Group in non-consolidated companies are shown at DM 234.9 million, of which DM 149.1 are in credit institutions.

Fixed assets

Of the *land and buildings* shown at DM 413.4 million DM 332.4 million is owned by the Deutsche Bank AG and DM 81.0 million by other consolidated companies. 96% of the total amount is for property used in banking business.

Office furniture and equipment is shown at DM 171.5 million. This amount includes movable equipment (machines, office machines, vehicles, etc.) rented out by Gefa-Leasing GmbH and shown at DM 37.7 million in the balance sheet.

Funds from outside sources

The table above is a breakdown of the Group's *funds from outside sources*, which rose from DM 35.7 billion at the end of 1970 to DM 46.5 billion.

Funds taken up for specific purposes were passed on to borrowers on the conditions fixed by their providers. Subsidiaries obtained loans amounting to DM 0.4 billion against mortgages on real estate. In the mortgage bank business, in addition to the amounts used as cover which are shown in the consolidated balance sheet, DM 1.4 million mortgages and communal loans were used as collateral for loans taken up.

Contingent liabilities and comments on the balance sheet

Own drawings in circulation are shown at DM 2.0 million and endorsement liabilities on rediscounted bills of exchange at DM 973.5 million. After deduction of the liabilities to consolidated companies liabilities arising from guarantees of various kinds and warranty contracts total DM 4,669.2 million.

On balance sheet date obligations to repurchase items assigned en pension were DM 672.4 million.

In some cases unlimited partners of non-consolidated companies were released from their personal liability.

Liabilities for possible calls on shares in public and private limited companies amounted to DM 21.5 million.

Claims on and liabilities to associated companies refer to those companies not included in the consolidated accounts.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The expenses and receipts of all the companies in the Group for 1971 were included in the consolidated profit and loss account, items within the Group being deducted. A comparison with last year's figures should take into account alterations in the composition of the Group.

Receipts

Earnings for 1971 totalled DM 3,701.2 million against DM 3,086.9 million in the previous year.

Interest and similar receipts from lending and money market transactions were DM 2,171.1 million (DM 2,225.4 million in 1970). The development in interest business for the individual institutions was basically the same as for the Deutsche Bank AG, which accounts for by far the largest part of the amount shown. We report on this on p. 49.

A total of DM 262.1 million was achieved on *current receipts from securities, debt register claims and investment in subsidiaries*.

Interest accrued in *mortgage bank business* was DM 696.7 million and *non-recurrent receipts from issue and loan business* DM 52.7 million.

The rise in *commissions and other receipts from service transactions*, which are shown at DM 329.2 million for 1971 against DM 282.9 million for 1970, was chiefly due to the favourable development in turnover in foreign and securities business at the Deutsche Bank AG.

Receipts from the writing back of provisions for special purposes, so far as they have not to be shown under "Other receipts" were DM 2.8 million and *receipts from the writing back of special items including reserves* DM 28.7 million.

Under *Other receipts*, which are shown at DM 158.0 million, are the receipts remaining after the prescribed partial offsetting against depreciation and adjustments on claims and securities.

Expenses

Expenses totalled DM 3,525.7 million, compared with DM 2,955.8 million for 1970.

Although *interest and similar expenses*, which are shown at DM 1,325.1 million for 1971, declined within the Group despite an expansion in the volume of business, the lower interest level had a more marked effect on receipts. Hence the interest margin has shrunk further.

Interest in mortgage bank business to a total of DM 662.3 million was paid on mortgage bonds, communal bonds and loans taken up. *Non-recurrent expenses in issue and lending business* amounted to DM 54.0 million.

Administrative expenditure on the banking business totalled DM 224.6 million (1970 DM 205.7 million).

The rise in *staff costs* (wages and salaries, social security contributions, expenses for retirement pensions and other benefits) from altogether DM 746.5 million in 1970 to DM 880.6 million reflects in particular, in addition to the growth in the number of staff, the increase in wages and improved "vermögenswirksame Leistungen" (employer's contribution to individual wealth formation) resulting from a collectively agreed wage and salary rise in 1971.

Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses are shown at DM 26.0 million after partial offsetting against "Other receipts", and *depreciation and adjustments on investments in subsidiaries and associated companies* at DM 10.0 million.

Depreciation and adjustments on land and buildings, and on office furniture and equipment totalled DM 134.0 million, DM 76.0 million of which was special depreciation in accordance with § 6b of the Income Tax Law.

Taxes on income, earnings and property account for DM 159.6 million of the DM 173.6 million paid in *taxes*. Additional tax of DM 5.7 million is payable in accordance with § 9 of the Corporation Tax Law on dividends distributable in 1972. Extra expenses shown by one company in accordance with § 170, subpara. 2 of the Joint Stock Corporation Act make payment of DM 1.4 million necessary in 1972. These items have not been accounted for in tax expenses.

DM 1.3 million was allocated to the *special items including reserves*. *Other expenses* amounted to DM 220 million.

Profit, capital and reserves

The *year's net earnings* for the Group total DM 175.5 million. The DM 18.4 million *profit brought forward* chiefly comprises dividends paid out in 1971 by companies in the Group from their earnings for 1970, as well as profit brought forward from the consolidated companies' individual statements of account. DM 60.9 million was allocated to the Published Reserves; DM 20.9 million of this is for allocations to the reserves of consolidated subsidiaries.

After further deduction of DM 6.7 million profit attributable to outside shareholders, the *profit of the Group* stands at DM 126.3 million.

The Group's *Own Funds* are comprised as follows:

<i>Capital</i>	DM 560.0 million
<i>Published Reserves</i>	DM 1,064.0 million
<i>Reserves arising from</i>	
<i>consolidation</i>	DM 79.6 million
<i>Own funds of the Group</i>	<u>DM 1,703.6 million</u>

Outside shareholders have an interest amounting to DM 117.8 million in the capital, the published reserves and in the profit of the Deutsche Centralbodenkredit-AG, the Deutsche Ueberseeische Bank, the Frankfurter Hypothekenbank and the Saarländische Kreditbank. A *compensatory item* is shown in the balance sheet for this amount.

Frankfurt (Main), March 1972

DEUTSCHE BANK AKTIENGESELLSCHAFT

The Board of Managing Directors

<i>Christians</i>	<i>Feith</i>	<i>Guth</i>	<i>v. Hauenschild</i>
<i>Herrhausen</i>	<i>Kleffel</i>	<i>Leibkutsch</i>	<i>Ulrich</i>
<i>Burgard</i>	<i>Ehret</i>	<i>Mertin</i>	<i>Thierbach</i>

CONSOLIDATED BALANCE SHEET

as of 31st December, 1971

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period from 1st January to 31st December,
1971

ASSETS

DEUTSCHE BANK AKTIENGESELLSCHAFT

	DM	DM	31. 12. 1970 in 1,000 DM
Cash in hand		239,999,510.63	227,411
Balances with the Deutsche Bundesbank		3,716,172,229.43	2,760,444
Balances on postal cheque accounts		29,042,297.50	32,598
Cheques on other banks, matured bonds, interest and dividend coupons and items received for collection		255,917,952.13	314,187
Bills discounted		4,150,065,021.17	4,332,432
including:			
a) rediscountable at the Deutsche Bundesbank ... DM 3,329,701,450.78			
b) own drawings ... DM 55,315,128.77			
Claims on credit institutions			
a) payable on demand	1,698,005,903.26		1,425,432
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,143,147,214.03		1,039,025
bb) at least three months, but less than four years	2,053,567,970.68		1,400,162
bc) four years or longer	<u>463,593,116.71</u>		<u>452,548</u>
		5,358,314,204.68	4,317,167
including:			
used as cover in mortgage bank business ... DM 458,500,000.00			
Treasury bills and non-interest-bearing Treasury bonds			
a) of the Federal Republic and the Länder	724,508,333.33		389,839
b) others	<u>291,202.06</u>		<u>18,625</u>
		724,799,535.39	408,464
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Länder ... DM 80,679,112.48			
ab) of credit institutions ... DM 161,882,891.82			
ac) others ... DM 6,506,282.59			
	249,068,286.89		414,577
including:			
eligible as collateral for Bundesbank advances ... DM 236,749,920.80			
used as cover in mortgage bank business ... DM —			
b) with a life of more than four years			
ba) of the Federal Republic and the Länder ... DM 340,757,772.59			
bb) of credit institutions ... DM 365,188,845.69			
bc) others ... DM 349,431,081.55			
	<u>1,055,377,699.83</u>		
		1,304,445,986.72	1,388,395
including:			
eligible as collateral for Bundesbank advances ... DM 682,705,922.50			
used as cover in mortgage bank business ... DM 110,304,785.29			
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,139,228,514.16		1,317,983
b) other securities	<u>14,334,231.78</u>		<u>12,666</u>
including: holdings of more than one tenth of the shares in a joint stock corporation or mining com- pany, excluding investments in subsidiaries and associated companies ... DM 859,596,794.76		1,153,562,745.94	1,330,649
carried forward		16,932,319,483.59	15,526,324

CONSOLIDATED BALANCE SHEET as of 31st December, 1971

LIABILITIES

	DM	DM	DM	31. 12. 1970 in 1,000 DM
Liabilities to credit institutions				
a) payable on demand		3,786,633,556.50		3,071,477
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	1,157,345,159.10			
bb) at least three months, but less than four years	1,720,530,666.34			
bc) four years or longer	<u>1,147,609,144.58</u>	4,025,484,970.02		4,509,881
including: due in less than four years	DM 673,560,253.55			
c) customers' drawings on credits opened at other institutions		<u>17,020,477.08</u>		16,569
			7,829,139,003.60	7,597,927
Banking liabilities to other creditors				
a) payable on demand		8,427,191,949.77		7,454,304
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	4,460,519,139.33			
bb) at least three months, but less than four years	3,861,676,698.67			
bc) four years or longer	<u>61,376,104.35</u>	8,383,571,942.35		7,975,912
including: due in less than four years	DM 28,376,007.79			
c) savings deposits				
ca) subject to legal period of notice	5,468,424,101.38			
cb) others	<u>5,203,637,379.06</u>	<u>10,672,061,480.44</u>		9,030,087
			27,482,825,372.56	24,460,303
Own acceptances and promissory notes in circulation			84,957,937.71	110,043
Debt instruments issued				
a) mortgage bonds		5,960,163,183.81		2,067,829
including:				
registered bonds	DM 644,994,888.26			
b) communal bonds		4,173,814,711.48		1,352,225
including:				
registered bonds	DM 360,223,043.18			
c) bonds drawn and called for redemption		<u>504,670.41</u>		480
including:			10,134,482,565.70	3,420,534
to fall due in less than four years or to be taken back	DM 1,515,384,523.25			
further:				
registered bonds handed to lender to secure loans taken up and	DM 177,786,793.90			
registered communal bonds	DM 256,880,683.58			
Debt instruments deliverable			287,594,514.52	38,034
Loans taken up in mortgage bank business with agreed life, or subject to agreed period of notice, of four years or longer				
a) from credit institutions		308,649,879.73		31,107
b) others		<u>277,716,576.67</u>		99,513
including:			586,366,456.40	130,620
with partial liability	DM 3,184,350.51			
due in less than four years	DM 274,659,988.33			
carried forward			46,405,365,850.49	35,757,461

ASSETS

CONSOLIDATED BALANCE SHEET

	DM	DM	31. 12. 1970 in 1,000 DM
carried forward		16,932,319,483.59	15,526,324
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	12,163,480,556.91		10,352,813
including:			
used as cover in mortgage bank business	DM 307,057,650.—		
b) four years or longer	<u>7,418,811,028.87</u>		<u>6,833,074</u>
including:		19,582,291,585.78	17,185,887
ba) secured by mortgages on real estate	DM 362,466,701.55		
bb) communal loans	DM 315,292,310.58		
due in less than four years	DM 4,365,277,000.—		
Mortgage bank lendings with agreed life of four years or longer			
a) mortgages	5,737,935,492.64		2,016,734
used as cover	DM 5,455,557,213.29		
b) communal loans	4,870,436,463.38		1,432,934
used as cover	DM 4,803,098,099.52		
c) others	<u>72,106,820.06</u>		<u>26,687</u>
including: to credit institutions	DM 527,972,972.55	10,680,478,776.08	3,476,355
Interest on long-term mortgage bank lendings			
a) pro rata interest	66,546,537.27		37,226
b) interest due after 31st October, 1971 and on 2nd January, 1972	12,463,909.59		3,234
c) interest arrears	<u>—</u>		<u>—</u>
		79,010,446.86	40,460
Equalisation and Covering Claims on Federal and Länder authorities under the Currency Reform Laws		632,556,644.80	638,900
including:			
used as cover in mortgage bank business	DM 117,099,408.75		
Loans on a trust basis at third party risk		218,818,626.95	145,581
Investments in subsidiaries and associated companies		234,877,067.34	302,418
including: in credit institutions	DM 149,084,994.29		
Land and buildings		413,425,985.32	406,594
including: taken over in mortgage business	DM —		
Office furniture and equipment		171,536,542.07	132,957
Debt instruments issued by a member of the Group		271,013,911.74	66,848
nominal amount:	DM 297,860,850.—		
Sundry assets		568,215,099.58	472,426
Transitory items		2,913,997.25	2,939
TOTAL ASSETS		49,787,458,167.36	38,397,689

The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include

a) claims on associated companies in accordance with Article 15 of the Joint Stock Corporation Act	158,963,207.05	74,324
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown in a)	176,291,635.48	119,549

as of 31st December, 1971 (continued)

LIABILITIES

	DM	DM	DM	31. 12. 1970 in 1,000 DM
carried forward			46,405,365,850.49	35,757,461
Interest on debt instruments issued and loans taken up in mortgage bank business				
a) pro rata interest		103,313,990.70		28,108
b) interest due (including that due on 2nd January, 1972)		<u>95,798,100.38</u>		<u>38,649</u>
			199,112,091.08	66,757
Loans on a trust basis at third party risk			218,818,626.95	145,581
Provisions for special purposes				
a) for pensions		439,317,298.—		407,812
b) others		<u>284,527,387.84</u>		<u>218,279</u>
			723,844,685.84	626,091
Sundry liabilities			23,929,512.71	15,617
Endowments and benevolent funds				
assets of the Endowments		1,881,326.41		1,917
less investments in securities		<u>1,786,806.98</u>		<u>1,794</u>
			94,519.43	123
Transitory items				
a) in accordance with Article 25 of the Mortgage Bank Law		20,839,139.51		12,258
b) others		<u>242,029,133.41</u>		<u>176,699</u>
			262,868,272.92	188,957
Special items including reserves				
a) in accordance with the Development Aid Tax Law		3,987,373.58		3,180
b) in accordance with Article 6b of the Income Tax Law		<u>1,744,686.23</u>		<u>30,564</u>
			5,732,059.81	33,744
Capital			560,000,000.—	480,000
Published reserves				
a) statutory reserve fund		314,000,000.—		170,000
b) other reserves (voluntary reserve fund)		<u>750,000,000.—</u>		<u>710,000</u>
			1,064,000,000.—	880,000
Reserve arising from consolidation			79,623,199.06	45,107
Compensatory item for participations held by others			117,800,217.87	60,277
including: from profit DM 6,748,022.24				
Profit of the Group			126,269,131.20	97,974
TOTAL LIABILITIES			49,787,458,167.36	38,397,689
Own drawings in circulation			2,031,262.38	7,814
including those discounted for borrowers' account DM 1,593,004.62				
Endorsement liabilities on rediscounted bills of exchange			973,496,382.13	875,347
Liabilities arising from guarantees of various kinds and warranty contracts			4,669,202,642.73	4,482,312
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			672,446,228.—	287,540
Savings premiums under the Savings Premium Law			196,066,210.69	174,984
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			177,636,857.48	80,445

EXPENSES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	DM	DM	1970 in 1,000 DM
Interest and similar expenses		1,325,122,320.64	1,464,283
Interest expenditure in mortgage bank business on			
a) mortgage bonds	350,631,130.02		118,517
b) communal bonds	245,277,180.41		82,934
c) loans taken up	<u>66,372,354.68</u>		<u>7,495</u>
		662,280,665.11	208,946
Commissions and similar expenses in respect of service transactions		12,084,101.64	9,371
Non-recurrent expenses in respect of the mortgage banks' issue and loan business		54,035,844.61	14,534
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		26,019,400.94	74,414
Salaries and wages		703,410,171.95	601,437
Social security contributions		74,887,079.23	55,951
Expenditure on retirement pensions and other benefits		102,313,074.14	89,073
Administrative expenditure on the banking business		224,592,044.51	205,697
Depreciation and adjustments on land and buildings, and on office furniture and equipment		134,051,403.74	67,458
Depreciation and adjustments on investments in subsidiaries and associated companies		9,989,299.61	3,426
Taxes			
a) on income, earnings and property	159,592,073.50		114,282
b) others	<u>14,047,769.93</u>		<u>6,606</u>
		173,639,843.43	120,888
Allocations to special items including reserves		1,340,769.53	13,999
Other expenses		21,951,800.23	26,327
Year's net earnings		175,524,304.81	131,123
TOTAL EXPENSES		3,701,242,124.12	3,086,927

Year's net earnings
Profit brought forward from the previous year
Allocations to published reserves
Profit attributable to partners outside the Group
Profit of the Group

Frankfurt (Main), March 1972

DEUTSCHE BANK AKTIENGESELLSCHAFT

Christians Feith Guth v. Hauenschild
Herrhausen Kleffel Leibkutsch Ulrich Vallenthin
Burgard Ehret Mertin Thierbach

RECEIPTS

DM	1970 DM
175,524,304.81	131,122,866.96
<u>18,392,848.63</u>	<u>8,257,162.94</u>
193,917,153.44	139,380,029.90
<u>60,900,000.—</u>	<u>38,500,000.—</u>
133,017,153.44	100,880,029.90
<u>6,748,022.24</u>	<u>2,906,268.20</u>
126,269,131.20	97,973,761.70

Fandré
Wirtschaftsprüfer
(Chartered Accountant)

List of the Deutsche Bank's Investments in Subsidiaries and Associated Companies

	capital	our holding
German credit institutions		
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main)	DM 40.0 million	27.0%
Badische Bank, Karlsruhe	DM 15.0 million	25.1%
Berliner Disconto Bank Aktiengesellschaft, Berlin	DM 30.0 million	100 %
Bernhard Blanke, Bankhaus, Düsseldorf	DM 5.0 million	100 %
Deutsch-Asiatische Bank, Hamburg	DM 10.0 million	25.1%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Köln	DM 36.0 million	63.7%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	DM 1.0 million	100 %
Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	DM 6.0 million	30.0%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Köln	DM 1.4 million	37.5%
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Köln	DM 24.0 million	50.0%
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM 26.0 million	25.2%
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin-Bremen	DM 1.0 million	25.1%
Deutsche Ueberseeische Bank, Berlin-Hamburg	DM 40.0 million	97.0%
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v d Höhe	DM 1.0 million	50.0%
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt (Main)	DM 3.0 million	25.0%
Frankfurter Hypothekenbank, Frankfurt (Main)	DM 52.8 million	75.7%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM 18.0 million	100 %
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt (Main)	DM 1.0 million	27.0%
Lombardkasse Aktiengesellschaft, Berlin-Frankfurt (Main)	DM 1.0 million	13.9%
Meller Volksbank Aktiengesellschaft, Melle	DM 0.4 million	100 %
Privatdiskont-Aktiengesellschaft, Frankfurt (Main)	DM 5.0 million	13.2%
Rheinische Kapitalanlagegesellschaft mbH, Köln	DM 1.0 million	37.5%
Saarländische Kreditbank Aktiengesellschaft, Saarbrücken	DM 14.0 million	68.2%
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Lübeck	DM 22.0 million	28.1%

Foreign credit institutions

Banco Comercial Transatlántico, Barcelona	Ptas 392.0 million	25.5%
Banco del Desarrollo Económico Español S.A., Madrid	Ptas 449.9 million	2.6%
Banco Español en Alemania S.A., Madrid	Ptas 48.0 million	15.0%
Banque Commerciale Congolaise, Brazzaville/Congo	CFA-Francis 300.0 million	4.2%
Banque Commerciale du Maroc, Casablanca/Morocco	Dirham 8.0 million	7.7%
Banque Européenne de Crédit à Moyen Terme, Brussels	B. Francs 1,332.0 million	12.3%
Banque Nationale pour le Développement Economique, Rabat/Morocco	Dirham 20.0 million	1.0%
Banque Tchadienne de Crédit et de Dépôts, Fort-Lamy/Chad	CFA-Francis 250.0 million	7.5%

capital

our
holding

H. Albert de Bary & Co. N.V., Amsterdam	D. Fls	15.0 million	20.0%
Compagnie Financière de la Deutsche Bank AG, Luxembourg	L. Francs	420.0 million	99.9%
Corporación Financiera Colombiana, Bogotá/Colombia	Col. Pesos	139.8 million	0.4%
"Euralliance", Société de Gestion d'Investment Trusts, S.A., Luxembourg	L. Francs	6.0 million	32.7%
Euro-Pacific Finance Corporation, Melbourne, Australia	A\$	2.5 million	10.0%
Foreign Trade Bank of Iran, Teheran/Iran	Rials	275.0 million	14.5%
Industrial and Mining Development Bank of Iran, Teheran/Iran	Rials	1,500.0 million	0.9%
The Industrial Credit and Investment Corporation of India Ltd., Bombay/India	Ind. Rupees	100.0 million	1.5%
The Industrial Finance Corporation of Thailand, Bangkok/Thailand	Baht	100.0 million	2.9%
Korea Development Finance Corporation, Seoul/South Korea	Won	1,633.5 million	2.5%
Malaysian Industrial Development Finance Berhad, Kuala Lumpur/Malaysia	M\$	34.7 million	0.7%
National Investment Bank for Industrial Development S.A., Athens	Drachmae	300.0 million	4.5%
The Pakistan Industrial Credit and Investment Corporation Ltd., Karachi/Pakistan	Pak. Rupees	60.0 million	4.6%
Private Development Corporation of the Philippines, Makati, Rizal/Philippines	Phil. Pesos	35.0 million	1.8%
Société Camerounaise de Banque, Yaoundé/Camerouns	CFA-Francs	600.0 million	5.0%
Société Dahoméenne de Banque, Cotonou/Dahomey	CFA-Francs	250.0 million	11.2%
Société Ivoirienne de Banque, Abidjan/Ivory Coast	CFA-Francs	875.0 million	13.7%
Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd., Helsinki	Fmk	40.0 million	0.8%
Union Gabonaise de Banque Libreville/Gabon	CFA-Francs	450.0 million	10.0%
Union Sénégalaise de Banque pour le Commerce et l'Industrie, Dakar/Senegal	CFA-Francs	1,000.0 million	3.8%
Union Togolaise de Banque, Lomé/Togo	CFA-Francs	300.0 million	18.0%

Other German enterprises

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM	0.1 million	95.0%
Deutsche Beteiligungsgesellschaft mbH, Frankfurt (Main)	DM	1.0 million	40.0%
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt (Main)	DM	0.5 million	100 %
Deutsche Grundbesitz-Anlagegesellschaft mbH, Köln	DM	0.04 million	37.5%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	DM	1.0 million	95.0%
Matura Vermögensverwaltung mbH, Düsseldorf	DM	0.3 million	100 %
Nordwestdeutscher Wohnungsbau-träger GmbH, Braunschweig ..	DM	0.2 million	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)	DM	2.0 million	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)	DM	1.0 million	100 %

Other foreign enterprises		capital	our holding
Adela Investment Company S.A., Luxembourg/Lima (Peru)	US\$	61.2 million	0.7%
European Banks' International Company S.A., Brussels	B. Francs	150.0 million	16.7%
European Financial Associates N.V., The Hague	D. Fls	0.4 million	14.3%
European Hotel Corp. (EHC) N.V., Amsterdam	D. Fls	23.7 million	5.2%
German American Capital Corporation, Baltimore/USA	US\$	0.01 million	100 %
International Investment Corporation for Yugoslavia, Luxembourg	US\$	13.5 million	1.2%
Private Investment Company for Asia S.A., Tokyo/Japan, Panama-City/Panama	US\$	24.2 million	0.8%
Société Internationale Financière pour les Investissements et le Développement en Afrique S.A. (SIFIDA), Luxembourg	US\$	11.4 million	0.9%
UBS-DB Corporation, New York	US\$	0.08 million	50.0%

Security Issuing and other Syndicate Transactions as well as Introductions on the Stock Exchange

Domestic Loans of Public Authorities

7½% and 7¾% Loans of the Bundesrepublik Deutschland of 1971	7½% Loan of the Land Nordrhein-Westfalen of 1971
8%, 7½% and 7¾% Loans of the Deutsche Bundesbahn of 1971	8% Loan of the Land Rheinland-Pfalz of 1971
7½% and 8% Loans of the Deutsche Bundespost of 1971	7½% Loan of the Land Schleswig-Holstein of 1971
8% Loan of the Land Baden-Württemberg of 1971	7½% Loan of the City of Cologne of 1971
7½% Loan of the Freistaat Bayern of 1971	7½% Loan of the City of Stuttgart of 1971
7½% Loan of the Land Berlin of 1971	7%, 7½%, 8% and 8½% Mortgage and Annuity Bonds of the Deutsche Siedlungs- und Landesrentenbank – Series 96, 98–104
7¾% Government Loan of the Freie Hansestadt Bremen of 1971	8% and 7¾% Loans of the Kreditanstalt für Wiederaufbau of 1971
8% Loan of the Land Hessen of 1971	7½% and 7¾% Bonds of the Landwirtschaftliche Rentenbank (agricultural mortgage bonds) – Series 27 and 28
7½% Loan of the Land Niedersachsen of 1971	

Other Domestic Loans, Mortgage and Communal Bonds

Braunschweig-Hannoversche Hypothekenbank	Kaufhof Aktiengesellschaft
Chemische Werke Hüls Aktiengesellschaft	Klöckner-Werke Aktiengesellschaft
Continental Gummi-Werke Aktiengesellschaft	Nordwestdeutsche Kraftwerke Aktiengesellschaft
Deutsche Centralbodenkredit-Aktiengesellschaft	Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft
Deutsche Hypothekenbank	Rhein-Main-Donau Aktiengesellschaft
Deutsche Hypothekenbank (Actien-Gesellschaft)	Schleswig-Holsteinische Stromversorgungs-Aktiengesellschaft
Deutsche Schiffahrtsbank Aktiengesellschaft	SKF Kugellagerfabriken Gesellschaft mit beschränkter Haftung
Farbwerke Hoechst Aktiengesellschaft	August Thyssen-Hütte Aktiengesellschaft
vormals Meister Lucius & Brüning	Vereinigte Elektrizitätswerke Westfalen Aktiengesellschaft
Hamburgische Electricitäts-Werke	
Hoesch Aktiengesellschaft	
Industriekreditbank Aktiengesellschaft	
Karstadt Aktiengesellschaft	

Convertible and Optional Loans of Domestic and Foreign Issuers

expressed in Deutsche Mark:
Schering Aktiengesellschaft

Kraftco International Capital Corporation

The nuclear power station of the Hydro-Electric Power Commission of Ontario on the banks of Lake Ontario. In the last three years the bank has helped to finance the station and other investment by the company by placing three bonded loans totalling around DM 375 million. The EBIC partners have had a joint representative office in Toronto since May 1971.



expressed in foreign currencies:

Beatrice Foods Overseas Finance N.V.
Borden Overseas Capital Corporation N.V.
Cummins International Finance Corporation
Dai Nippon Printing Co., Ltd.
Ford International Capital Corporation

Honeywell Capital N.V.
Inter-Continental Hotel Overseas N.V.
Michelin International Développement N.V.
Ramada Capital Corporation
Rand Selection Corporation Limited

Loans of Foreign Issuers

expressed in Deutsche Mark:

Autopistas, Concesionaria Española, S.A.
Banco Nacional de Obras y Servicios
Públicos, S.A.
The Burmah Oil Company, Limited
Comalco Investments Europe S.A.
Courtaulds International Finance N.V.
Königreich Dänemark
Électricité de France
The Electricity Council
Electricity Supply Commission
Enso-Gutzeit Osakeyhtiö
EUROFIMA Europäische Gesellschaft für die
Finanzierung von Eisenbahnmaterial
Europäische Gemeinschaft für Kohle und Stahl
Europäische Investitionsbank
Europistas, Concesionaria Española, S.A.
Finnische Kommunalanleihe von 1971
Firestone Finance Corporation
Glaxo Finance Bermuda Limited
The Hydro-Electric Power Commission of Ontario
Hypothekenbank und Finanzverwaltung des
Königreichs Dänemark
I.C.I. International Finance Limited
Imatran Voima Oy
Industrie-Hypothekenbank in Finnland AG

Inter-Amerikanische Entwicklungsbank
-Inter-American Development Bank-
Internationale Bank für Wiederaufbau
und Entwicklung (Weltbank)
Istituto di Credito per le Imprese di Pubblica Utilità
Stadt Johannesburg
The Kansai Electric Power Company, Incorporated
Kjøbenhavns Telefon Aktieselskab
Stadt Kobe
Stadt Kopenhagen
Provinz Neufundland
Neuseeland
Norges Kommunalbank
Provinz Nova Scotia
Stadt Oslo
Quebec Hydro-Electric Commission
Queensland Alumina Finance N.V.
SAAB-SCANIA Aktiebolag
South African Iron and Steel Industrial Corporation,
Limited
Republik Südafrika
Tenneco International N.V.
Transocean Gulf Oil Company
Stadt Yokohama

expressed in foreign currencies:

Airlease International Finance Limited
Aktieselskapet Borregaard
Allmänna Svenska Elektriska Aktiebolaget
Alusuisse International N.V. (Curaçao)
Amax International Capital Corporation
Ameriba Holding S.A.
Azienda Autonoma delle Ferrovie dello Stato
Bank of Tokyo Holding S.A.
Barclays Bank International Limited
Beecham International (Bermuda) Limited

Caisse Nationale de Télécommunications
Carlsberg-Tuborg
Ciments Lafarge
Commercial Union Assurance Company Limited
Commonwealth of Australia
Communautés Urbaines de Bordeaux-Dunkerque-
Lille-Lyon-Strasbourg
Conoco Eurofinance N.V.
Continental Telephone International Finance
Corporation

The Copenhagen County Authority
 Copenhagen Telephone Company, Incorporated
 Corning International Corporation
 Crédit National
 Kingdom of Denmark
 The Development Bank of Singapore Limited
 Dow Corning Overseas Capital Company
 Du Pont Overseas Finance N.V.
 Électricité de France
 Electricity Supply Board Ireland
 Electricity Supply Commission
 Ente Nazionale per l'Energia Elettrica (ENEL)
 Esso Overseas Finance N.V.
 Europäische Gemeinschaft für Kohle und Stahl
 European Investment Bank
 GATX Oswego Corporation
 General Mills Finance N.V.
 General Motors Overseas Finance N.V.
 Gränges
 Grolier International, Inc.
 GTE International Incorporated
 G.U.S. International N.V.
 Haas Overseas Capital N.V.
 Hamersley Iron Finance N.V.
 City of Helsinki
 Hill Samuel Group Limited
 The Hydro-Electric Power Commission of Ontario
 Republic of Iceland
 I.C.I. International Finance Limited
 International Standard Electric Corporation
 Ireland

Jardine Matheson International N.V.
 Kimberley-Clark International Finance
 Corporation N.V.
 J. Lyons & Company Limited
 Metropolitan Estate and Property International N.V.
 Philip Morris International Capital N.V.
 Mortgage Bank of Finland Oy
 Mount Isa Finance N.V.
 Ville de Nancy
 National Bank of Hungary
 Province of Newfoundland
 Le Nickel
 Norges Kommunalbank
 City of Oslo
 Owens-Corning Fiberglas Finance N.V.
 Pekema Oy
 Petronor
 Plessey International Finance Corporation Limited
 Quebec Hydro-Electric Commission
 Queensland Alumina Finance N.V.
 The Rank Organisation Limited
 Sandvik
 Scott Paper Overseas Finance N.V.
 Shell International Finance N.V.
 Slough Estates, Luxembourg, S.A.
 Société de Développement Régional
 Société Nationale des Chemins de Fer Français
 Republic of South Africa
 Transamerica Overseas Finance Corporation N.V.
 Transocean Gulf Oil Company
 City of Turin

Domestic Shares

Gebrüder Adt Aktiengesellschaft
 Aesculap-Werke Aktiengesellschaft
 vormals Jetter & Scheerer
 Aktiengesellschaft für Industrie und Verkehrswesen
 Aktiengesellschaft für Licht- und Kraftversorgung
 ALBINGIA Versicherungs-Aktiengesellschaft
 Allgemeine Deutsche Credit-Anstalt
 Allgemeine Lokalbahn- und Kraftwerke-
 Aktiengesellschaft
 AUDI NSU AUTO UNION Aktiengesellschaft
 Badische Anilin- & Soda-Fabrik Aktiengesellschaft
 Badische Gas- und Elektrizitätsversorgung
 Aktiengesellschaft

Bayerische Motoren Werke Aktiengesellschaft
 Bayerische Vereinsbank
 Berliner Kraft- und Licht (Bewag)-
 Aktiengesellschaft
 H. Berthold Aktiengesellschaft
 Bleicherei, Färberei und Appreturanstalt Uhingen
 Aktiengesellschaft
 Brauerei Isenbeck Aktiengesellschaft
 Braunschweigische Maschinenbauanstalt
 Chemie-Verwaltungs-Aktiengesellschaft
 Continental Gummi-Werke Aktiengesellschaft
 DEMAG Aktiengesellschaft
 Deutsche Babcock & Wilcox Aktiengesellschaft

Deutsche Schiffahrtsbank Aktiengesellschaft
 Deutsche Schiffskreditbank Aktiengesellschaft
 Deutsche Spiegelglas-Aktien-Gesellschaft
 Christian Dierig Aktiengesellschaft
 Dortmunder Stifts-Brauerei Carl Funke
 Aktiengesellschaft
 Dortmunder Union-Brauerei Aktiengesellschaft
 Dyckerhoff Zementwerke Aktiengesellschaft
 Eichbaum-Werger-Brauereien Aktiengesellschaft
 Elektrische Licht- und Kraftanlagen
 Aktiengesellschaft
 Fendel Schiffahrts-Aktiengesellschaft
 Flensburger Schiffsbau-Gesellschaft
 Ford-Werke Aktiengesellschaft
 Geestemünder Bank
 Arn. Georg Aktiengesellschaft
 Gerling-Konzern Allgemeine Versicherungs-
 Aktiengesellschaft
 Glanzstoff Aktiengesellschaft
 Hamborner Bergbau Aktiengesellschaft
 Hannoversche Papierfabriken Alfeld-Gronau
 vorm. Gebr. Woge
 Hein, Lehmann Aktiengesellschaft
 Hemmoor Zement Aktiengesellschaft
 Henninger-Bräu Kommanditgesellschaft auf Aktien
 Matth. Hohner Aktiengesellschaft
 Philipp Holzmann Aktiengesellschaft
 Hypothekenbank in Hamburg
 Industrie-Werke Karlsruhe Augsburg
 Aktiengesellschaft
 Karstadt Aktiengesellschaft
 Kauzenburg-Betriebs-Aktiengesellschaft
 Klein, Schanzlin & Becker Aktiengesellschaft
 Klöckner-Humboldt-Deutz Aktiengesellschaft
 Klöckner-Werke Aktiengesellschaft
 Kölnische Rückversicherungs-Gesellschaft
 Kölsch-Fölzer-Werke Aktiengesellschaft
 Koepp Aktiengesellschaft
 Konkordia Aktiengesellschaft für Druck und Verlag
 Christian Adalbert Kupferberg & Compagnie
 Commandit-Gesellschaft auf Aktien
 Langbein-Pfanhauser Werke Aktiengesellschaft
 Lehnkering Aktiengesellschaft
 Mannesmann Aktiengesellschaft

Metallgesellschaft Aktiengesellschaft
 Mineralbrunnen Überkingen-Teinach-Ditzenbach AG
 Motorenwerke Mannheim Aktiengesellschaft
 Nordcement Aktiengesellschaft
 Nordwestdeutsche Kraftwerke Aktiengesellschaft
 Nordwolle Beteiligungs- und Grundbesitz
 Aktiengesellschaft
 Oelmühle Hamburg Aktiengesellschaft
 Orenstein & Koppel Aktiengesellschaft
 Osnabrücker Aktien-Bierbrauerei
 Otavi Minen- und Eisenbahn-Gesellschaft
 Parkbrauerei Aktiengesellschaft Pirmasens-
 Zweibrücken
 Portland-Zementwerke Heidelberg Aktiengesellschaft
 PREUSSAG Aktiengesellschaft
 Rheinelektra Aktiengesellschaft
 Rheinisch-Westfälisches Elektrizitätswerk
 Aktiengesellschaft
 Sächsische Bodencreditanstalt
 Schering Aktiengesellschaft
 Schiess Aktiengesellschaft
 Schiffshypothekenbank zu Lübeck Aktiengesellschaft
 Schwäbische Zellstoff Aktiengesellschaft
 Siemens Aktiengesellschaft
 Hugo Stinnes Aktiengesellschaft
 Südwestdeutsche Salzwerke Aktiengesellschaft
 August Thyssen-Hütte Aktiengesellschaft
 Überlandwerk Unterfranken Aktiengesellschaft
 VEBA Aktiengesellschaft
 Vereinigte Kammgarn-Spinnereien
 Aktiengesellschaft
 Vereinsbank in Hamburg
 VKI Vereinigte Kunststoffindustrie
 Aktiengesellschaft
 Volkswagenwerk Aktiengesellschaft
 Westdeutsche Handelsgesellschaft
 Aktiengesellschaft
 Westfälische Transport-Aktien-Gesellschaft
 Wicküler-Küpper-Brauerei Kommanditgesellschaft
 auf Aktien
 Württembergische Feuerversicherung
 Aktiengesellschaft in Stuttgart
 Württembergisches Portland-Cement-Werk
 zu Lauffen am Neckar

Foreign Shares

AKZO N.V.

American Telephone and Telegraph Company

Atlas Copco Aktiebolag

I. L. de Ball of Canada Ltd.

Bougainville Mining Limited

The British Petroleum Company Limited

Clark Equipment Company

Compagnie Lambert pour l'Industrie et la Finance

Compagnie Pechiney

Consolidated Edison Company of New York, Inc.

General Telephone and Electronics Corporation

Hunter Douglas N.V.

The Interpublic Group of Companies, Inc.

N.V. Koninklijke Distilleerderijen Erven Lucas Bols

Merrill Lynch, Pierce, Fenner & Smith Inc.

Océ-van der Grinten N.V.

Pfizer Inc.

Rotterdamsch Beleggingsconsortium N.V.

Société Générale de Belgique

Sperry Rand Corporation

Thomson-CSF

Western Mining Corporation Ltd.

Western Union Corporation

Regional Advisory Councils

Advisory Council of Baden/Pfalz

Dr. Rolf Magener,
Member of the Board of Managing Directors,
Badische Anilin- & Soda-Fabrik AG, Ludwigshafen (Rhein),
Chairman

Dr. Nikolaus Stuckmann,
Member of the Board of Managing Directors,
Hugo Stinnes Aktiengesellschaft, Mülheim/Ruhr and
Fendel Schiffahrts-Aktiengesellschaft, Mülheim, Heidelberg,
Deputy Chairman

Felix Altenhoven,
Chairman of the Board of Managing Directors,
Grünzweig & Hartmann AG, Ludwigshafen (Rhein)

Dr. phil. Ludwig von Bassermann-Jordan,
vineyard proprietor, Deidesheim (Pfalz)

Fritz Becker,
Member of the Board of Managing Directors,
Hugo Stinnes Aktiengesellschaft, Mülheim/Ruhr

Kurt Beckh,
Managing Director of F. R. Kammerer GmbH, Pforzheim

Professor Dr. rer. nat. Ernst Biekert,
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Knoll AG, Chemische Fabriken, Ludwigshafen (Rhein)

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of Crömer & Breuer GmbH, Steinzeugwerke,
Frechen (Kreis Köln),
Chairman of the Supervisory Board, Deutsche Steinzeug-
und Kunststoffwarenfabrik, Mannheim-Friedrichsfeld,
Junkersdorf

Erich Eilebrecht-Kemena,
Chairman of the Advisory Council,
Salvia-Werk Gesellschaft zur Herstellung chemischer und
pharmazeutischer Erzeugnisse mbH, Homburg/Saar

Peter Engelhorn,
Managing Director of the Dynamidon-Werk
Engelhorn & Co. GmbH, Mannheim-Waldhof

Dipl. rer. pol. Dr. rer. pol. Ernst Hermann Fernholz,
President of the Chamber of Industry and Commerce of the
Pfalz, Grosssachsen (Bergstrasse)

Dipl.-Ing. Hans Fritz Fischer,
Member of the Board of Managing Directors,
E. Holtzmann & Cie. AG,
Weisenbachfabrik im Murgtal (Baden)

Professor Dr. h. c. Emil Frey,
Chairman of the Supervisory Board,
Mannheimer Versicherungsgesellschaft, Mannheim

Dipl.-Ing. Hans Glöyer,
Member of the Board of Managing Directors,
Rheinelektra AG, Mannheim, and Lahmeyer AG,
Frankfurt (Main), Mannheim

Dr. phil. Heinz Götze,
Partner in Springer-Verlag KG,
Berlin-Heidelberg-New York, Heidelberg

Artur Grosse,
Partner in Messrs. Henkel & Grosse, Pforzheim

Fritz Häcker,
Chairman of the Board of Managing Directors,
Gesellschaft für Spinnerei und Weberei, Ettlingen (Baden)

Sven Hagander,
Partner in Naturin-Werk Becker & Co.,
Weinheim (Bergstrasse)

Assessor Hans C. W. Hartmuth,
Deputy Chairman of the Board of Managing Directors,
G. M. Pfaff AG, Kaiserslautern

Dr. rer. pol. Klaus Hoesch,
Partner in Schoeller & Hoesch GmbH,
Gernsbach (Baden)

Dipl.-Ing. Wolfgang Kühborth,
Spokesman of the Board of Managing Directors,
Klein, Schanzlin & Becker AG, Frankenthal (Pfalz)

Eberhard Kramer,
Partner in Werner & Nicola Germania Mühlenwerke,
Mannheim

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Röhrenlager Mannheim AG,
and member of the Board of Managing Directors,
Ferrostaal AG, Essen, Mannheim

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Partner in Gummi-Mayer KG, Fabrik für Reifenerneuerung,
Landau (Pfalz)

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of the Renolit-Werke GmbH, Worms

Dr. Bernhard Mumm,
Member of the Board of Managing Directors,
Süddeutsche Zucker AG, Mannheim

Alfred Hubertus Neuhaus,
Partner in August Neuhaus & Cie., Zigarrenfabrik,
Schwetzingen

Helmuth Raiser,
Managing Director of Boehringer Mannheim GmbH,
Mannheim

Dr. jur. Hans J. Reuther,
Partner and Managing Director in Bopp & Reuther GmbH,
Mannheim

Dipl.-Kfm. Dr. Hugo Rhein,
Member of the Board of Managing Directors,
Badenwerk AG, Karlsruhe

Carl Philipp Ritter,
Partner in Ottmann-Thomas, Lebensmittel-Filialgrossbetrieb,
and Torpedo-Garage Ansorg, Herrmann & Thomas,
Kaiserslautern

Professor Dr. jur. Wolfgang Schilling,
lawyer, Mannheim

Dipl.-Ing. Dr.-Ing. e. h. Wilhelm Schoch,
Member of the Board of Managing Directors,
Grosskraftwerk Mannheim AG, Mannheim

Dipl.-Kfm. Peter Schuhmacher,
Member of the Board of Managing Directors,
Portland-Zementwerke Heidelberg Aktiengesellschaft,
Heidelberg

Dr. rer. pol. Wolfgang Schwabe,
Partner in Dr. Willmar Schwabe, Karlsruhe-Durlach

Dr. Robert Schwebler,
Chairman of the Board of Managing Directors,
Karlsruher Lebensversicherung AG, Karlsruhe

Dr. Karl Schwerdtfeger,
Member of the Board of Managing Directors,
Pfälzische Hypothekenbank, Ludwigshafen (Rhein)

Dipl.-Ing. Alfred Selbach,
Member of the Board of Managing Directors,
Brown, Boveri & Cie. AG, Mannheim

Erhard Servas,
Member of the Board of Managing Directors,
Schuh-Union AG, Rodalben (Pfalz)

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AKZO N.V., Arnheim (Netherlands)

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Partner and Managing Director,
Messrs. Jung & Simons, Haan (Rhld.)

Georg H. Schniewind,
Partner in H. E. Schniewind, Haan (Rhld.)

Dipl.-Volkswirt Friedrich Schütte,
General Manager of Bekleidungswerke
Erwin Hücke oHG, Nettelstedt über Lübbecke (Westf.)

Fritz-Karl Schulte,
Managing Director of Schulte & Dieckhoff GmbH,
Horstmar (Westf.)

Dr. Werner Schulten,
Partner and Managing Director of
Gebr. Schulten, Oeding (Westf.)

Rudolf Stelbrink,
General Manager of Rudolf A. Oetker Zentralverwaltung,
Bielefeld

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Partner and Managing Director of Joh. Vaillant KG,
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Kammgarn-Spinnerei und Färberei, Sassenberg (Westf.)

Hans Zaum,
Manager, Glanzstoff AG, Wuppertal

A combination of old and new – the premises of our Bremen branch on the Domshof. This is the oldest branch of the Deutsche Bank and in 1971 was able to look back on 100 years of business activity.



Central Offices: Frankfurt (Main) · Düsseldorf

Branches at the following places:

Aachen with 4 Sub-Branches	Bad Tölz	Braunschweig with 11 Sub-Branches and 1 Paying Office	Dorsten
Aalen (Württ)	Bad Wildungen	Bremen with 14 Sub-Branches and 1 Exchange Office	Dortmund with 14 Sub-Branches
Achim (Bz Bremen)	Bad Zwischenahn	Bremen-Vegesack	Dülmen
Ahaus	Balingen	Bremerhaven with 3 Sub-Branches and 1 Paying Office	Düren (Rheinl)
Ahlen (Westf)	Bamberg	Bretten (Baden)	Düsseldorf with 28 Sub-Branches and 1 Paying Office
Ahrensburg (Holst)	Barsinghausen	Brilon	Düsseldorf-Benrath with 1 Sub-Branch
Aldenhoven (Kr Jülich)	Baunatal	Bruchsal	Duisburg with 12 Sub-Branches
Alfeld (Leine)	Bayreuth	Brühl (Bz Köln)	Duisburg-Hamborn with 3 Sub-Branches
Alsdorf (Kr Aachen)	Beckum (Bz Münster)	Brunsbüttel	Duisburg-Ruhrort
Alsfeld (Oberhess)	Bendorf (Rhein)	Buchholz i d Nordheide	Ebingen (Württ)
Altena (Westf)	Bensberg	Bühl (Baden)	Einbeck
Altenkirchen (Westerw)	Bensheim	Bünde	Eiserfeld (Sieg)
Alzey	Bergen-Enkheim	Burgdorf (Han)	Eislingen
Andernach	Bergheim (Erft)	Burgsteinfurt	Ellwangen (Jagst)
Aschaffenburg	Bergisch Gladbach	Burscheid (Rheinl)	Elmshorn
Attendorn	Bergneustadt	Buxtehude	Elten-Beek
Augsburg with 7 Sub-Branches	Bernkastel-Kues	Castrop-Rauxel with 1 Sub-Branch	Eltville
Aurich	Betzdorf (Sieg)	Celle	Emden
Backnang	Beverungen	Clausthal-Zellerfeld	Emmendingen
Bad Berleburg	Biberach (Riss)	Cloppenburg	Emmerich
Bad Driburg (Westf)	Biedenkopf	Coburg	Emsdetten
Bad Dürkheim	Bielefeld with 4 Sub-Branches	Coesfeld	Engelskirchen
Baden-Baden	Bietigheim (Württ)	Crailsheim	Ennepetal (Westf)-Milspe with 2 Sub-Branches
Bad Godesberg	Bingen (Rhein)	Cuxhaven	Ennigerloh
Bad Harzburg	Blomberg (Lippe)	Dachau with 1 Sub-Branch	Erkrath (Bz Düsseldorf)
Bad Hersfeld	Bocholt	Darmstadt with 5 Sub-Branches	Erlangen
Bad Homburg v d Höhe	Bochum with 5 Sub-Branches	Datteln (Westf)	Eschwege
Bad Honnef	Bockum-Hövel	Deidesheim	Eschweiler
Bad Iburg	Böblingen (Württ)	Delmenhorst	Espelkamp
Bad Kreuznach	Bonn with 5 Sub-Branches	Detmold	Essen with 20 Sub-Branches
Bad Lauterberg	Boppard	Dietzenbach	Esslingen (Neckar)
Bad Münstereifel	Borghorst (Westf)	Dillenburg	Ettlingen (Baden)
Bad Neuenahr	Borken	Dinslaken (Niederrhein) with 1 Sub-Branch	Euskirchen
Bad Oeynhausen	Bottrop	Dormagen (Niederrhein)	Eutin
Bad Oldesloe	Brackwede (Westf) with 1 Sub-Branch		Fallersleben
Bad Pyrmont	Bramsche (Bz Osnabrück)		
Bad Sachsa (Südharz)	Brand (Kr Aachen)		
Bad Salzungen with 1 Sub-Branch			
Bad Segeberg			

Fellbach (Württ)	Gronau (Westf)	Heusenstamm	Kiel*
Flensburg	Gross-Gerau	Hilden	with 8 Sub-Banches
with 3 Sub-Banches	Gütersloh	Hildesheim	Kierspe (Westf)
Frankenthal (Pfalz)	with 1 Sub-Branch	with 3 Sub-Banches	Kirchheim (Teck)
Frankfurt (Main)	Gummersbach	Hiltrup	Kirchhellen
with 23 Sub-Banches	Gustavsburg (Hess)	Hockenheim (Baden)	Kleve (Niederrhein)
Frankfurt (Main)-Höchst	Haan (Rheinl)	Höhenkirchen-	with 1 Sub-Branch
Frechen	Hagen (Westf)	Siegertsbrunn	Koblenz
Freiburg (Breisgau)	with 5 Sub-Banches	Höhr-Grenzhausen	with 1 Sub-Branch
with 7 Sub-Banches	Haiger	Höxter	Köln
Freudenberg (Kr Siegen)	Halle (Westf)	Hohenlimburg	with 20 Sub-Banches
Friedberg (Hess)	Hamburg	with 1 Sub-Branch	Köln-Mülheim
Friedrichshafen	with 46 Sub-Banches	Hohenlockstedt	Königsbrunn
Fürstenfeldbruck	and 1 Paying Office	Holzminden	Königstein (Taunus)
Fürth (Bay)	Hamburg-Altona	Homberg (Niederrhein)	Konstanz
with 1 Sub-Branch	Hamburg-Bergedorf	with 1 Sub-Branch	with 1 Sub-Branch
Fulda	Hamburg-Harburg	Horn-Bad Meinberg	Konz ü/Trier
with 1 Sub-Branch	with 1 Sub-Branch	Hückelhoven-Ratheim	Korbach
Gaggenau (Murgtal)	Hameln	Hückeswagen	Kornwestheim (Württ)
Garmisch-Partenkirchen	Hamm (Westf)	Hürth (Bz Köln)	Korschenbroich
Geesthacht	with 1 Sub-Branch	Hüttental	Krefeld
Geislingen (Steige)	Hanau	with 1 Sub-Branch	with 6 Sub-Banches
with 1 Sub-Branch	Hannover	Husum (Nordsee)	Krefeld-Uerdingen
Geldern	with 15 Sub-Banches	Ibbenbüren	Kreuzau
Gelsenkirchen	Hannoversch-Münden	Idar-Oberstein	Kreuztal (Kr Siegen)
with 5 Sub-Banches	Harsewinkel ü/Gütersloh	with 1 Sub-Branch	Kronberg (Taunus)
Georgsmarienhütte	Haslach (Kinzigtal)	Ingelheim (Rhein)	Kulmbach
with 1 Sub-Branch	Hattingen (Ruhr)	Ingolstadt (Donau)	Laasphe
Gerlingen (Württ)	Hausen ü/Offenbach	with 2 Sub-Banches	Laatzen
Germering	Heepen ü/Bielefeld	Iserlohn	Lage (Lippe)
Gernsbach (Murgtal)	Heessen (Westf)	Itzehoe	Lahnstein
Gersthofen	Heidelberg	Jever	Lahr (Schwarzw)
Geseke (Westf)	with 3 Sub-Banches	Jülich	Landau (Pfalz)
Gevelsberg	Heidenheim (Brenz)	Kaarst	Landsberg (Lech)
Giengen (Brenz)	Heilbronn (Neckar)	Kaiserslautern	Landshut
Giessen	with 1 Sub-Branch	with 1 Sub-Branch	Landstuhl
Gifhorn	Heiligenhaus (Düsseldorf)	Kaldenkirchen	Langen (Hess)
with 1 Sub-Branch	Helmstedt	now: Nettetal 2	Langenfeld (Rheinl)
Gladbeck (Westf)	Hemer	Kamp-Lintfort	Langenhagen (Han)
Goch	Hennef (Sieg)	Karlsruhe	Lauenburg
Göppingen	Heppenheim	with 5 Sub-Banches	Lauterbach (Hess)
Göttingen	Herborn (Dillkr)	Kassel	Leer (Ostfriesl)
with 1 Sub-Branch	Herdecke (Ruhr)	with 5 Sub-Banches	Leichlingen (Rheinl)
Goslar	Herford	Kehl	Leinfelden
with 1 Sub-Branch	Herne	Kempen (Niederrhein)	Lemgo
Grenzach (Baden)	with 2 Sub-Banches	with 1 Sub-Branch	Lengerich (Westf)
Greven (Westf)	Herten (Westf)	Kempton (Allgäu)	
Grevenbroich	Herzberg (Harz)	with 1 Sub-Branch	
Griesheim ü/Darmstadt	Herzogenrath	Kettwig	
Gronau (Leine)		Kevelaer	

* under the name of:
Wilh. Ahlmann
Filiale Kiel der
Deutschen Bank AG

Lennestadt
 formerly: Grevenbrück
 Leonberg (Württ)
 Lethmathe (Sauerl)
 Leutkirch
 Leverkusen
 with 2 Sub-Branches
 Limburg
 Limburgerhof
 Lindau (Bodensee)
 Lingen
 Lippstadt
 Lobberich
 now: Nettetal 1
 Löhne (Westf)
 Lörrach
 Lohne (Oldb)
 Ludwigsburg (Württ)
 with 1 Sub-Branch
 Ludwigshafen (Rhein)
 with 5 Sub-Branches
 Lübeck
 with 6 Sub-Branches
 Lüdenscheid
 Lüneburg
 Lünen
 with 1 Sub-Branch
 Maikammer
 Mainz
 with 4 Sub-Branches
 Mannheim
 with 18 Sub-Branches
 Marburg (Lahn)
 Marl (Kr Recklinghausen)
 Mayen
 Meckenheim (Bz Köln)
 Meerbusch
 with 1 Sub-Branch
 Meinerzhagen (Westf)
 Memmingen
 Menden (Sauerl)
 Meppen
 Merkstein
 Mettmann
 Metzingen (Württ)
 Minden (Westf)
 Misburg
 Mönchengladbach
 with 4 Sub-Branches
 Moers
 with 1 Sub-Branch

Monheim (Rheinl)
 Mosbach (Baden)
 Mühlacker (Württ)
 Mühl Dorf (Inn)
 Mühlheim (Main)
 Mülheim (Ruhr)
 with 1 Sub-Branch
 Müllheim (Baden)
 München
 with 37 Sub-Branches
 Münster (Westf)
 with 8 Sub-Branches
 Munster
 Neckarsulm
 Neheim-Hüsten
 with 1 Sub-Branch
 Neuburg (Donau)
 Neuenrade
 Neu-Isenburg
 Neumünster
 Neunkirchen (Kr Siegen)
 Neuss
 with 3 Sub-Branches
 Neustadt (b Coburg)
 Neustadt (Weinstr)
 Neuwied
 with 1 Sub-Branch
 Neviges
 Nienburg (Weser)
 Norden
 Norderney
 Norderstedt
 Nordhorn
 Norf ü/Neuss
 Nürnberg
 with 11 Sub-Branches
 Nürtingen
 Oberhausen (Rheinl)
 with 7 Sub-Branches
 Oberkirch (Baden)
 Oberursel (Taunus)
 Oerlinghausen
 Offenbach (Main)
 with 3 Sub-Branches
 Offenburg (Baden)
 Oldenburg (Oldb)
 with 1 Sub-Branch
 Olpe (Westf)
 Opladen
 Osnabrück
 with 5 Sub-Branches

Osterholz-Scharmbeck
 Osterode (Harz)
 Otterbrunn
 Paderborn
 Papenburg
 Peine
 Pforzheim
 with 2 Sub-Branches
 Pfullingen (Württ)
 Pinneberg
 Pirmasens
 with 1 Sub-Branch
 Plettenberg
 Plochingen
 Porz
 Quakenbrück
 Radolfzell
 Rastatt
 Ratingen
 Raunheim
 Ravensburg
 with 1 Sub-Branch
 Recklinghausen
 Regensburg
 with 4 Sub-Branches
 Reinbek (Bz Hamburg)
 Remagen
 Remscheid
 with 4 Sub-Branches
 Remscheid-Lennep
 Rendsburg
 Reutlingen
 Rheinbach
 Rheinberg (Rheinl)
 Rheine (Westf)
 with 2 Sub-Branches
 Rheinfelden (Baden)
 Rheinhausen
 with 1 Sub-Branch
 Rheinkamp-Meerbeck
 Rheydt
 with 2 Sub-Branches
 Rinteln (Weser)
 Rodenkirchen (Bz Köln)
 Rosenheim (Bay)
 Rottenburg
 Rottweil
 Rüsselsheim (Hess)
 with 1 Sub-Branch
 Säckingen

Salzgitter-Bad
 with 2 Sub-Branches
 Salzgitter-Lebenstedt
 with 1 Sub-Branch
 Salzgitter-Watenstedt
 St. Georgen (Schwarzw)
 Schmallenberg (Sauerl)
 Schopfheim
 Schorndorf (Württ)
 Schüttorf
 Schwäbisch Gmünd
 with 1 Sub-Branch
 Schweinfurt
 Schwelm
 Schwenningen (Neckar)
 Schwerte (Ruhr)
 Schwetzingen
 Seesen
 Sennestadt
 Siegburg
 Siegen
 with 1 Sub-Branch
 Sindelfingen
 Singen (Hohentwiel)
 Soest
 Solingen
 with 2 Sub-Branches
 Solingen-Ohligs
 Solingen-Wald
 Soltau
 Sonthofen
 Spenge
 Speyer
 Sprendlingen (Hess)
 Sprockhövel (Westf)
 Stade
 Stadtlohn
 Starnberg
 Stolberg (Rheinl)
 Straubing
 Stuttgart
 with 13 Sub-Branches
 Stuttgart-Bad Cannstatt
 Sundern (Sauerl)
 Tailfingen
 Tönisvorst
 Traben-Trarbach
 Triberg (Schwarzw)
 Trier
 with 1 Sub-Branch

Troisdorf	Waldshut	Wernau	Worms
Tübingen	Walsum (Niederrhein)	Wesel (Niederrhein)	Wülfrath
with 1 Sub-Branch	Waltrop	with 1 Sub-Branch	Würselen (Kr Aachen)
Übach-Palenberg	Wangen (Allgäu)	Wesseling (Bz Köln)	Würzburg
Überlingen (Bodensee)	Wanne-Eickel	Westerland	with 2 Sub-Branches
Uelzen	with 1 Sub-Branch	Wetzlar	Wuppertal-Elberfeld*
Ulm (Donau)	Warendorf	Wickrath (Niers)	with 7 Sub-Branches
with 2 Sub-Branches	Wasseraffingen (Württ)	Wiesbaden	and 1 Paying Office
Unna	Wattenscheid	with 5 Sub-Branches	Wuppertal-Barmen
Vechta	Wedel (Holst)	Wiesloch	with 6 Sub-Branches
Velbert (Rheinl)	Weener (Ems)	Wilhelmshaven	Wuppertal-Cronenberg
Verden (Aller)	Wegberg	with 1 Sub-Branch	Wuppertal-Ronsdorf
Viernheim (Hess)	Weiden (Bz Köln)	Willich (Bz Düsseldorf)	Wyler (Kr Kleve)
Viersen	Weil (Rhein)	with 1 Sub-Branch	Xanten
with 3 Sub-Branches	Weingarten (Württ)	Wipperfürth	Zell (Mosel)
Villingen (Schwarzw)	Weinheim (Bergstr)	Wissen (Sieg)	Zirndorf
Voerde-Friedrichsfeld	with 1 Sub-Branch	Witten	Zweibrücken
Vohburg	Weissenthurm	with 1 Sub-Branch	
Vorsfelde	Wenden (Braunschweig)	Wittlich	
Vreden (Westf)	Werdohl	Wolfenbüttel	* also:
Waldbröl	Werl (Westf)	Wolfsburg	J. Wichelhaus P. Sohn
Waldkirch (Breisgau)	Wermelskirchen	with 2 Sub-Branches	Filiale der
			Deutschen Bank AG

BERLINER DISCONTO BANK AKTIENGESELLSCHAFT
Berlin · 62 Sub-Branches

GEFA GESELLSCHAFT FÜR ABSATZFINANZIERUNG MBH
Wuppertal

Further Offices: Berlin · 2 Sub-Branches, Frankfurt (Main), Hamburg, Hannover, München, Nürnberg, Stuttgart, Ulm

Subsidiary **GEFA-LEASING GMBH**
Wuppertal

SAARLÄNDISCHE KREDITBANK AKTIENGESELLSCHAFT
Saarbrücken · 6 Sub-Branches

Further Offices in the Saar: Bexbach, Dillingen, Dudweiler, Homburg · 1 Sub-Branch, Lebach, Merzig, Neunkirchen · Saarlouis, St. Ingbert, Völklingen

COMPAGNIE FINANCIÈRE DE LA DEUTSCHE BANK AG
Luxembourg

DEUTSCHE UEBERSEEISCHE BANK, Berlin – Hamburg · Seat of administration: Hamburg
Further Offices: Düsseldorf, Köln, Stuttgart

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PARAGUAY: Asunción (Banco Alemán Transatlántico)
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AFFILIATE OF THE DEUTSCHE BANK AG in Securities and Issuing Business in

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JOINT INSTITUTIONS OF THE EBIC BANKS

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AUSTRALIA: Euro-Pacific Finance Corporation Ltd., Melbourne
BELGIUM: Banque Européenne de Crédit à Moyen Terme (BEC), Brussels
European Banks' International Company S.A. (EBIC), Brussels
USA: European-American Banking Corporation, New York
European-American Bank & Trust Company, New York

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AFRICA: Abidjan – Brazzaville – Casablanca – Cotonou – Dakar – Fort-Lamy –
Libreville – Lomé – Rabat – Yaoundé
AMERICA: Bogotá
ASIA: Bangkok – Bombay – Karachi – Kuala Lumpur – Makati, Rizal/Manila – Seoul – Teheran

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