

Report for the Year 1973



Deutsche Bank

Aktiengesellschaft

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for the

Ordinary General Meeting

to be held at 10 a.m. on Wednesday, May 8, 1974
in the Grosser Saal of the Deutsche Bank AG,
Junghofstrasse 5-11, Frankfurt (Main).

1.

Presentation of the established Statement of Accounts and the Report of the Board of Managing Directors for the year 1973 together with the Report of the Supervisory Board.

Presentation of the Consolidated Statement of Accounts and the Report of the Group for the year 1973.

2.

Resolution on the appropriation of profits.

3.

Ratification of the acts of management of the Board of Managing Directors for the year 1973.

4.

Ratification of the acts of management of the Supervisory Board for the year 1973.

5.

Election to the Supervisory Board.

6.

Election of the auditor for the year 1974.

Supervisory Board

Hermann J. Abs, Frankfurt (Main), *Chairman*

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

Heinz Osterwind, Frankfurt (Main), *Deputy Chairman*

Ottmar Baumgärtner, Frankfurt (Main)*
Deutsche Bank AG

Professor Dr. J. R. M. van den Brink, Amsterdam
Chairman of the Supervisory Board of AKZO N.V.

Bernhard Drewitz, Berlin*
Berliner Disconto Bank AG

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

Dr. Friedrich Karl Flick, Düsseldorf-Oberkassel
Partner and Managing Director of Friedrich Flick KG

Jörg A. Henle, Duisburg
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

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

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

Rudolf Schlenker, Hamburg

Käthe Schmitz-Karhoff, Köln*
Deutsche Bank AG

Dr. Peter von Siemens, München
Chairman of the Supervisory Board of Siemens AG

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Dr. Siegfried Weber, Hamburg*

Hannelore Winter, Düsseldorf
Housewife

Gerhard Zietsch, Mannheim*
Deutsche Bank AG

* *elected by the staff*

Professor Dr. Kurt Hansen, Leverkusen, *Chairman*
Chairman of the Board of Managing Directors of Bayer AG

Otto Wolff von Amerongen, Köln, *Deputy Chairman*
Chairman of the Board of Managing Directors of Otto Wolff AG

Wilfrid Baumgartner, Paris
Honorary President of Rhône-Poulenc S. A.

Dr. Horst Brandt, Frankfurt (Main) (from January 29, 1974)
Member of the Board of Managing Directors
of Allgemeine Elektrizitäts-Gesellschaft AEG-TELEFUNKEN

Paul Hofmeister, Hamburg
Chairman of the Board of Managing Directors
of Norddeutsche Affinerie

Dr. Heribald Näger, München
Member of the Board of Managing Directors of Siemens AG

Dr. Egon Overbeck, Düsseldorf
Chairman of the Board of Managing Directors of Mannesmann AG

Wolfgang Reuter, Duisburg (until December 31, 1973)
Chairman of the Board of Managing Directors of DEMAG AG

Dr. Wolfgang Schieren, München
Chairman of the Board of Managing Directors
of Allianz Versicherungs-AG

Johannes Semler, Frankfurt (Main), Lawyer (until December 31, 1973)

Professor Dr. phil. nat., Dr.-Ing. E. h.
Dr. rer. nat. h. c. Bernhard Timm, Ludwigshafen (Rhein)
Chairman of the Board of Managing Directors
of BASF AG

Casimir Prinz Wittgenstein, Frankfurt (Main)
Deputy Chairman of the Board of Managing Directors
of Metallgesellschaft AG

Professor Dr. Joachim Zahn, Stuttgart-Untertürkheim
Chairman of the Board of Managing Directors of Daimler-Benz AG

On August 31, 1973,

Dr.-Ing. Dr. phil.

Friedrich Harders
Member of the Advisory Board

passed away unexpectedly.
He was bound in ties of friendship to our institution for many years. After serving on our Essen-Dortmund-Duisburg Advisory Council for almost ten years as Deputy Chairman, he became a member of our Advisory Board two years ago. He was a highly esteemed and invaluable counsellor, on whose extensive economic experience and knowledge we could always rely, in particular in matters involving the Iron and Steel Industry.
The loss of this loyal friend is a sad blow. We mourn for him deeply and will remember him with gratitude.

We mourn for

Werner Traber
Member of our Advisory Board

who died very suddenly on June 13, 1973.
He had already been bound in ties of friendship for over ten years with our bank as a member of the Hamburg-Kiel Advisory Council, before sitting for more than 2 years on our Advisory Board. His wide business experience and his shrewd advice, which we could always depend upon, were an invaluable support to us.
He was, in addition, a good friend, whose memory we will always cherish.

Board of Managing Directors



Horst Burgard



Hans Feith



Hans Leibkutsch



Franz Heinrich Ulrich



F. Wilhelm Christians



Wilfried Guth



Klaus Mertin



Wilhelm Vallenthin



Robert Ehret



Alfred Herrhausen



Hans-Otto Thierbach



Eckart van Hooven,
Deputy



Andreas Kleffel

Assistant General Managers

Managers and Deputy Managers of the Central Offices

Werner Blessing
Dr. Siegfried Gropper
Dr. Siegfried Jensen
Christoph Könneker
Dr. Paul Krebs
Ernst H. Plessner
Hans-Kurt Scherer
Dr. Walter Seipp
Dr. Winfried Werner,
Chief-Syndic
Dr. Karl Friedrich Woeste
Dr. Herbert Zapp

Frankfurt Central Office
Wilhelm Balzer
Dr. Hans-Albert von Becker
Georg Behrendt
Dr. Helmut Bendig
Robert Dörner
Helmut Eckermann
Dr. Klaus Gaertner
Rudolf Habicht
Dr. Walter Hook
Dr. Ulrich Hoppe
Heinz Jürgens
Heinrich Kunz
Richard Lehmann
Dr. Hans-Peter Linss
Dr. Walter Lippens
Heinz Mecklenburg
Dr. Hans Otto Mehl
Dr. Hans Walter Schlöter
Dr. Ernst Schneider,
Syndic
Dr. Karl Schneiders
Dr. Georg Siara
Günter Sonnenburg
Hans Sprengel
Dr. Ernst Taubner
Dr. Franz-Josef Trouvain
Dr. Ulrich Weiss
Johann Wieland
Dr. Wolfgang Arendt,
Deputy
Jochem Bessler, Deputy
Helmut von der Bey,
Deputy
Dr. Rolf-Ernst Breuer,
Deputy
Fritz Burghardt, Deputy
Ulrich Cutik, Deputy
Helmut Goldau, Deputy
Dr. Peter Grasnack, Deputy
Rudolf Herget, Deputy,
Syndic
Eckard-Wulferich von
Heyden, Deputy

Dr. Jan Hiemisch, Deputy
Heinz Hofmann, Deputy,
Syndic
Dr. Helmut Hossenfelder,
Deputy
Yorck Jetter, Deputy
Gerhard Junker, Deputy
Dr. Armin Klöckers,
Deputy
Heinz Köhler, Deputy
Gerhard Koenig, Deputy
Paul Körtgen, Deputy
Günther Kreckow, Deputy
Johann-Georg Krumm,
Deputy
Dr. Siegfried Kümpel,
Deputy, Syndic
Erich Kunder, Deputy
Peter Laube, Deputy,
Syndic
Horst Liefelth, Deputy
Hermann Marx, Deputy
Karl Miesel, Deputy
Dr. Niels Minners, Deputy
Dr. Martin Murtfeld,
Deputy
Axel Osenberg, Deputy
Carl Pflitsch, Deputy
Heinrich Stein, Deputy
Heinrich Stöhr, Deputy
Gerd Volkemer, Deputy
Walther Weber, Deputy
Dr. Olaf Wegner, Deputy

Düsseldorf Central Office
Erich Bindert
Dr. Theo Loevenich
Dr. Hans-Joachim Panten
Hans Rosentalski
Dr. Werner Schwillig
Rudolf Weber
Reinhold Bandomir,
Deputy
Dr. Dieter Bökenkamp,
Deputy
Hans Floitgraf, Deputy
Josef Gerhard, Deputy
Manfred Hahn, Deputy,
Syndic
Günter Hastenrath, Deputy
Dr. Hans-Otto Linnhoff,
Deputy
Werner Römer, Deputy
Dr. Peter Rösler, Deputy
Wilhelm Schlaus, Deputy,
Syndic
Heinz Weigle, Deputy
Dr. Friedrich-Wilhelm
Wiethage, Deputy
Friedhelm Wolff, Deputy

Managers and Deputy Managers of the Regional Head Branches

Aachen

Dr. Karl-Heinz Böhringer
Erich Möller

Bielefeld

Ernst Cremer
Dr. Lothar Gruss
Dr. Georg Vaerst, Deputy

Braunschweig

Wolfgang Büsselberg
Werner Rissmann
Hans Witscher

Bremen

Dr. Roland Bellstedt
Hans-Henning von Bülow
Peter Hartmann

Dortmund

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

Düsseldorf

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

Frankfurt (Main)

Dr. Ulrich Klaucke
Gottfried Michelmann
Dr. Hugo Graf von
Walderdorff
Dr. Karl-Heinz Wessel
Herbert Glogau, Deputy
Fritz Grandel, Deputy
Walter Ritter, 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
Claus Schatz
Dr. Hans-Dieter Bartels,
Deputy
Hermann Brenger, Deputy
Franz Brinker, Deputy
Johannes Engelhardt, Deputy
Gerhard Koop, Deputy
Dr. Jens Nielsen, Deputy,
Syndic

Hannover

Dr. Heyko Linnemann
Dr. Dieter Wefers
Horst Dotzauer, Deputy
Rudolf Hahn, Deputy
Günter Olf, Deputy
Bruno Redetzki, Deputy
Erich-Karl Schmidt, Deputy
Karl Otto Trautmann, Deputy

Kiel

Walter Friecke
Heinrich Garbe

Köln

Dr. Walter Barkhausen
Dr. Franz von Bitter
Dr. Karl-Heinz Böhringer
Paul Husmann
Wilhelm Clemens, Deputy
Jean Klein, Deputy
Karlheinz Krippendorf,
Deputy
Kurt Peter Wagner, Deputy
Ferdinand Zöller, Deputy

Krefeld

Hans Müller-Grundschock
Jürgen Paschke
Werner Jungmann, Deputy

Mainz

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

Mannheim

Karlheinz Albrecht
Dr. Fritz Lamb
Karlheinz Reiter
Heinz G. Rothenbücher
Dr. Joachim Seidel
Werner Blesch, Deputy
Herbert Fuss, Deputy
Ernst-Georg Kummer, Deputy
Helmut Schneider, Deputy

München

Dr. Siegfried Gropper
Dr. Bernt W. Rohrer
Dr. Hans Schuck
Dr. Hans Sedlmayr
Hans-Joachim Buhr, Deputy
Karl Dietl, Deputy
Lothar Ludwig, Deputy
Rupert Mayer, Deputy
Hermann Stoiber, 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
Reinhold Seloff, Deputy
Alfred Wagener, Deputy

Stuttgart

Hellmut Ballé
Norbert Elsen
Dr. Nikolaus Kunkel
Paul Leichert
Gerhard Burk, Deputy
Helmut Deutscher, Deputy
Heinrich Kizler, Deputy
Walter Staudt, Deputy

Wuppertal

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



Deutsche Bank at a glance

		1973	1972
Balance sheet total	DM	46.3 bill.	DM 40.2 bill.
Volume of business	DM	47.0 bill.	DM 41.7 bill.
Volume of credit	DM	29.1 bill.	DM 26.8 bill.
Funds from outside sources	DM	42.8 bill.	DM 37.1 bill.
Own funds	DM	2,179.0 mill.	DM 1,914.0 mill.

Earnings on the volume of business	DM	1,050.7 mill.	DM 993.3 mill.
Earnings from service transactions	DM	404.9 mill.	DM 359.6 mill.
Staff and material expenditure	DM	1,224.3 mill.	DM 1,107.4 mill.
Taxes	DM	100.8 mill.	DM 143.8 mill.
Year's net earnings	DM	154.6 mill.	DM 158.0 mill.
Allocation to published reserves	DM	25.0 mill.	DM 50.0 mill.
Total dividend payment	DM	129.6 mill.	DM 108.0 mill.
Dividend per share of DM 50 par value	DM	9.—	DM 9.—

Shareholders	140,000	131,000
Customers (not incl. banks)	4,500,000	4,300,000
Staff	35,287	34,914
Offices	1,108	1,081

GROUP

Balance sheet total	DM	66.4 bill.	DM 58.8 bill.
Volume of credit	DM	47.8 bill.	DM 43.8 bill.
Funds from outside sources	DM	61.8 bill.	DM 54.6 bill.
Staff		39,951	39,582
Offices		1,254	1,227

Only a short upward phase

1973 brought the German economy the shortest cyclical upswing of the post-war period. Since the autumn of 1972 the sudden growth in orders from abroad had been providing a strong stimulus, which had affected companies' investment plans. In the spring, therefore, all the important economic indicators were showing a rise. But even at this stage the limits of the upward movement were becoming apparent; prices were rising more strongly. To combat this the Deutsche Bundesbank adopted a very restrictive policy which was supported by the Federal Government in stabilisation programmes.

From the late summer on the brakes of money and fiscal policy were increasingly felt. Bank liquidity was shorter than it had ever been and interest rates correspondingly high. So the upward movement was halted before it could fully develop. Demand on the home market slackened off but not orders for exports. Then in October the "oil crisis" suddenly brought utterly new problems for the economy. At the end of 1973 future growth seemed to be threatened both from the demand and the production side, with a conjunction of structural and cyclical weaknesses. Economic policy entered a new phase, which was mainly characterised by individual measures to encourage investments.

Stronger growth in national product

With very different developments in the first and second halves of the year real growth in the national product in 1973 was higher than in 1972. At 5.3% it was almost double the 1972 figure (3%) and very much more than had been forecast. The unexpectedly powerful rise in exports was the main contributive factor.

Including price changes the national product rose by 11.6%; in the preceding year the increase had been 9.2%. The gap between real and nominal growth did not – as had been hoped – diminish but rather widened further. The greater real growth again went hand in hand with a stronger price rise. The average utilisation of capacity in industry improved in the course of the year from 86.1% to 87.7%. This helped to increase productivity.

Full employment continued. During the last months of the year, however, the cyclical slowdown affected the labour market as well. By the end of December the num-

ber of unemployed had risen to almost half a million, the equivalent of an unemployment ratio of 2.2%. At the same time very much larger numbers were put on short time. In many sectors the amount of overtime was greatly reduced.

Even further from price stability

In the cost of living the annual price increase rate was nearly 8% in the summer; later it went down slightly for seasonal reasons. But there was no real change in the trend. Towards the end of the year the rise in the price of heating oil caused a further jump in the price level. The cost of living rose on average for the year 1973 by around 7%.

Despite successful external safeguarding measures and a very restrictive policy on the part of the Central Bank, in conjunction with the Federal Government's stabilisation programmes, it has proved possible only to prevent the imminent price explosion and take the Federal Republic back to a position low down on the scale of international inflation rates. It is particularly a matter of concern that the hard restrictive policy has had practically no influence on the wage agreements concluded. The more the business world, the social partners and wide sections of the population become accustomed to the continuous decline in the value of money and plan accordingly, the more difficult will it be to break the spiral of increasing inflation. The hopes of a return to greater stability have dropped because all the prognoses of the extent of coming price rises have been confounded by reality. All the experience of earlier growth cycles in the Federal Republic has been insufficient.

Exports – the big driving force

The boom in most of the West European countries, in the USA and in Japan led to very heavy demand for German goods. In view of the large rise in costs in the Federal Republic and the revaluations of the D-Mark the demand was unexpected at least to this extent. Once again, however, it became clear how strong the demand abroad is for high-value German capital goods. In many cases, too, the German companies were able to offer the advantage of shorter delivery dates than their foreign competitors because they still had free capacity. In order

to utilise this capacity concessions were often made on prices as well.

The negative effects of the various revaluations of the D-Mark on the competitive position of German products was also partly softened when prices rose more strongly in many other countries than in the Federal Republic. And then many foreign buyers placed their orders earlier than they would otherwise have done for fear of further revaluations of the D-Mark. Altogether export orders in 1973 were 33% above the previous year's level.

Only a temporary stimulus to investment

The investment activity of companies had largely stagnated for most of 1972, even if on a fairly high level. Since the end of 1972 the expansive demand from abroad had been having a stimulating effect on investment. Prospects appeared more favourable and in the spring of 1973 many investment plans were revised upwards. But the measures adopted by the Bundesbank and the Federal Government soon put a damper on these optimistic plans. The investment tax introduced in May, the suspension of declining balance depreciation and of § 7b of the Income Tax Law, permitting tax privileged depreciation rates on residential building, together with the growing difficulties in financing, all contributed to this. Companies' expectations deteriorated so much during the first shock of the oil crisis that the Federal Government felt obliged in December to rescind the tax measures introduced to damp down investment activity.

Altogether the growth in gross investment in fixed assets, at 5.2% nominal, was only half that of the national product. It would appear as if we have entered a phase of more moderate growth and that even in upward phases powerful real economic growth can by no means be taken so much for granted as during the last two decades. The consequences for the possibilities of increasing incomes and for wealth formation are obvious.

Private consumption loses impetus

The propensity to consume in 1973 was not nearly as strong as in earlier boom periods. The nominal growth rates are deceptive. The German retail trade, for example, registered a rise in sales of just on 8% – in current

prices – for 1973. But after deduction of price increases the real growth was only 1%.

Private consumption as a whole increased by 10.5%, 1.1 percentage points less than the national product. At the same time, however, income from employment, which is of decisive importance for consumption, rose by 13.5% and thus more than the national income. In 1973 wage and salary earners further increased their share of the national income. The wage and salary ratio rose to around 70%, whereas the share of entrepreneurial income dropped noticeably. But the wage increases are very largely absorbed in higher taxes, higher social contributions and the rising cost of living.

This means that wage policy is becoming more difficult all the time. Today compensation for the estimated inflation rate and participation in progress in productivity are taken for granted as the minimum that should be asked. If prices rise more strongly additional wage rises are demanded as "inflation compensation". But as the wage increases are far above the rise in productivity in any case the inflationary roundabout is only given further impetus, as, indeed, all experience so far with index clauses as protection against inflation also shows.

For industrial enterprises and enterprises in the services sector it is a matter of crucial importance whether they can absorb rising labour costs in better productivity or pass these on in prices. If they can do neither, jobs are threatened. In some sectors of the economy this is already the case. From year to year it is becoming clearer that the inflationary trend can only be broken if all those participating in the economic process voluntarily refrain from trying to get income rises which are ahead of the growth in productivity.

A further growth in state consumption

In contrast to private consumption state consumption again increased very much more than the national product, with a growth rate of 15.5%. This has been the case since 1970 and has taken the ratio of state consumption on the expenditure side of the national product from 15.9% to 18.3%. The much quoted "public poverty" cannot be substantiated by these figures.

Altogether the financial dispositions of the central, regional and local authorities in 1973 had a slightly expansionary economic effect, despite budgetary restraint especially by the Federal Government, and thus did not

Monetary and credit policy developments

1973

1. 1. Federal Government lowers cash deposit free quota from DM 500,000 to DM 50,000.
12. 1. Discount rate raised from 4½ to 5%, lombard rate from 6½ to 7%.
1. 2. Rediscount quotas cut by 10%.
2. 2. The Federal Government decides on stricter external safeguarding measures in the sphere of capital transactions. Through § 23 of the Foreign Trade and Payments Law the purchase of all domestic securities (previously only fixed-interest securities) by non-residents is subject to authorization. Foreign investment in the Federal Republic (from DM 500,000) is subject to authorization, as is the taking up of loans and credits abroad (from DM 50,000).
7. 2. Only 60% of the credit institutions' rediscount quotas may be utilized.
12. 2. Foreign exchange markets closed until 13. 2. USA devalues dollar by 10% (computed rate: 1 Dollar = DM 2.9003). The Japanese Yen and the Italian Lira float (as from 14. 2.). Sweden and Finland devalue by 5% (as from 15. 2.).
17. 2. The Federal Government decides on stabilisation programme. Most important measures: stabilisation loan up to DM 4 billion, 10% supplementary levy on income and corporation tax limited to one year from 1. 7., increase in the petroleum tax (as from 1. 7.) and suspension of declining depreciation for some housing construction.
22. 2. The Bundesbank is empowered to raise the cash deposit requirement (previously 50%) to 100%.
1. 3. Minimum reserve ratios for sight and term deposits raised by 15% and for savings deposits by 7.5%.
2. 3. International foreign exchange markets closed.
14. 3. Revaluation of the D-Mark by 3% from 19. 3. (new central rate: 1 DM = 0.294389 Special Drawing Rights [SDRs]; computed rate: 1 US dollar = DM 2.8158). The Federal Republic, France, the Benelux countries and Denmark let their currencies float against the dollar, but retain fixed exchange rates towards each other (block floating).
19. 3. Foreign exchange markets reopened.
1. 4. Rediscount quotas again cut by 10%.
4. 5. Discount rate increased from 5 to 6%, lombard rate from 7 to 8%.
9. 5. Federal Government decides on further stabilisation programme. This includes investment tax of 11%, suspension of declining depreciation on new capital investment and special depreciation on private housing (§ 7b Income Tax Law) and a supplementary levy of 10% on income and corporation tax on the higher income groups.
30. 5. No further lombard advances for credit institutions as from 1. 6. until further notice.
1. 6. Discount rate raised from 6 to 7%, lombard rate from 8 to 9%.
27. 6. Bundesbank cuts basic amount for the calculation of the growth in foreign liabilities subject to minimum reserve requirements by 25%.
29. 6. Fifth revaluation of the D-Mark, by 5.5% (new central rate: 1 D-Mark 0.310580 SDRs; computed rate: 1 US dollar = DM 2.6690).
9. 7. Lowest point for the US dollar of at times DM 2.22 (official rate: 1 US dollar = DM 2.2835).
9. 8. Bundesbank decides to use a "more flexible open market policy" to prevent extreme movements in interest rates on the money market of almost 40% down to 0%.
20. 9. With effect from the end of October 1973 the Bundesbank no longer treats deposits by non-residents on Cover for Credit Accounts as on principle deposits by residents.
4. 10. Credit institutions whose capital exceeded DM 100 million on 31st August can only utilize 45% (previously 60%) of their rediscount quotas. Bundesbank cuts the basic amount for the calculation of growth in foreign liabilities subject to minimum reserve requirements as from 1. 10. by 15%; minimum reserve rates for sight and term liabilities to residents raised as from 1. 11. by 3% over the level of September 1973.
22. 11. First relaxation of the Federal Government's stabilisation policy: additional interest rate subsidies for 50,000 public housing units, increase in quotas for textile imports not to be prolonged beyond the end of the year. For the time being no more foreign workers are to be engaged from non-EC countries.
29. 11. Bundesbank raises by 15% the limits to which credit institutions may utilise rediscount quotas.
19. 12. The Federal Government decides on partial relaxations for cyclical reasons, whereby the stabilisation programme of May 1973 (with the exception of the 10% supplementary tax) is rescinded. The investment tax is removed and declining depreciation and special depreciation on private housing again permitted (§ 7b). The Government and local authorities prepare investment programmes, import financing within the framework of the cash deposit regulation is relaxed.

1974

1. 1. Relaxation of cash deposit requirement. Bundesbank removes additional minimum reserve requirement of 60% on liabilities to non-residents, lowers minimum reserve rates for domestic liabilities by 5%, and reduces minimum reserve rates on liabilities to non-residents to 35%, 30% and 25% for sight, term and saving deposits.
21. 1. France leaves the European monetary block and lets the franc float.
30. 1. The Federal Government relaxes the restrictions on capital transactions.

help the restrictive policy. This was especially true of the rise in personnel costs – these climbed even further at the beginning of 1974 due to the increases granted in agreed wages and salaries in the public sector, whereas investment expenditure was actually cut back. But plentiful tax revenue made it easier for the public authorities to meet their growing need for finance without incurring larger debts. As a result of the income tax scale the state profited overproportionally from the wage and salary supplements paid specifically to compensate inflation. Thus the state wins by inflation, but in its investment policy, i. e. in the intended reforms, it is among the losers. At the same time the growing income tax burden makes it more difficult for those on a low or medium income to find compensation for the steadily rising cost of living. This also shows how senseless the whole inflationary roundabout is.

Bundesbank on a very restrictive course

In 1973 the Bundesbank consistently pursued the restrictive policy it had already adopted a year before. But the effectiveness of this policy was temporarily threatened during the first half of the year by two big waves of speculation from abroad. The international monetary unrest with a massive speculation against the dollar in February and March brought an inflow of liquidity to the German economy of around DM 26 billion. This dramatic outbreak of the dollar crisis which had been smouldering for years caused 6 member states of the European Community to move to joint floating against the dollar, which had already been devalued by 10%. At the same time the D-Mark was revalued by 3%. Another wave of speculation in June and July, this time mainly originating in Europe, brought in foreign funds to the amount of DM 5.7 billion and brought a revaluation of the D-Mark by 5.5% within the European block. The Bundesbank raised the minimum reserve requirements and the rate for growth of foreign liabilities, thus succeeding in freezing in the central bank as good as 100% of the new foreign deposits.

Parallel to this further intensification of the central bank's restrictive policy the Federal Government, on the basis of § 23 of the Foreign Trade and Payments Law, made authorisation necessary for further forms of money inflows from abroad. At the same time the cash deposit requirement was made stricter.

Protected by these external safeguarding measures the Bundesbank made full use of its credit policy instruments. It did so with the declared aim of cutting down the growth in the volume of money and adjusting this better to the growth in the real national product.

The Bundesbank raised the discount rate in stages from 3% in February 1972 to 7% in June 1973. With rates of 15% and higher in credit business resulting from the increasing shortage of liquidity the discount rate, however, largely lost its function as guide for the general structure of interest rates. Contrary to the "classical" principles the central bank was literally aiming to close its doors to the credit institutions for refinancing, as it repeatedly cut down the rediscount quotas and, with the exception of special arrangements applying for a few days in each case, granted no more lombard credits. Thus, so to speak, it ceased to function as "lender of last resort". The result was extremely high rates on the money market – on some days as high as 40% – and extreme short-term fluctuations on this market. This made business disposition most difficult for the credit institutions. It was almost impossible to balance out strong short-term fluctuations in liquidity – for example in connection with tax dates or the sudden withdrawal of foreign deposits. A further difficulty was the fact that after March the revision of Principle III required greater liquidity of the credit institutions. Nevertheless, the central bank set itself firmly against the desire for a regulating open-market policy.

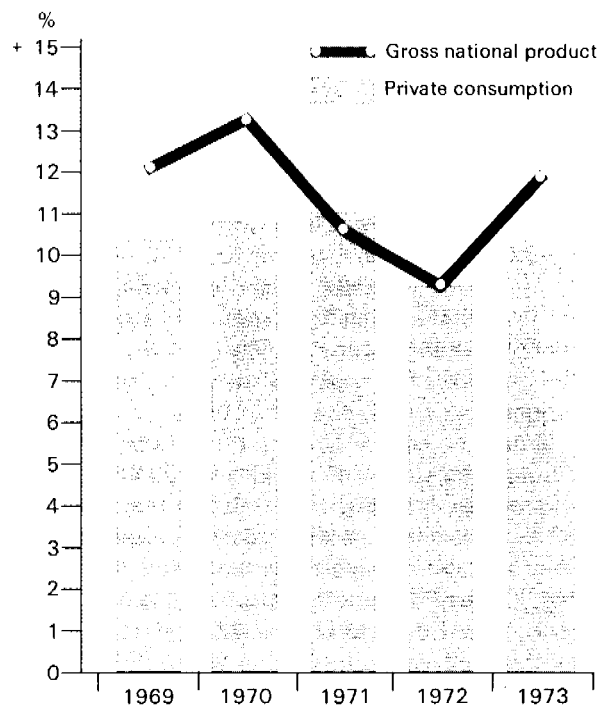
After the middle of the year the severe restrictive policy increasingly dampened down demand. However, it had a different effect on individual industries and companies. In the building industry especially financing bottlenecks and high credit costs cut down activity. Workers were made redundant and a number of construction firms went bankrupt. The supplier industries began to feel the repercussions. In the housing industry it became apparent that there was over-supply of privately-financed quality flats, whereas there is still a shortage of low-priced accommodation. Industries close to the consumer, such as textiles and clothing, shoes etc., also moved into the shade. As economic activity declined structural difficulties emerged in these industries. Here again the weakness tended to affect other sectors.

The high interest rate policy increasingly hit medium-sized firms producing for the domestic market, as they had no liquidity inflow from abroad and could not pass on the higher interest cost in prices. Some companies

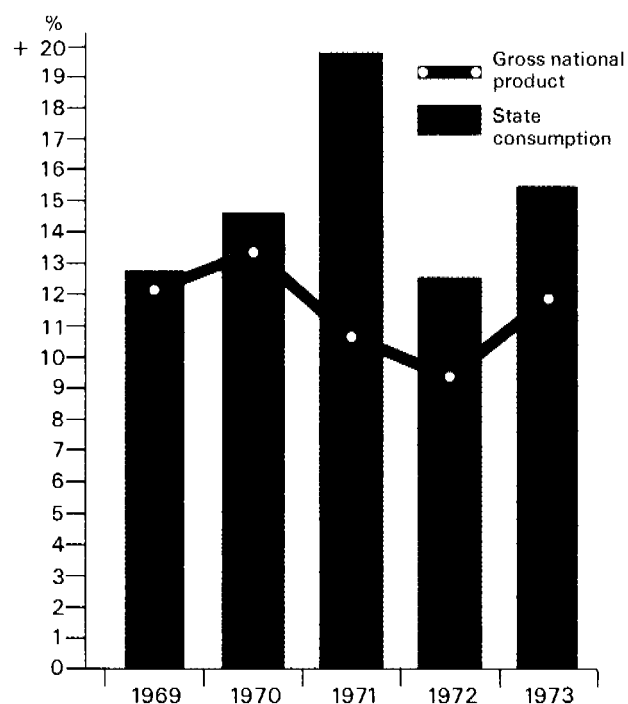
The 4 factors of economic expansion from 1969 to 1973

(in current prices, growth rates in per cent, for comparison growth of GNP)

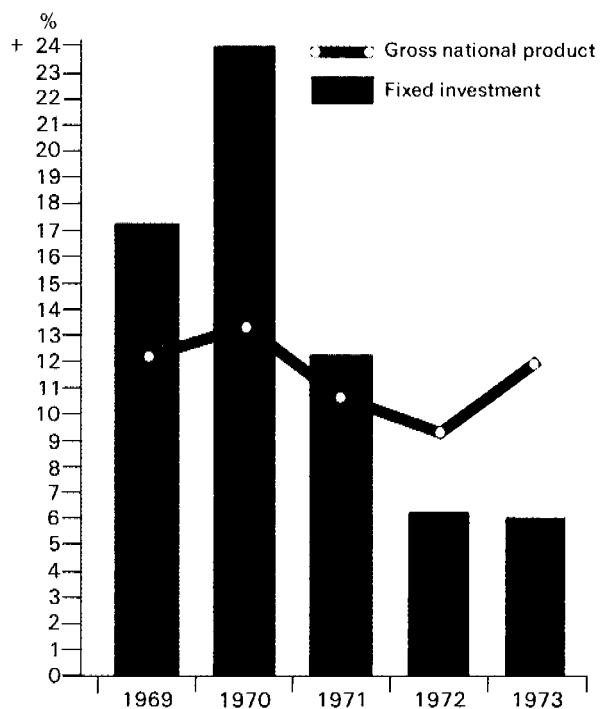
Private consumption



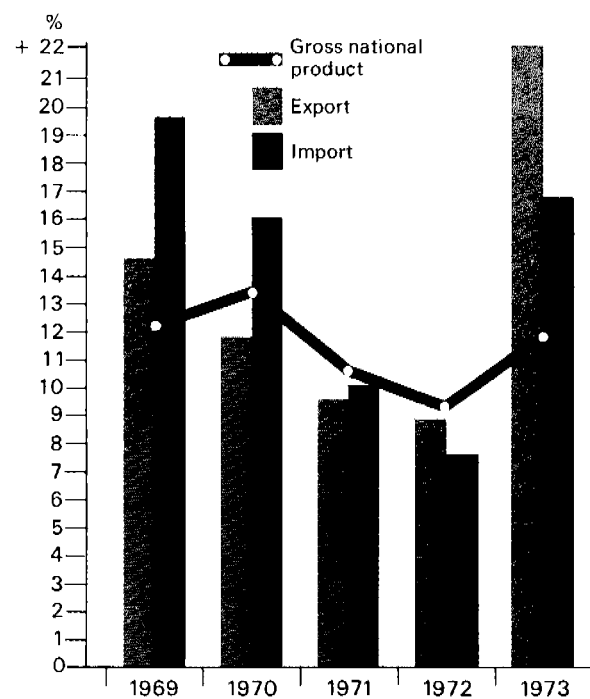
State consumption



Investment in fixed assets



Export and import of goods and services



with surplus liquidity, on the other hand, profited from the high interest rates.

The oil crisis – more a problem of price than of quantity

The unexpected announcement in October that the Arab countries would cut back supplies of oil caused first a psychological shock. It was all at once brought home to the public at large to what extent the various aspects of our lives are dependent on an adequate energy supply. 55% of German consumption of primary energy is supplied by petroleum and two thirds of the necessary imports come from the Near East.

In contrast to some other European Governments the Federal German Government kept to its free market policy right from the beginning of the crisis to prevent the threatening shortage of petroleum from developing. The success proved how right this course was. With relatively few cuts in consumption, voluntary restraints by consumers and an increased use of coal and coke it was possible to avoid major cutbacks in production, and thus growth, through energy shortages. At the beginning of 1974 the oil crisis was proving less a problem of quantity but all the more one of price. The policy of the oil producing countries is also bringing a large degree of uncertainty. Judging by the present situation the higher oil prices will add around 2% to the cost of living for the current year. For the trade balance additional costs of DM 15 billion and more are expected for the same amount of imported oil as in 1973.

Altogether, however, the higher energy costs have had a dampening effect on demand. They are acting like an additional tax. Consumers are more careful about what they spend. The main sufferer is the German motor industry, on which every seventh person employed in the Federal Republic is dependent in some way or other.

“Double Strategy” as a way out of the conflict facing economic policy?

At the end of 1973 the economy in the Federal Republic was under the dampening influence both of the continued restrictive policy and of the oil crisis. In some fields this was giving rise to risk of too strong a decline in employment. At the same time the higher energy

prices were strengthening the existing inflationary trend. Full employment and the value of money were thus equally endangered. Only a slight real growth in national product was to be expected for 1974.

To cope with the conflict facing economic policy the Federal Government decided on counteraction which it described itself as “double strategy”. In the interests of stability it refrained from overall stimulus and supported the Bundesbank’s view that on principle the restrictive policy should be continued. The central bank did, however, compensate loss of liquidity through dollar outflows abroad by lowering the minimum reserve requirements. At the same time the Federal Government used selective stimulating measures, for example, for public housing, regional structural improvements, energy consumption, and made funds available for these. It removed the tax restrictions which had only been introduced in May 1973, with the exception of the stabilisation supplementary levy.

The problems of such a double strategy are obvious: on the one hand it is clearly not possible to counter the inflationary tendencies in the economy solely by carrying on with a largely restrictive central bank policy – the latest wage agreements are as much proof of this as is the rise in industrial producer prices, but on the other hand the areas which are particularly exposed cyclically and structurally lose most of the benefits on the investment side again through the combination of high interest rates and considerable cost increases for raw materials and wages. So the risk to employment remains, as does the danger of inflation.

The greatest threat to the Government’s economic aims is thus the unrealistic wage and salary claims being made by the trade unions, which are far in excess of the rise in productivity. Only if wage agreements were reasonable could the central bank and the state devote themselves equally to the task of improving the conditions necessary for more firmly-based economic growth. With a real increase in the national product of around 2% wage increases of between 14% and 15% can only mean that individual groups can better their lot slightly at the expense of others, and even that probably only for a short time. Further price rises are bound to follow. In the general scramble for the national income it is above all the old-age pensioners and the socially weak who suffer; but those who think they have won are only further endangering the basis of their own prosperity: competitive and profitable companies.

The result can only be the reduction of the real growth possibilities for our economy in the future, because the necessary private and public investment cannot be ensured.

Equal representation and the compulsory contribution to wealth formation – social progress or a change in the system?

In January 1974, the Coalition parties presented to the public a proposal for co-determination which has now been made the basis of a Government draft law. Among other things it states that for public and private limited companies usually employing more than 2,000 and not subject to the special regulations applying in the Coal, Iron and Steel Industries, Supervisory Boards must be formed on which the shareholders and employees are equally represented – on principle with 10 members each. Among the employees' representatives there must be 3 trade union representatives and at least one worker, one clerk, and a senior employee (leitender Angestellter). The employees' representatives are to be elected by employees especially empowered by the staff to vote.

We are in favour of co-determination in the sense of participation by employees in the Supervisory Boards of companies, as being in keeping with modern social and political views.

But we oppose forms of co-determination which hinder the essential decision-making in the company and thus endanger the elasticity and dynamism in the economy.

If the Coalition co-determination paper is judged by these criteria the current proposal must be regarded as a mistake. If this Government draft became law it would be the most serious incision yet in our social order. The proposal is based not on progress but on the obsolete idea of the opposition between "capital" and "labour", as can clearly be seen simply from the concept "the two benches". Under these circumstances the equal numbers of shareholders' and employees' representatives are almost bound to lead to blocks being formed and to a stalemate in the Supervisory Board meetings, which will paralyse the decision-making process and have a very damaging effect on the work throughout the company. The influence from outside the company could, moreover, lead to political emphasis and introduce so-

cial conflict to the Supervisory Board, which has nothing to do with the actual function and responsibility of this body in a business enterprise. When decisions are unavoidable on the Supervisory Board there will be a tendency to perpetuation of the division and thus to acceptance of solutions which may not be the best for the work to be done. In this connection there would be a particular danger in the appointment of members of the Board of Managing Directors of professional qualifications and the ability to lead being pushed further and further into the background in favour of other aspects. The envisaged solutions to the "stalemate" problem would hardly help in this respect, as companies, in view of the fierce international competition which makes quick and clear decisions essential, will scarcely be able to afford setting in motion such complicated and time-consuming procedures.

The German economy is facing a further decisive change if the plans which have been worked out in the Coalition for legislation on wealth participation are realised. According to these all companies in future are to make a contribution – non-deductible for tax purposes – to wealth formation in so far as their trading profits exceed a certain minimum. With profits of DM 1 million and over the contribution is to be 10%. It is to be made in the form of shares of the company which are traded on a stock market, or shares of certain other companies, or a money payment, in which case, however, there is a premium of 10 to 15%. To administer the Funds, asset investment companies are to be set up within the banking sector. In contrast to existing legislation the Supervisory Boards of these companies would have more than an advisory and supervisory function. They are to exercise decisive influence on the administration of the Funds.

For many years we have held the view that the distribution of wealth in our country could be improved and thus have long regarded a stronger encouragement of wealth formation as urgently necessary. We have repeatedly stated this in public – most recently at the General Shareholders' Meeting on May 8, 1973. We have always supported wealth formation with personal investment decisions and freedom of disposition. But the proposed wealth participation law does not meet these basic requirements for the formation of genuine wealth for employees.

The increase in wealth which comes about without any initiative or participation on the part of the beneficiary is an increase first on paper only; it cannot be util-

ised for the present as the rights resulting from participation in the Funds are to be frozen for years; in the meantime it is subject not only to inflation but probably also – as a result of the law itself – to diminishing earnings in the companies affected. It must also be borne in mind that the administrative apparatus necessary for the organisational concept would have to be of such a size as to make the desired success appear questionable from this angle, too.

The realisation of the draft law would mean a heavy financial burden for the companies. The compulsory contribution to wealth formation would be tantamount to an extra tax, taking the tax burden as a whole on companies to a size which is unjustifiable on an international scale. Dividend cut-backs would be an inevitable result and the formation of adequate reserves could no longer be guaranteed. The companies' self-financing power would be weakened from year to year. This would also be bound to reduce their issuing capacity and their international creditworthiness.

The compulsory contribution to wealth formation would mean for the shareholders a gradual loss of the intrinsic value and the yield of their shares. This might mean that shares would lose more and more of their attractiveness as a form of investment for broad circles of the population.

For all these reasons we must issue a clear warning against realisation of the Coalition plans on co-determination and wealth participation in their current form. They would reduce the high performance, the earnings power and the international competitiveness of our economy and thus ultimately endanger employment. Such a development cannot be in the interest of those concerned. It would jeopardise our proven economic system, which for more than two decades has helped to give a high standard of living, on an international comparison, for all sections of the population of the Federal Republic, and in addition proved the most important element in our international standing. Our free social order, which is dedicated to the idea of private ownership, should not be called in question by innovations which have not been properly thought out, would be rejected in other countries and are constitutionally dubious for the sake of what ultimately would be a syndicalist system.

Decline in the savings ratio

The continued inflation affected the development of savings in the Federal Republic throughout 1973. But there were varied reactions from savers. In one group, for example, there was undiminished propensity to save but a very marked determination to choose those forms of investment with higher interest earnings. In another group the willingness to save declined, the propensity to consume grew and mainly durable goods were purchased. During the last months of the year, as uncertainty grew about the economic outlook and the safety of jobs, straightforward precautionary saving on savings accounts regained importance.

For all the groups the persistent price rises and the higher social security contributions and taxes made saving more difficult. For the first time since the Currency Reform less was saved than in the year before. At 13.7% the savings ratio was noticeably below that for 1972 (14.5%).

Shift in the structure of deposits

The savers' desire for a higher rate of interest led to a stronger shift on savings accounts from deposits with statutory period of notice to those with agreed longer periods of notice. Amounts hitherto maintained on savings accounts were also switched to time deposits or used for the purchase of bonds with a high interest rate and credit institutions' savings bonds. As a whole savings deposits increased only slightly. Around the middle of the year withdrawals from savings accounts actually exceeded in-payments, so that for a few months savings balances declined.

Term deposits showed an unusually large increase. This was a result both of the desire of investors for higher interest rates and the pressure of the restrictive central bank policy on the liquidity of credit institutions. The banks were forced to take in more term deposits at higher interest rates. In 1973 new term deposits with a maturity of up to four years amounted to just on DM 30 billion in 1973; in 1972 the inflow to these accounts was DM 16 billion.

This development in savings and fixed term accounts led to changes in the structure of deposits for most credit institutions in 1973. This means that their financing costs have risen more strongly than is reflected sim-

**From the "Old German Eagle"
to the "Oblique Stroke in a Square"**

Its trade mark is a company's visiting card. Yet even a trade mark can grow old. The Deutsche Bank has therefore decided on a new sign.

The overlapping D and B within an oval framework, which for nearly forty years was the Deutsche Bank's symbol, has changed to a timeless square with an oblique stroke. By virtue of its relative simplicity the new sign is both extremely eye-catching and easy to remember. The square framework can be regarded as symbolising security and the upward stroke as portraying a dynamic development.

In the hundred years the Deutsche Bank has been in existence there have hitherto been few emblems and trade marks.

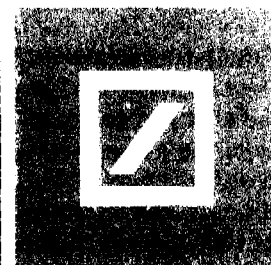
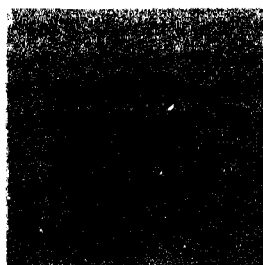
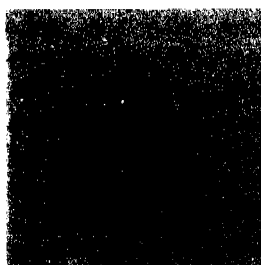
The first was the "Old German Eagle" which was embellished with the Deutsche Bank's initials in relatively small size. It prevailed – after being revised only once – up to 1918. Before amalgamating with the Deutsche Bank in 1929 the Disconto Gesellschaft's emblem was its two initials in a circle.

After the merger the Eagle came back into favour for a short time, until it was finally replaced by the 2 letters D and B in an oval framework in the middle of the thirties.

Since the war 10 signs altogether have been used, each with the initials of the respective successor institutions. When these were reunited to form the Deutsche Bank in 1957 the D and B in an oval framework was revived. In 1973 an open invitation to submit a new sign produced approximately 140 entries, which were carefully examined by experts. 3 signs were eventually selected for further consideration. The "oblique stroke in a square" was the winner. It



was designed by Anton Stankowski, the 68-year-old independent painter and draftsman from Stuttgart. He has gained a reputation as designer with exhibitions, text books and consultancy work.



ply in a comparison of interest rates for the two years. Profitability has been noticeably reduced.

It remains to be seen whether the experiences of 1973 will effect the future decisions of depositors. If so, there could be a long-term change in the composition of deposits and the differences between interest rates for the various categories.

Slowdown in the expansion of credit

The loans granted by German credit institutions increased by 9.8% in 1973. During the previous year the increase was 15.3%. Thus there was a considerable slowdown in the expansion of credit, whereas real economic growth almost doubled over the preceding year. Insofar the effects of the severely restrictive policy are not apparent. Certainly there has been a time-lag, as there has before, before their effect fully set in. During the first few months of 1973 the volume of credit was still expanding relatively strongly. But the comprehensive external safeguarding measures and the increasing shortage of central bank money caused a slackening in the expansion of credit from quarter to quarter. The deceleration was most marked in short-term loans.

Debtor rates rose to a height which had previously been regarded as impossible in the Federal Republic. But the credit institutions did not succeed in passing on the strong rise in the cost of money in the prices for their loans. The "exotic" interest rates were thus of no advantage to them; on the contrary: during the summer and autumn the interest margin in the credit business declined considerably. The fact that various credit institutions at the height of the liquidity shortage were offering almost the same rates for time deposits as they were charging for loans made it clear to the customer as well that the widely held view that high interest rates push up the banks' profits is simply not true in many cases.

Prices drop on the German share markets

For shareholders 1973 was a disappointing year. More than the average price gain for 1972 was lost. The Federal Statistical Office Share Index (31. 12. 1965 = 100) dropped during the last 12 months by 16.9%. At the end of 1973 it was at 123.7 only 3.8% above the figure for the end of the year with the all-time low, 1970. The market

capitalisation of all quoted companies fell below DM 120 billion, after having been DM 139 billion in 1972.

Department store, commercial bank and motor industry shares had above-average losses in 1973, of over 25%. Electricals and utilities, on the other hand, dropped only slightly. Prices improved for steel and light metal industry shares, and for shipping shares, where after a low lasting for years some companies have enough orders to give employment for the next few years.

The generally positive cyclical expectations and heavier investment buying from abroad – whereby currency expectations may have played a part – created a favourable mood on the German share markets in the first quarter of 1973. The index moved up a good 13%. The downward movement set in in April and lasted almost uninterrupted till the end of the year. The ban on sales of German shares to non-residents had a negative effect on the market. Moreover, the Federal Government's and central bank's stabilisation measures made a revision of profit expectations for the further course of the year appear necessary.

A recovery on the share markets in October due mainly to an expected drop in interest rates and a better liquidity situation was of only short duration, and was quickly killed by the shock of the oil crisis. The worldwide difficulties in the raw materials and energy sector again caused great uncertainty and more drops in prices. At the same time the tendency for interest rates to rise strengthened the pessimism. It was not until the beginning of the new year that there was a slight improvement in the price level.

The average dividend of 13.08% at the end of 1972 dropped again by the end of 1973 to 12.98%. As a result of the lower prices the average yield on German shares, which had been 3.08% at the end of 1972, was 3.72% at the end of 1973.

Fewer new shares were issued in 1973 than in 1972. The nominal value of new issues was DM 2.0 billion (–16.6%), the market capitalization DM 3.6 billion (–13.3%). The average issue price was 180 (after 173%). The 496 companies quoted on the stock market and domiciled in the Federal Republic were showing a nominal capital of DM 34.3 billion at the end of last year, 4.7% more than at the end of 1972, when there were still 505 such companies.

Top rates on the bond market

The restrictive policy of the Bundesbank in 1973 affected the receptivity of the German bond market less than the interest rate level. After mid-June for the first time since the Currency Reform debt instruments were issued with an interest rate of 10%. The 10% rate remained until the end of October. During the last two months of 1973 the nominal interest rate went down to 9½% as more investors were ready to buy. But at the beginning of 1974 it was clear that the tendency to lower rates would not prevail. Yields rose again.

Gross sales of fixed-interest securities of domestic issuers were at DM 45.9 billion only 4.6% below the result for the record year 1972 (DM 48.1 billion). Moreover, more than DM 4 billion worth of DM foreign loans were placed, compared with just on DM 5 billion in the preceding year.

Last year a marked feature of the capital market were the debt instruments issued by specialised credit institutions and the "other bank bonds". At DM 21.8 billion they accounted for 47.6% of gross sales, as compared with 23.9% in 1972. This reflects particularly the strong rise in debt instruments with maturities of up to 4 years issued by the Central Giro Institutions.

The ratios of mortgage bonds (12.5% after 19.6%), public authority bonds and communal bonds (39.9% after 53.8%), on the other hand, declined considerably. There was practically no borrowing by industry on the capital market in 1973, due to the high interest rates. Thus there must be a great need for consolidation which should become apparent when interest rates go down again.

Among domestic buyers of fixed-interest paper the credit institutions' share dropped from 30% to around 16%. As a result of the tight liquidity situation the banking sector was hardly in a position to build up its holdings of fixed-interest securities. Thus the share of non-banks rose from 70% in 1972 to 84%. The most important group of buyers was again private households, whose share rose again – partly due to the shift from savings accounts mentioned above. The lack of interest in shares as prices fell was also a contributive factor. But if the inflation continues there is a danger that the functioning of the capital market may be jeopardised.

The steady flow of repayments is now a powerful support to the bond market. 5 years ago (in 1968) these were only DM 4.8 billion. In 1973 repayments amounted

to DM 19.1 billion. In December 1973 alone they were at DM 3.4 billion the highest ever registered in one month.

Investment funds – declining interest

German investment funds selling to the public had to be content last year with less than half their income of the previous year. After the record result of DM 4.4 billion for 1972 the inflow of funds to German investment companies sank to DM 1.85 billion. As prices on the stock market dropped the assets of the German share funds went down. The value of units in some securities funds dropped considerably. The international funds also suffered currency losses. Real estate fund units were practically the only ones to show a rise.

The share funds had the largest inflow – especially during the first quarter of 1973 when the stock market was rising. Their share of new funds rose from 32.6% to 57.2%. But as prices on the share markets went down interest declined again. Bond funds, which were most popular with investors in 1972 with a market share of 41.5% only had 33.8% of the inflow of funds in 1973.

The real estate funds also failed to maintain their high share of the previous year. Since mid-year the decline in the building industry has been having a negative effect for them.

Conditions more difficult for the Euro capital market

The strong fluctuations in the rate for US dollars very much hampered issue activity on the market for long-term Euro loans in 1973. As a result of the weakness of the dollar during the first half of the year investors were reluctant to buy dollar bonds. They preferred loans in D-Marks and Swiss francs. The picture changed completely as the dollar recovered in mid-year, and investors' interest in loans denominated in European currencies has been declining steadily.

However, there has not been heavy demand for long-term dollar bonds, as the Euro credit market has developed into a strong competitor for the Euro capital market. The rates rose more strongly on the market for short and medium-term Euro credits than on the market for Euro loans, causing many lenders to turn more to the short and medium-term Euro market. A number of important lenders, especially from the oil producing coun-

tries, have in any case always preferred shorter-term investments for their funds. For the issuers the Euro credit markets offer the advantage of a very much simpler procedure – among other things an issue prospectus is not necessary – and of very much higher amounts. Euro credits of between \$ 100 million and \$ 1 billion were not a rarity in 1973, while Euro bond issues tended to be in the traditional range of between \$ 30 and \$ 50 million. But the interest and procurement risks of the “roll-over” procedure are often ignored – whether rightly or wrongly, only the future will tell.

Altogether the volume of new bond issues in 1973 was at the countervalue of around \$ 5 billion over 20% below that of the previous year, which had brought record sales. In view of the currency unrest and the widespread uncertainty in 1973 this result still shows how resilient the Euro capital market is. At the same time, however, the estimated volume of Euro credits rose by 200% to around \$ 23 billion.

Most of the new issues – 44% of the total amount – were again in US dollars. D-Mark loans accounted for 28%, a rather higher share than in previous years, although the market was no longer receptive for D-Mark bonds during the last two months due to the relative weakness of the D-Mark on the foreign exchange markets. The other European currencies, with the exception of the Swiss franc, lost importance as loan currencies.

In September the European Investment Bank for the first time issued a loan in a new value unit, the EURCO (European Composite Unit). The EURCO bonds acknowledge liabilities in a bundle of currencies containing all the nine EC currencies to certain amounts. This construction is designed to offer the creditor as well as the debtor a large degree of protection against future fluctuations of individual currencies. The European Investment Bank has been successful with this type of loan but so far there has only been one other such issue.

Around 44% (1972: 34%) of the volume of issues was for European borrowers. More than one third of this went to Great Britain. At 20% the share of the USA declined. International organisations increased their share at 20% (1972: 13%). Some developing countries, for example, Brazil and Columbia, were again able to take up long-term funds directly on the capital market.

During the year the interest rate level on the Euro capital market rose appreciably. As always the interest differentials between the various currencies were closely connected with their positions on the foreign exchange

markets. During the first half of the year the interest rates for DM foreign loans for first-class borrowers were still around 6½% but at least 7½% had to be offered for comparable dollar loans. As the year went on the interest rates for dollar bonds rose to 8½%. D-Mark bonds were later offered at the same rate without meeting noticeable demand. As prices went down strongly there were in fact heavy reflows of DM foreign bonds from abroad, so that buyers of this paper were finally able to obtain yields clearly above the domestic German interest rates level of 9½%. It remains to be seen whether this situation will change again in the near future with the relative strengthening of the D-Mark on the international foreign exchange markets.

The D-Mark between re- and devaluation

The Federal Republic's trade balance closed for 1973 with a record surplus of DM 33 billion. This was a rise of more than 60% over the preceding year. At the same time, however, the deficit on other items in the current account rose to DM 20.6 billion, mainly due to higher transfers by foreign workers and greater expenditure on foreign travel by the Germans. The overall surplus on the current account was thus DM 12.4 billion.

The official reserves at the Deutsche Bundesbank rose in 1973 by DM 16.1 billion to DM 90.5 billion, after new valuation in accordance with the changes in exchange rates. The large increase was mainly due to speculative inflows of foreign money during the unrest on the international foreign exchange markets. During the first half of the year this was caused twice by the weakness of the dollar and in September by uncertainty over the French franc. During the last three months of the year there were considerable capital outflows with continued high surpluses on the current account.

There was a marked difference between the international valuation of the D-Mark in the two halves of the year. Up to the beginning of July the German currency – as it had been for many years – was still regarded as a candidate for revaluation. This judgement was based mainly on the news of the high trade surpluses for the Federal Republic, and as usual, the development in the other sections of the payments balance were largely ignored. At the same time all the reports on the American situation were rather discouraging. The rate for the D-Mark reached a peak in July with an average revaluation

since the end of 1972 of 23% against all currencies and 41% against the dollar. On July 9 the dollar reached its lowest point at DM 2.28. In relation to all the basic economic data the German currency was overvalued and the American undervalued.

The second half of the year brought corrections in these rates. With the noticeable improvement in the American trade and payments balance confidence in the dollar returned with surprising speed. The high interest rate policy and the relatively low inflation rate – on an international comparison at least until the autumn – in the USA favoured this development. The oil crisis accelerated the rise of the dollar because the USA was judged to have a comparatively favourable position in the energy sector. The turnaround in the US payments balance and the strong position of the dollar caused the American monetary authorities in January to remove all restrictions on capital exports.

By the end of 1973 the revaluation rate of the D-Mark over the end of 1972 had dropped to 19.2% against the dollar and 12% against the world. Since the late autumn the currency had no longer been regarded as due for revaluation. Some of the money which had speculatively been invested in the Federal Republic was withdrawn. This enabled the Federal Government and the Central Bank to remove most of the administrative measures which had very reluctantly been introduced to prevent money inflows from abroad. Thus the Federal Republic is again much nearer to its ideal of free international money and capital movements and, together with Switzerland, which has also removed most of its controls, is again playing a kind of pioneer role in this in Europe.

During the first few months of 1974 the rate for the D-Mark improved again against the dollar, although a stable value relation was certainly not established. In general the D-Mark is once more regarded as a relatively stable currency, on the assumption that the Federal Republic is one of the few countries which, due to the favourable structure of its trade balance and current account and the plentiful official reserves, will be able to cope with the additional burden of the higher oil prices without too many difficulties at first. The strength of the German currency would not appear to be threatened as long as inflation is not given free rein or the efficiency of our economy restricted by "reforms" which would break up the basic system.

The world monetary system – a new concept needed

The world-wide discussion on reform of the international monetary system seemed to be making some progress until the autumn. Generally the reform proposals were directed towards re-establishing fixed exchange rates on principle – although with very much wider margins – but at the same time with greater possibilities for quick corrections to parities in individual cases. At the Annual Meeting of the International Monetary Fund and the World Bank in Nairobi it was announced that the drafts for reform would be ready by the end of July 1974 and that the necessary political decisions should then be taken immediately.

The energy crisis destroyed the basis for these plans in essential parts. The drastic increase in the oil prices caused new unrest and uncertainty on the foreign exchange markets and suddenly threw a new light on the exchange rate relations. It became clear that all the industrial countries would be facing deteriorations in their payments balances but to very differing extents, according to their dependence on imported oil. The external position and the amount of official reserves also vary from country to country and will affect the ability to cope with additional payments balance burdens. The position of the dollar, which in any case had been clearly strengthening since July 1973, appeared relatively favourable, as the USA could meet most of its need for energy from its own resources. The central monetary issue of the last decade, the continued weakness of the dollar, was thus, so to speak, replaced overnight by quite different worries. The much-discussed dollar overhang, as well, suddenly ceased to be a major concern; the big deficit countries are glad of accumulated dollar reserves to pay for their oil imports.

Without a strong international monetary authority – under the reform plans the International Monetary Fund is envisaged as taking over this function – the most badly hit countries resorted to "sauve qui peut" tactics, reflected in a number of uncoordinated individual measures. France's departure from the "European snake" was only the most striking of the various steps.

But the new situation demands particularly close economic and monetary cooperation, not only between the industrialised countries but also between the oil producing states and the rest of the world. A clear concept for internationally coordinated monetary policy, a basic framework of generally accepted and thus binding prin-

ciples and rules for all countries with an institutionally strengthened IMF as the higher authority, is thus more necessary than ever. But this concept cannot, now that the world economic situation has changed, be the same as that of Nairobi.

This is particularly true of exchange rate policy. As it will not be possible to predict the payments balance development of the individual countries with any real probability, governments will not be prepared to fix their parities. For the foreseeable future all the important world trading nations may be expected to keep to floating rates. Consequently the accent in international reform discussions has already shifted to the question of how floating can be better coordinated and controlled internationally. Even if floating has worked far better so far than was often expected, it can, if there are no rules, lead to hectic and economically unjustifiable fluctuations in rates which confuse the reckoning of companies; moreover, particularly if there is a world-wide decline in economic activity, there is a danger of competitive devaluations even if these only further accelerate inflation and thus ultimately scarcely bring competitive advantages to the devaluing countries.

Thus adequate rules must be developed for a system of mainly free rates, as were in force under the Bretton Woods Agreement for changes in fixed parities. The new order should allow rates to move in conformity with market conditions but at the same time be supported by coordinated central bank interventions on the foreign exchange markets.

New and difficult payments balance problems as a result of the oil price policy

The policy of high oil prices is bound to lead to a massive "income redistribution" from the industrialised countries, which have hitherto been regarded as rich, to the oil producing countries. This process will seriously jeopardise the world economic and monetary order unless a new equilibrium can be achieved through counter-acting longer-term capital movements and re-structuring processes in both groups of countries within a reasonable time. One problem in this connection is undeniably the question of how high the oil price can be from the point of view of such an equilibrium – a fact of which the oil countries are indubitably also aware.

At shorter term the main problem is to find suitable means of financing the big payments balance deficits which may be expected for some of the oil importing countries, with the help of the foreign exchange surpluses of the oil exporting countries. The proceeds for the oil producing countries are currently forecast at around \$ 100 billion for 1974, i. e. around \$ 65 to \$ 70 billion more than in 1973. Only a relatively small amount of this higher income can at first be used for additional imports from industrial countries. Thus the OECD countries will have high deficits on current account for this year, estimated altogether at between \$ 30 and \$ 35 billion, of which by far the greater part will be for four countries.

At present the oil countries, as they have always done, are investing a large part of their surpluses on the Euro markets, which have proved to be a very efficient turntable for international liquidity. But for both sides it will hardly suffice simply to send the oil billions via the Euro money market over the short or medium term back into the deficit countries. To a limited extent such a process may be acceptable, even welcome. But massive recourse would give rise to serious risks, mainly through the incongruence of maturities and the quick increase in indebtedness for individual countries. The investment, intended to be mainly short-term, would have as counterpart increasingly medium and longer-term lending. Changes in the attitude of major investors, and switches out of Euro funds, could easily lead to liquidity bottlenecks and jeopardise the working of the market. For the debtors, as their liabilities increase, so do the dangers which may arise from the uncertainties over interest rate policy for the "roll-over" credits usual on this market, precisely with regard to possible shortages of funds. In addition there is the worry that through an excess of huge credits to national governments the market for the normal financing or pre-financing of important projects may be blocked.

Thus the limits to and the problems inherent in using the Euro dollar markets to finance the big new payments balance deficits for a number of industrial countries cannot be fully assessed. It would be so much the more desirable for the IMF, in keeping with its classical function, to take over as far as possible the task of re-cycling the huge amounts which will flow to the oil countries. The participation of the IMF would ensure that these credit operations were better coordinated and more carefully controlled with regard to the degree of indebtedness. Of course this will only be possible if lending their funds



The bank faces the public

Nowadays press conferences and explanatory talks with journalists are a permanent part of the Deutsche Bank's publicity work. The bank encourages open discussions with journalists both in Germany and abroad.

It sees its main task as the provision of detailed information and statements to clarify and gain greater understanding for its role as a service enterprise. The bank is increasingly being asked for its views on problems concerning economic and monetary policy. This also involves arguments on current political questions, in particular those relating to the structure of society.

The bank cannot and will not avoid these questions. In its publicity work it is aware that criticism of credit institutions is frequently based on prejudices which in turn are founded on an inadequate grasp of the causal connections.

The 4 photographs are of press conferences held in the Kronberg training centre, in the bank's head office when the annual statement of accounts was published and in Frankfurt with the Mexican finance minister, and of a conversation with journalists on the occasion of a press conference held in Moscow to commemorate the opening of our representative office.



through the IMF appears at least as attractive to the oil countries as investment on the Euro dollar market – a question which is connected with the role of SDRs.

If the structural problems mentioned at the beginning of this passage are to be solved an investment policy must be adopted straightaway which ensures better energy supply to the industrial countries and industrial expansion for the oil producing countries. Obviously such a concept will be realised very much more successfully the more the oil producing and consuming countries are genuinely prepared to cooperate with each other. Only then with a reduction of the inhibitions and the resistance which have existed so far on both sides, can meaningful long-term investment opportunities for part of the oil funds be found in the industrial countries.

The Arab oil policy has brought additional payments balance problems, which they will not be able to solve alone, for the non-oil producing developing countries, particularly those which do not have other major reservoirs of raw materials. For these countries, not only will imports of oil and industrial goods be dearer, but a slowdown in world economic activity may also cut down their chances of exporting. But their own balance of payments difficulties will mean that the industrial countries will barely be able to maintain their financial aid and scarcely be able to step it up. Thus a new concept is also necessary for development policy, in which the oil countries will have an important role to play as "donor states". It would be desirable if the World Bank, in keeping with its function, could play the leading part in this essential re-structuring. That the Arab countries' own efforts to development should be better coordinated and at the same time increased is not in contradiction to this postulate.

Europe – a year of disappointments

For European integration 1973 began promisingly. The Community of Six in the Common Market was enlarged through the entry of Denmark, Great Britain and Ireland to the Community of Nine. But the initial optimism soon gave way to growing disillusion and disappointment. The aims laid down at the Paris Summit Conference in 1972 were not attained in 1973.

There were reversals in many fields. The first stage of economic and monetary union was not completed, as had been intended, by the end of 1973, so that there

could be no transition to the second stage. The first step to pool reserves was not taken. The prospects of developing a European central bank system, which could be responsible for a joint money and credit policy, have receded far into the background.

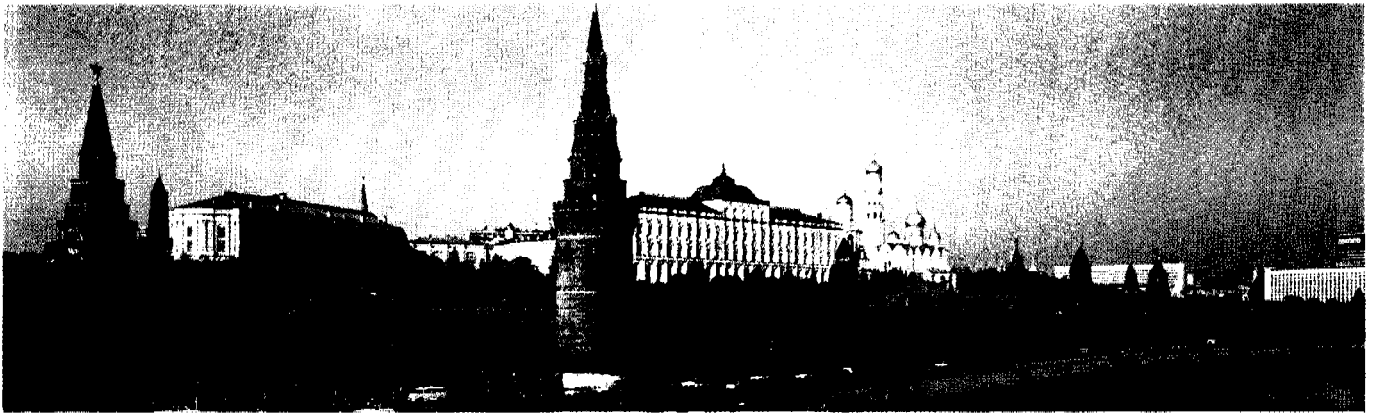
Cooperation between EC countries in the field of exchange rates also remained at an initial stage. When in March 1973 six of the nine member countries decided, together with Norway and Sweden, to go over to block floating against the dollar while retaining fixed exchange relations among themselves, the decision was burdened right from the start by the fact that two major member countries, Great Britain and Italy, remained outside the block on the grounds of their balance of payments difficulties. But within the floating block as well tensions repeatedly arose due to the different aims of economic policy in the individual countries; in three cases – The Federal Republic of Germany, Holland and Norway – these could only be solved by parity changes. France's departure from the EC snake in January 1974 was then justifiably taken as a severe blow to the concept of monetary integration. The declared intention of the rest of the "pioneer group" to carry on with the block float does not alter that fact.

In cyclical policy the aims laid down in the guidelines of the Council of Ministers, to achieve a better coordination of the volume of money and growth in the national products and thus to get the annual rate of price increases down to 4% again were not achieved. In all the EC countries the cost of living rose more strongly in 1973 than in preceding years. The Common Market is further than ever from being a community of stability.

So far there have only been the beginnings of a joint structural policy. There has as yet been no agreement on a European regional fund.

The oil policy of the Arab states was a major challenge to the European Community. But instead of a clear policy for the Community as a whole there was uncoordinated action by individual governments of the partner countries and bilateral negotiations with the oil states. A joint European energy policy is urgently needed to reduce the dependence on the oil producing countries, improve the energy supply for the Community and strengthen the negotiating position of Europe.

All these factors brought signs of a major crisis for the European Community at the beginning of 1974. The gap between programmatic declarations of intent for the future at Summit Conferences and the action taken has



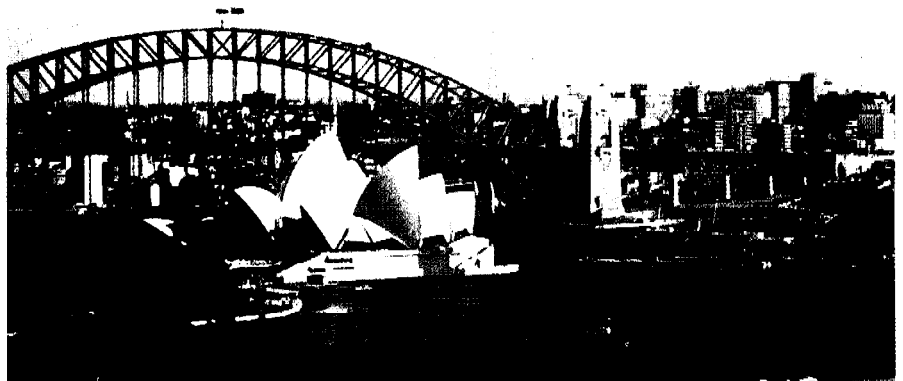
World-wide contacts – from London to Sydney

In the last decade the Deutsche Bank has grown from a traditional foreign trade bank to an international bank. This has been achieved by consistently expanding all the departments connected with international business, extending the necessary service and consultancy facilities and systematically building up its foreign presence in all the important economic and financial centres in the world. As a result of this business

policy the importance of the contribution made by international business to the profits of the entire Deutsche Bank Group has constantly increased.

In 1973 the bank opened four representative offices; in London, Moscow, Madrid and Sydney. On February 16, after a lapse of 59 years the bank returned to the British metropolis. The opening in Moscow in February was in keeping with the bank's leading position in business with the Soviet Union. By establishing its office in Madrid in April 1973 the bank has shown its awareness of the development prospects of Spain

and Portugal. With the opening of its office in Sydney the bank gained another base in the 5th continent.



become too great. Real events are not determined by European solidarity but by national interests. There is everywhere recognition of the necessity for joint action in the political as in the monetary and economic spheres, but there is a lack of political will and the readiness to accept the required renunciation of sovereignty. The longer this state of affairs lasts, the more the Euro-

pean idea will lose credibility among the public at large. The many instances of welcome progress in cooperation between European companies and banks do not alter this very much. What is needed are clear political decisions, for there is no real alternative to European cooperation.

The bank at ordinary general meetings

The proxy voting right for banks introduced by the legislature has created a procedure which enables the shareholder to utilise his voting right as he sees fit, without even participating himself in general meetings. Before each general meeting the shareholder can decide whether to attend in person, to be represented by his bank, or by a third person.

In 1973 the bank wrote to its customers on the strength of the proxies it had received prior to almost 700 general meetings of German limited companies. Shareholders were always recommended to exercise their voting rights personally. The bank informed every share-

holder of the management's proposals and the submitted counterproposals. In 600 cases it offered to exercise the customer's voting right, if he so desired. At the same time the bank enclosed proposals for voting, with detailed reasons, some in accordance with the management and some diverging. Customers gave us specific instructions as to how their voting rights should be exercised at nearly a quarter of the general meetings we attended. In addition, bank representatives expressed their views concerning the companies at a number of general meetings and thus encouraged discussion between shareholders and management.

Despite our continued efforts to persuade shareholders to exercise their own voting right, the majority of our clients once more instructed us to represent them at general meetings. This decision which clients make of their own free will, proves that they have confidence in the bank. Nevertheless we would like to attempt to make the voting rights which are transferred to us still more dependent on the customer's instructions. The bank is, however, ready to consider any other solutions which can be found to the question of achieving a valid representation of the shareholders' interests.



Satisfactory operating result in spite of very much more difficult business conditions

The balance sheet total of the Deutsche Bank in 1973 rose by DM 6 billion (+15%) to DM 46.3 billion and hence more than the volume of business. The reason was that the bank had to reduce its endorsement liabilities, primarily towards the Bundesbank, by DM 0.7 billion. At 12.7% the increase in the volume of business was considerably smaller than in the year before (+15.8%).

The operating result for the two halves of the year differed markedly. In the first six months it was higher than the comparable figure from the preceding year owing to the expansion in the volume of business. In the second half of the year the more severely restrictive policy of the Bundesbank made itself increasingly felt and led to a strong decline in earnings on interest business. The increase over the previous year's results was lost again. At the end of the year the operating result was 6% below that of 1972. However, in view of the difficulties and strains in the monetary sector, stemming in particular from the Bundesbank's measures to restrict liquidity, the result can be regarded as satisfactory. The fact that the decline was not more pronounced is for one thing due to the successful efforts to save costs and to achieve rationalisation; on the other hand, the wide extent of the bank's activities has again had a stabilising effect on earnings. The bank's international business and its foreign participations played a special part here.

Net interest earnings rose by only 5.8%, in other words rather less than the volume of business. It was hence possible to cover even less of the staff and material expenses through profit on the interest business – a target at which our business policy must aim – than in the previous year. The increased surplus in commissions on banking services (+12.6%) was not sufficient to make this up.

The profit ratio – i. e. the operating result expressed as a percentage of the average volume of business – which is the most significant key figure for the earnings development, fell again in 1973, after a temporary slight rise in the previous year had interrupted the continuing trend since 1957. This proves that in the private banking sector structural factors diminishing profit continue to be effective. One should mention here the keen competition, not least with the growing number of foreign banks in the Federal Republic, the steadily rising staff expen-

ses, the increased awareness of interest rates on the part of the savers suffering from the declining value of money, and the high burden as a result of non-interest-bearing minimum reserves. Moreover, the development of the profit ratio makes it clear that a gradual undermining of the earning power can only be compensated by finding new business opportunities. The great importance of international business as one of these has already been mentioned.

Adequate liquidity as the main concern of business policy

Among the foremost concerns of a bank operated as a private enterprise – profitability, liquidity, security – the endeavours to ensure adequate liquidity took an especially prominent place in 1973. Following the repeated increases in the minimum reserve requirements, especially for deposits from abroad, the bank had to maintain no less than DM 6.9 billion of non-interest deposits with the Bundesbank in the spring when the wave of speculation was at its peak. At the end of the year it held DM 6.2 billion, about DM 1.3 billion more than a year ago. This means that more than 20% of the growth in the balance sheet total is frozen on Bundesbank accounts; almost 23% of the increase in outside funds could not be put to profitable use in business.

The large floods of liquidity from abroad in February and at the end of June made it particularly difficult to meet the minimum reserve requirements. Owing to the methods of calculating the minimum reserves the bank had, for example, to make up the minimum reserves in March for funds which had been received in February but which had been withdrawn again even before the beginning of March.

The disposable liquidity was also noticeably restricted by the repeated cuts in the rediscount quotas by the central bank. The latter are now only 30% of the quotas about two years ago. The bill holdings can thus scarcely continue to be regarded as a liquidity reserve for short-term money transactions. Yet another factor with a similar effect was that the central bank no longer – apart from special arrangements for a very limited period – made lombard facilities available. Finally, the free liquidity was also restricted for the bank under the new version of Principle III according to § 11 of the Banking Law; an alteration in the extent to which interbank funds are

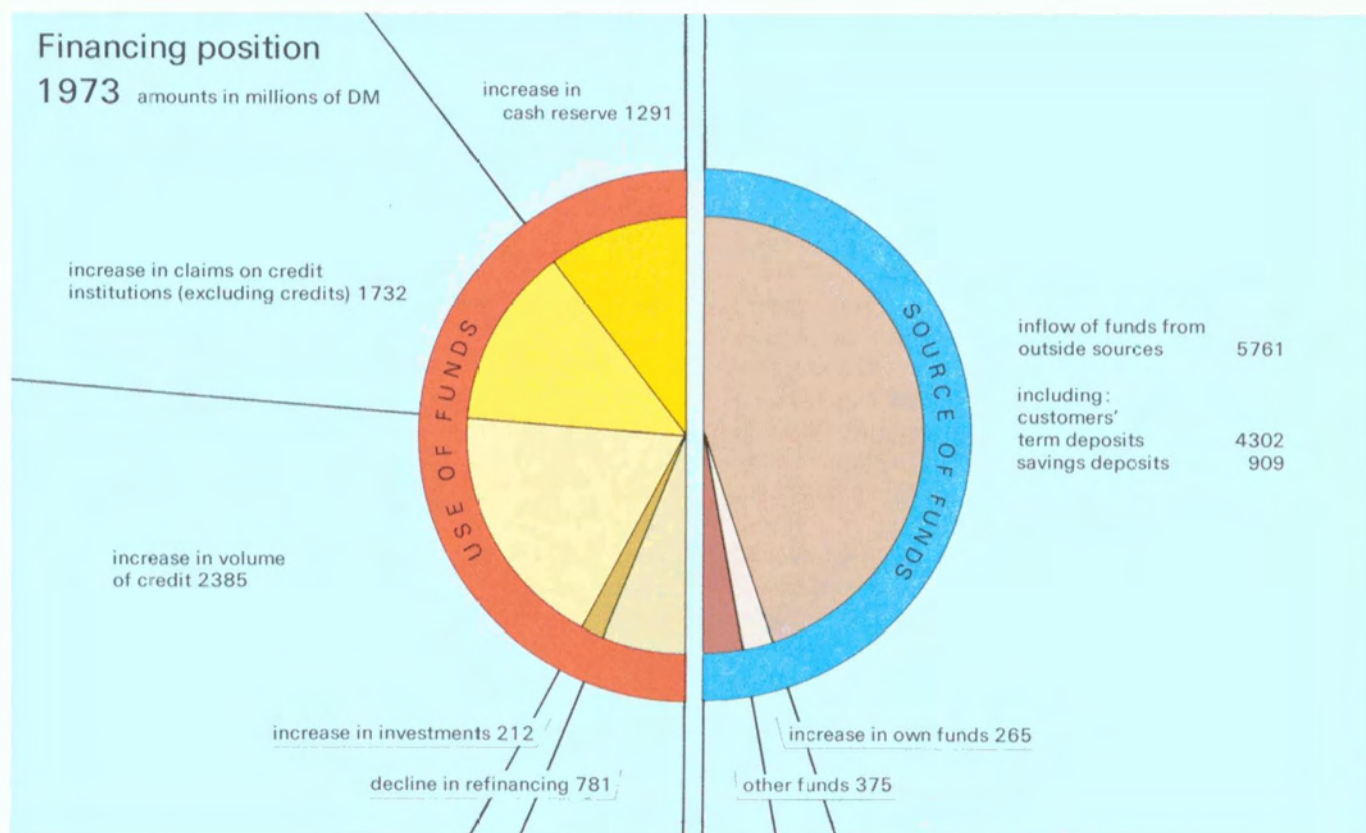
included meant that the liquidity requirements increased with effect from March 1, 1973.

In addition to this background of restricted liquidity, the bank's dealings were hampered in two other ways. On the lending side it was particularly difficult, in view of unusually strong fluctuation in demand for credit, to assess accurately the amounts of liquidity which would be required to fulfill outstanding credit obligations. On the borrowing side, there was a great risk that with the central bank staying out of the market an underestimate would mean having to take up the remainder of the funds required to fulfill the reserve requirements at extremely high money market rates. At times the market was incapable of functioning. These conditions demanded specially cautious, i. e. less profitable, dealings.

This continuing tight liquidity situation meant that the bank had to take in higher term deposits from customers. In the course of the year these deposits climbed from DM 4.3 billion to DM 12.8 billion, a hitherto un-

known record level. The necessary flexibility in the liquidity supply was hence practically only ensured by varying the term deposit rates. During the entire second half of the year these rates were in the region of 13 to 14%. In addition there were the costs of maintaining the necessary minimum reserves which pushed the effective price of refinancing up to over 16% at times. Even the highest interest rates charged in lending business were for several months lower than these prices: this meant that the interest margin on new credits was for a time negative.

The diagram indicating the source and use of funds shows the financial development of the bank under the influence of the factors described above. In brief, the picture is as follows: DM 5.8 billion flowed into the bank in funds from outside sources; DM 0.3 billion own funds came from the capital increase and the allocation to the reserves; DM 1.3 billion was required to raise the cash reserve at the Bundesbank; the volume of lending was



expanded by DM 2.4 billion, and claims on banks – excluding credits – increased by DM 1.7 billion. DM 0.8 billion served to reduce the volume of refinancing – mainly at the Deutsche Bundesbank.

Owing to the increased minimum reserves the bank's cash liquidity ratio rose from 13.8% to 15.0%; the overall liquidity ratio fell slightly to 32.5%.

Savings deposits up by a further 8.2%

In 1973 the bank's customers with savings accounts, too, for the first time responded distinctly to creeping inflation. By the end of the year savings deposits had risen only by a total of DM 909 million to barely DM 12 billion. At 8.2% growth was considerably lower than in 1972 (+ 14.3%): however, it was still above the average for all credit institutions. The number of the bank's customers with savings accounts increased to 3 million. They are maintaining more than 4.3 million savings accounts. Employed persons hold 49.7% of the deposits, by far the greatest share. Housewives account for 17.1% and self-employed persons 9.7%.

The savers' keener awareness of interest rates is clearly reflected in the fact that the longer-term savings deposits bearing higher interest rates have grown by 10.3% and hence substantially more than the savings deposits with legal period of notice (+ 6.1%). In addition there was a greater tendency to convert savings deposits into term deposits and high-interest-bearing securities. Net withdrawals from savings accounts in order to purchase securities rose strongly once again; they were 12.6% higher than in the previous year. Total new savings – including sales of the savings certificates first introduced in the spring but excluding funds placed on term deposit accounts – amounted to DM 1.8 billion.

One million customers using "Erfolgssystem 100"

We have consistently pursued our aim to promote individual, systematic wealth formation of as many investors as possible through our savings plan "Erfolgssystem 100", which was introduced three years ago. One million customers are today saving through this plan. The volume they agreed to save amounts to roughly DM 3 billion.

Saving through various types of accounts continued to be given preference. More than 130,000 savers chose

the cash savings plan with bonus. The growth in deposits under the state capital formation and bonus schemes was, at 34.1%, remarkably high. The bank is continually striving to improve its advisory service for private customers in line with the manifold investment opportunities.

Less demand for Personal Loans

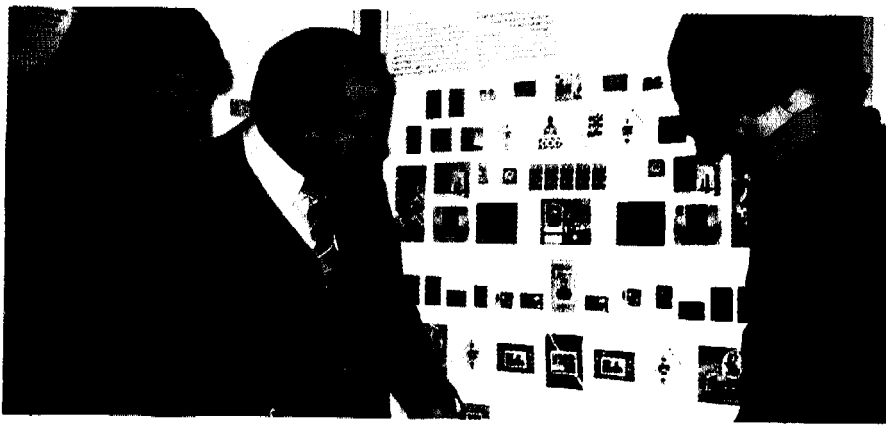
In the first half of the year demand for Small Personal Loans (PKK) and Loans for Specified Purchases (PAD) was brisk, in line with a relatively strong propensity to consume. In the second half the customers' readiness to borrow declined markedly. This was mainly due to growing uncertainty over the future economic situation. A further reason for the decline was that in order to support the Bundesbank's policy of restraint the bank stopped all advertising for personal loans already in spring 1973. The reserve shown by most of the credit institutions in complying with the stability measures was, however, exploited by loan intermediaries and special finance institutions. They even stepped up their publicity. The borrowers whom they attracted have frequently to pay excessively high interest rates and fees. This development works out not least to the disadvantage of the consumer who is interested in taking up credit.

At DM 1.4 billion the total amount lent out in Small Personal Loans and Loans for Specified Purchases was barely on a level with the preceding year. New lendings declined.

Demand for Personal Mortgage Loans (PHD) also fell strongly in the second half of the year. The interest level and the general uncertainty kept many customers from taking up loans for renovation or modernisation of their real estate. New borrowing – taking 1973 as a whole – dropped by approximately 14%, while the volume of loans outstanding continued to rise by c. 27% (as compared with 40% in the preceding year).

eurocheque is becoming indispensable

An account for handling private payment transactions today is almost a matter of course for every household. At the year-end the bank kept about 1.6 million personal accounts, for which more than 630,000 eurocheque cards had been issued.



Exhibitions not only for the experts

Exhibitions are part of our bank's wide-ranging publicity work. Not only the experts rate very highly the bank's coin collection which is frequently on display. Its stamp collections devoted to sport meet with lively interest everywhere. In honour of the 1972 Munich Olympics two collections devoted to the modern Olympic Games went on show in many towns throughout the Federal Republic. The bank has held 2 stamp exhibitions since the beginning of 1974 to advertise the 10th World Football Cup matches. Stamps, letters, documents and photographs are shown which commemorate the nine previous, and often dramatic, encounters in the struggle for the "World Cup", and report on the forthcoming big event.

The pictures on this page are of the premiere of the Frankfurt (Main) exhibition. In addition to Neuberger, president of the Organisation Committee for the 1974 World Cup, Grabowski and Hölzenbein (top left) who play for the national team were also present, as well as Kress and Lehner (bottom), both former internationals. Apart from the philatelists many autograph hunters were also delighted.

The eurocheque and eurocheque card have become an indispensable means of payment for the private customer. Already about 7 million West Germans use the standard eurocheque, in conjunction with the eurocheque card, for purchases at home and to obtain cash at banks in 33 other countries. This year it is possible for the first time to take advantage of the eurocheque system on journeys to Poland and the USSR.

In the Federal Republic and the Benelux countries the eurocheque card guarantee is also to be extended to non-banks. Other European countries which to date cash the cheques are planning to issue their own eurocheque cards. The eurocheque system has hence become established in Europe.

Smaller growth in credits

In its lending activity the bank had to take the overall economic aims of the central bank into account. The extent to which the bank has complied with the central bank's restrictive policy is shown by the growth of the volume of credit. It rose in 1973 only by 8.9%, whereas it had grown by 15.2% in 1972. The growth rate was hence considerably below that of the nominal national product, 11.6%.

While agreeing with the general aims of the central bank's policy and supporting its anti-inflationary course it is not possible for a bank, especially in a time when the value of money is diminishing more rapidly, to turn a completely deaf ear to its customer's requests for credit. The requirements for credit rise for a start to the extent to which costs increase. Enterprises with a healthy financial position must be able to depend upon obtaining the additional funds necessary to settle their regular business – even if at a very much higher cost. By arranging credit lines in good time they can be formally assured of such financing reserves. A total credit stop would not be advisable from the point of view of the economy.

The granting of credit lines has always been a standard practice in domestic banking. It is the banks' accepted duty to fulfill their promises of credit even if – as happened in 1973 when there was an extreme shortage of liquidity – this proves difficult, or if they want to support the restrictive policy of the Bundesbank in the interests of combating inflation.

The increase in our claims on customers resulted predominantly from the utilisation of credits promised ear-

lier on. Thus there was a rise in the average degree to which credit lines were utilised by our customers in the course of the year. New credits were virtually no longer granted in the second half of 1973. The bank also strove to reduce the level of credit promised as much as possible in line with the aims of the central bank; these efforts proved successful particularly in the case of larger enterprises.

There was a markedly different development in the various types of credit within the bank's total lending volume. Claims on customers went up by 14.7%, while discounts declined by 19.3%. As a consequence of the Bundesbank's policy, the bill of exchange lost its function to serve the customers as a basis for relatively cheap financing.

Long-term credits rose by only 7.1%. In the second half of the year scarcely any such credits were given; both the bank and the customers exercised reserve.

1973 and, to an even greater degree, the first few months of the new year have shown that the risk in lending business has increased. A number of enterprises have landed in a tight financial situation as a result of the general rise in costs, the policy of high interest rates and slackening demand. This applies especially to firms in the industries most affected by the cycle, such as the building and textile industries.

We have also observed developments of this kind among our own customers. Although the proportion of bad credits did not last year rise above the pleasantly low level of previous years it nevertheless appears advisable to make increased provision for this type of risk. This has been taken into consideration in working out the value adjustments and provisions for possible loan losses, as also in the overall adjustment. The allocation of DM 25 million to the voluntary reserves should also be regarded from this point of view; the pressure on earnings described at the beginning unfortunately made it impossible to transfer an even greater amount to these reserves.

Business in shares declines, in bonds is maintained

Both turnover and earnings in the securities business in 1973 were below the comparable figures of the year before. Affected by the measures of cyclical and external economic policy and by the associated shortage in liquidity share transactions with our customers shrank by



Introduction of the Deutsche Bank's share in Paris

The Deutsche Bank's capital stock is held by approximately 140,000 shareholders. Besides German investors the buyers come mainly from European countries.

In 1973 the Deutsche Bank's shares occupied, with respect to turnover, second place behind Siemens on the Federal Republic's most important stock markets (which reveals how widely held its shares are by the public). On February 11, 1974 its shares were officially quoted abroad for the first time – on the Paris stock market.

There were several reasons for choosing the French metropolis as the first foreign stock market. France, which has been the Federal Republic's major trade partner for years, plays a particularly significant role in the bank's financial transactions with foreign countries. The Deutsche Bank has been represented in Paris since 1972 and enjoys good relations with its EBIC partner, the Société Générale. The step forward onto the Paris stock market is a natural consequence of the policy we have long been pursuing of further extending the bank's position in international business.

The top illustration shows participants at the press and financial investment analysts' conference held in the "Cercle Interallié" on the occasion of the introduction on the stock market; underneath is a view of the Paris trading floor on the day the share was first quoted. In the illustration below Maurice Lauré, President of the Société Générale and Frédéric Rauch, General Manager of the Société Générale Alsacienne de Banque, are conversing with members of the Deutsche Bank's Board of Managing Directors: Franz Heinrich Ulrich, Dr. Wilfried Guth and Hans-Otto Thierbach.



more than a quarter; especially in the second half of the year turnover declined strongly, following the marked downward trend in German share prices.

Business in foreign shares receded noticeably as well, as prices also dropped on most stock exchanges abroad. Moreover, the frequent alterations in exchange rates added to the uncertainty of investors. Nevertheless, demand continued to predominate in this sector.

The customers' turnover in bonds slightly passed the figures of the preceding year in 1973. As a record rise of 62.3% had been registered in 1972, the result can be considered satisfactory. Owing to the restrictions on capital transactions – which were partly removed only with effect from February 1, 1974 – there was little buying by foreigners.

Option business, which has been carried on in Germany again since July 1, 1970 and is concentrated in the stock exchange cities of Frankfurt (Main) and Düsseldorf, developed favourably during 1973, a difficult year for the stock market. Statistics for key dates indicate that our bank accounted for a major share of the total volume of such transactions.

Safe-custody accounts we maintained for our non-bank customers numbered approximately 753,000 at the end of the year, with a total value of DM 35.4 billion. The number of safe-custody accounts increased by about 66,000 (9.7%) in 1973. The market value of 495,000 of these accounts was under DM 10,000.

In view of the growing interest of Japanese investors in European shares the Deutsche Bank, in conjunction with Société Générale, Paris, and Nomura Securities, Tokyo, floated an investment fund under the name of FUNDEUROPE which is domiciled in Luxembourg. Within just a few days of the floatation the assets had reached US\$ 34.4 million. The units are offered for sale in South-East Asia, with the main emphasis on Japan. It is not planned to sell the units in the Federal Republic.

The open-ended property fund, "grundbesitz-invest", of our affiliated company, Deutsche Grundbesitz-Investmentgesellschaft mbH, again achieved above-average results, receiving almost DM 100 million in new funds despite the reserved attitude on the part of investors. With a volume of c. DM 644 million and a steady market share of about 25% it remained the largest German property fund. Sales declined in comparison with 1972 for building and real estate business slackened in 1973 after many very active years. This affected the sales of units of open and closed-end property funds in general.

Our other affiliated company, Deutsche Grundbesitz-Anlagegesellschaft mbH, introduced its third closed-end property fund – Anlagefonds Hannover Lister Tor – with a volume of DM 67 million in 1973.

A particularly important factor for the future development of real estate funds will be the composition of the fund's assets. On account of the rent escalation clauses funds with a large proportion of their property in commercial or industrial use can expect business to continue favourably. In the case of "grundbesitz-invest" rents from commercial and industrial leasings today already account for 85%.

The Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), Frankfurt (Main), in which we and 14 other banks and bankers hold a participation, was also able to maintain its position well in the difficult year 1973. The six funds, INVESTA, INTERVEST, AKKUMULA, INRENTA, INTER-RENTA and RE-INRENTA, received new funds amounting to over DM 334 million. This was, however, not as high as sales in the previous year (DM 530 million). The share of DWS in the total assets of all German investment companies in the Bundesverband Deutscher Investment-Gesellschaften e.V., however, rose from 22.9% to 23.5%.

DM 270 million was distributed to the shareholders for the financial year ended September 30, 1973. Almost a third of this re-entered the company by way of low-cost re-investment. While the bond funds (INRENTA, INTER-RENTA and RE-INRENTA) all showed a favourable development in their unit value, the unit value for the share funds (INVESTA, INTERVEST, AKKUMULA) followed the worldwide decline in prices on the share markets.

Overall, the assets of all the DWS funds declined only relatively slightly, from DM 2.92 billion to DM 2.82 billion. The leader among the DWS funds is INRENTA with assets of DM 1.4 billion. INVESTA follows with almost DM 1 billion.

Deutsche Gesellschaft für Fondsverwaltung mbH (Degef), Frankfurt (Main), which, as a capital investment company, establishes and looks after special funds for institutional investors, was able to expand the volume of its business thanks to a steady inflow of new resources and by floating new funds. The bulk of the total assets, which are distributed among 60 funds, is again accounted for by company benevolent funds, pension funds and similar welfare schemes. The proportion of the funds which were established for insurance companies and whose assets are invested in compliance with

the laws and regulations of the insurance supervisory bodies regarding investment eligible as part of the technical reserves, continued to rise.

The Degef also looks after employees' funds, which so far have been established in connection with wealth formation plans agreed under collective wage settlements or by individual companies. The certificates of these funds may only be purchased by employees of the enterprise for which the fund was created. This form of investment, which introduces savers to securities, is shaped by both representatives of the staff and the company management. It opens up new ways to let employees participate in the growth of the productive assets. So far three enterprises with a total of more than 100,000 employees have used this form of wealth formation to enable their staff to save in an individual and, at the same time, company-oriented manner. 80% of the employees of a large chemical concern, for which Degef this year set up its third staff fund, have joined the fund.

Issuing business subject to aggravated conditions

Despite the manifold strains to which the capital markets were subjected in 1973 the bank was again successful in its issuing business.

It played a leading role in handling capital increases in Germany, through which eighty public limited companies received new capital totalling DM 2.2 billion. Special mention should be made of the DM 320 million share issue of Siemens AG. It was well received on the market. As a newcomer in the public utilities field, the shares of Badenwerk were widely placed among the public under the bank's management. This provides an interesting domestic addition to the quotation list of the German stock exchanges.

The market for new domestic issues was exclusively utilised by the public authorities. The bank took a leading part in floating 18 loans for altogether DM 8.4 billion.

In the international issuing business the bank was able to remain in first place. The foreign loans issued under its management or co-management had a share of over 30% in the volume of international issues, which totalled about US\$ 5 billion. The bank thus topped the lists, published by various bodies, for the sixth time in 1973. 22 DM loans of foreign issuers for altogether DM 1.8 billion were floated under our management during the year; DM 0.9 billion of this was for European or inter-

national institutions, such as the European Investment Bank and the World Bank in particular. As already reported in the general section, the market did not permit DM loans to be issued for foreign issuers. In the market for loans in other currencies the bank acted as co-manager for 24 international issues, mainly denominated in US dollars.

The bank was also successfully engaged in 1973 in introducing internationally known foreign shares to the German stock exchanges. It participated in the admission of 26 shares to the German stock market, acting as manager in 12 instances. Of the latter companies five were Japanese, four British, two American and one French.

The Deutsche Beteiligungsgesellschaft mbH, in which the bank participates with Incentive AB of Stockholm and Bankgeschäft Karl Schmidt of Hof, operated successfully in the past business year and achieved a good result. At present the Deutsche Beteiligungsgesellschaft mbH has holdings in 12 medium-sized firms and groups. These associated companies operate 34 production plants in the Federal Republic and abroad, employ a staff of about 7,000 and achieved turnover totalling almost DM 400 million last year. In the past year the advisory services of the Deutsche Beteiligungsgesellschaft mbH were also much in demand.

Changing bank organisation

Dynamic – typical of the market for bank services – applies also to the running of the bank. Those responsible for organisation, accounting and planning must not merely react to the continuous process of change in the technical field and in living patterns, they must take it into account in their arrangements in advance. During the last decade the development of electronic data processing has influenced and changed operations of our bank decisively. It largely contributed to keeping the rise in staff and material costs as low as possible. Data processing also provided the technical basis for building up the retail business and carrying it through efficiently.

The centralisation of electronic data processing into three large computer centres – Düsseldorf, Frankfurt and Hamburg – which was started three years ago, was completed. Some of the former computer centres were closed down and some were converted into concentrators with tasks relating to feeding in and printing out

data. The three large computer centres are equipped with the most modern systems, permitting figures received to be evaluated quickly and extensive information to be compiled for decisions on business policy. Thanks to these technical improvements it was also possible to expand and refine the accounting system. In addition to the larger branches' drawing up independent balance sheets and the check, in the form of special sub-branch accounts, on smaller branches, which do not compile financial statements of their own, we introduced accounting for the different lines of business divided up according to special fields. Accounts statistics were already being compiled and this is being extended to include a comprehensive earnings and cost analysis of customers.

The bank also enlarged its corporate planning on the basis of this improvement in the flow of information. The short-term one-year plan is increasingly being complemented by long-term strategic planning. This is intended to show earnings-related alternatives for longer-term targets in the individual sectors of business, based on foreseeable trends in national and international economic developments.

In the framework of these measures, which are aimed at improving organisation and reducing costs, the bank has, moreover, decided to streamline the existing branch structure. The number of branch districts is being reduced and the internal arrangement of these branches will be even more strongly customer-oriented than it was before.

In 1973 the bank opened 27 new offices, after 31 in the previous year and 49 in 1971. The number of offices was then up to 1,108. We are continuing the expansion of our branch network with ever greater target awareness and when opening new offices make an exact analysis of market opportunities and the scope for covering costs. The accounting system now provides important comparative figures which help us absolve this task.

Foreign business marked by an export boom

The bank's foreign business in 1973 was primarily determined by two trends: the heavy increase in the Federal Republic's foreign trade with the main emphasis on exports and the growing shift of credit granted in foreign business from Germany to abroad.

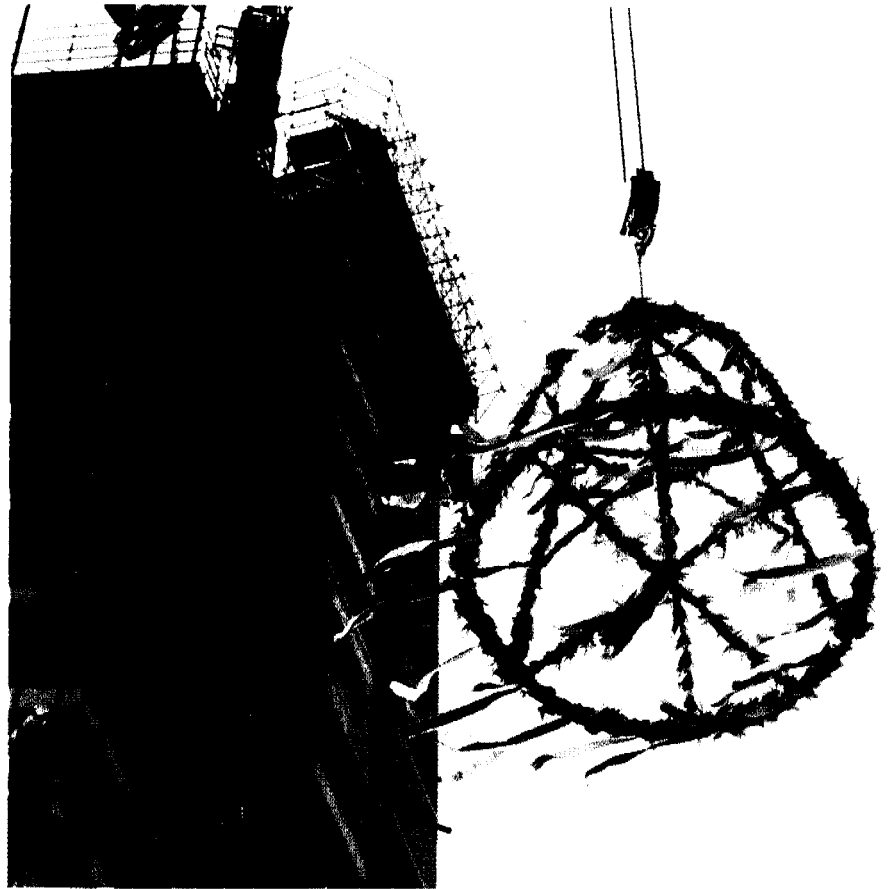
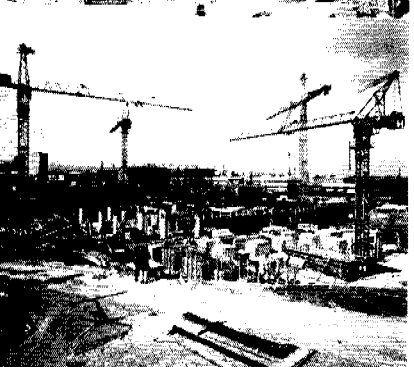
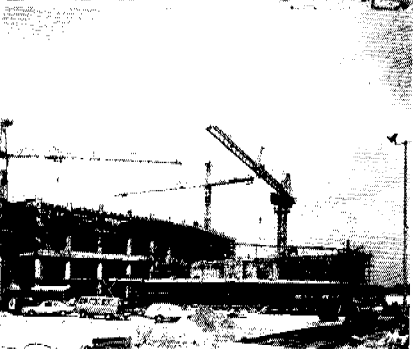
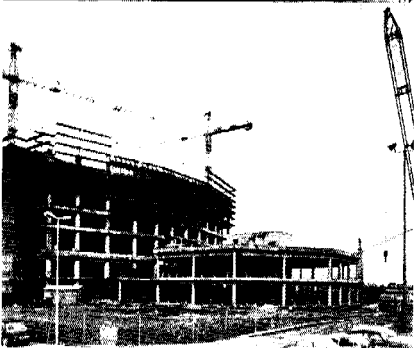
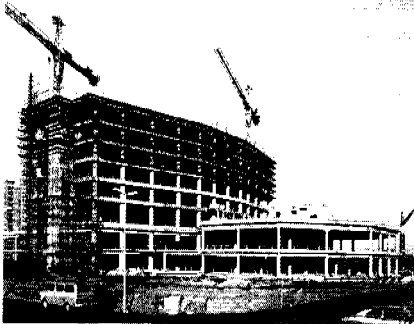
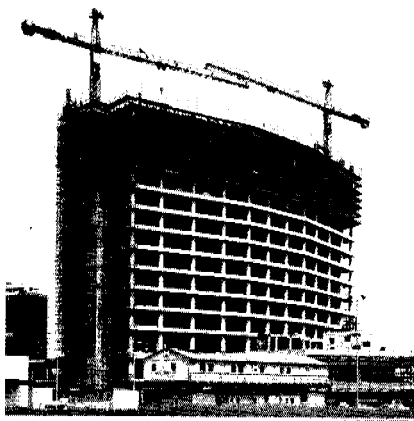
In view of our traditionally strong position in this sector we participated fully in the handling of payments for German foreign trade, which had registered considerable growth. The bank's share in business with the eastern bloc, which showed especially large growth rates, was also considerable; the bank profited from its many links with banks and foreign trade companies in the communist countries.

We achieved a marked improvement in earnings from payment transactions with foreign countries as a result of higher turnover. At the same time, however, the almost continuous monetary unrest caused a very much larger number of movements in accounts, which led to a greater amount of work and thus to higher costs.

In lending business the reimbursement and acceptance credits we made available declined in favour of term money lendings to foreign banks. On the other hand there was an increase in the credits taken up by customers from third parties in order to finance German imports.

In the export credit sector the syndicate of the AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main), headed by the Deutsche Bank, was able to meet all the demands made on it. There was a substantial rise in the demand for credits, a major factor for this being the relatively favourable interest rates for AKA financing. There was a further increase in the volume of credits for financing exports to the German Democratic Republic which are handled by GEFI – Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt (Main), a sister company of AKA.

In 1973 export financing has, owing to the liquidity shortage and the high interest rates in the Federal Republic, shifted still more to credits granted to the buyer. These credits were provided mainly from Euro-market funds through our subsidiary bank in Luxembourg and some participations abroad. At the same time we did our best to meet the financing wishes of foreign customers and the credit requirements of German firms making direct investments in other countries by stepping up direct lending to foreign banks and non-banks. The volume and dynamic of foreign credit business are reflected especially in the unusually strong rise in lending by our subsidiary in Luxembourg, Compagnie Financière de la Deutsche Bank AG.



Investments in the technology of tomorrow

The constantly increasing number of entries and the efforts to achieve rationalisation will entail high investment in technical equipment in the coming years. The Deutsche Bank has firmly included tomorrow's technology in its plans.

It is endeavouring to set up a completely automatic payments transactions system with the aid of electronic data processing equipment. A significant step was made in this direction on October 25, 1973 when the main structure

of the tower block was completed which is to accommodate the technical departments of the Frankfurt central and branch offices. The illustrations trace the construction of the TAUNUS-ZENTRUM ESCHBORN which is on an approximately 30,000 sq.m. site. Due to lack of space and excessive land prices in Frankfurt it was built on an easily accessible location 10 km outside the town. The 21-storey building is 95 m high, 122 m long, 90 m wide and has room for 3,500 employees. At the beginning of 1976 the Deutsche Bank will install one of its 3 computer centres in this building.



Further expansion of our foreign network

In the year under report we have again extended our network of foreign bases. At the end of 1973 the Deutsche Bank had a total of 65 representative offices, participations and subsidiaries in 47 countries.

At the beginning of the year – as already described in the last annual report – we opened representative offices in London, Moscow and Madrid. Our representative office in Sydney started operations on August 29, 1973. This office is helping to look after and extend our business relations in Australia, New Zealand and the Pacific area.

As a joint venture in Brazil, we, together with three other partners of the EBIC group, acquired a share in Banco Bradesco de Investimento S.A., São Paulo, a private investment bank with the largest capital in that country. The bank, which is associated with the largest private commercial bank of Brazil, Banco Brasileiro de Descontos S.A., grants especially medium-term credit in the national currency. This means that we can provide our customers doing business in Brazil with access to this source of financing and with advice on investments. The Bradesco group expanded its business again considerably in the past year.

The foundation of a multinational Iranian investment bank (Iran Overseas Investment Bank Ltd.) with headquarters in London, which had been resolved in the preceding year, was carried through in the financial year reviewed. Besides the Industrial and Mining Development Bank of Iran and the Bank Melli Iran we, together with seven other banks from the USA, Great Britain, France and Japan, have a shareholding in the bank. The institution is intended to assist Iran in expanding its international trade, to mobilise foreign capital for development projects and to help with the investment of Iranian capital.

Upon the initiative of Banco Nacional de Mexico it was decided that another multinational bank would be established in London. Mexican partners will hold 51% of the capital of the International Mexican Bank Ltd. The other shareholders are one American, one Swiss, one French and one Japanese bank and our own bank. The main task of the new bank will be to arrange foreign capital for projects in Mexico and South America. It will also promote the expansion of the trade of these regions.

In order to be able to cope in future as well with the growing demands and workload involved in the settlement of payments with other countries we have joined SWIFT (Society for Worldwide Interbank Financial Telecommunication). About 240 banks from 15 countries have joined this computer association.

Lively activity of our subsidiary in Luxembourg

The Compagnie Financière de la Deutsche Bank AG, Luxembourg, had a very satisfactory year in 1973. The balance sheet total increased by DM 1.7 billion to DM 4.1 billion in the 1972/73 business year (as per 30. 9.). Claims on banks in particular rose substantially, reflecting its greater share in international money market business.

Loans in international lending business almost doubled. The capital was increased in line with the growth of the business volume. The profit of DM 8.4 million shown for the year 1972/73 was allocated to the reserves. The capital and published reserves now amount to the equivalent of about DM 75 million.

Despite the leap in Euro-credit business we have again set certain limits for our subsidiary's commitments in this market: for the risk that confidence crises or a shortage of funds may at some time cause disturbances on the Euro-market cannot be excluded. Strict criteria were as usual applied in assessing the creditworthiness of borrowers and we did not participate in credits with inadequate conditions. Fortunately those active on the market have become more sensitive to lending conditions in the past few months.

Travel business extended

In 1973 our new concept for German DM travellers' cheques was introduced and accepted by all the 47 issuers of travellers' cheques in the Federal Republic. The improvements

- unrestricted validity
- simpler encashment
- quick refunding in the event of loss or theft

have brought the DM travellers' cheque into line with the international standard and made it more competitive. It was possible to win well-known banks abroad to act as selling agents for these new DM travellers'

cheques and to increase sales both abroad and at home considerably.

Very much higher turnover in foreign exchange dealings

The great number of parity changes and the strong fluctuations of floating currencies offered more opportunities to foreign exchange dealings in 1973, but also greater risks, which we took into account by restricting our own position and traditionally refraining from speculative commitments. The bank was able to increase its turnover in this sector of business by almost a fifth. The volume of turnover was again to a large extent accounted for by international interest arbitrage transactions. Earnings were considerably higher than those of the year before.

The bank built up its strongest position yet in the German market for gold bullion and coin. The gold boom, due to inflation and monetary uncertainty, caused turnover in the bank's gold dealings to rise by more than a fourth and earnings to go up correspondingly in 1973. A new sales record in respect of the Krüger rand was reached on the market. The number of gold certificates issued by us was almost four times as high in 1973 as before. Despite losses due in part to falling rates for foreign currencies, the volume of turnover and total earnings in dealings in foreign notes and coin increased.

Ten years of EBIC – expansion continues

In 1973 EBIC – European Banks International – had been in existence for ten years. It is thus the oldest European group of banks. In April 1973 Banca Commerciale Italiana S.p.A., Milan, joined the EBIC group. Today members of the EBIC group are, apart from the Deutsche Bank, Amsterdam-Rotterdam Bank N. V., Amsterdam, Banca Commerciale Italiana S.p.A., Milan, Creditanstalt-Bankverein, Vienna, Midland Bank Ltd., London, Société Générale, Paris, and Société Générale de Banque, Brussels. The group's potential is reflected in the combined balance sheet total of US\$ 87.7 billion (end of 1972). Altogether, the EBIC banks had more than 9,350 offices with over 178,000 staff at that date.

During the ten years of EBIC co-operation the partner banks primarily expanded the group's presence abroad. EBIC is today represented in almost all important inter-

national finance centres through joint subsidiaries, participations, offices and representations.

The European Banking Company Ltd. in London was added as a further joint establishment in 1973. As a merchant bank it engages in international financing and issuing business, and within a few months of its foundation had played a major role in a number of larger Euro-dollar credit operations.

Besides building up and expanding the group's international presence, the partner banks continued to encourage cooperation with each other. This stretches from joint offers in international trading, financing and investment business through co-operation in the services sector and in questions concerning organisation and security to joint economic publications. In the EBICREDIT the EBIC banks have a lending system which makes it considerably simpler for their customers to take up credit in the partner countries. In the personnel field joint training of young executives for international business was intensified.

The Board of Directors of EBIC and the "European Advisory Council" were made up of the following members in 1973:

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

A. Monti
A. Righi
Banca Commerciale Italiana S.p.A.

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.

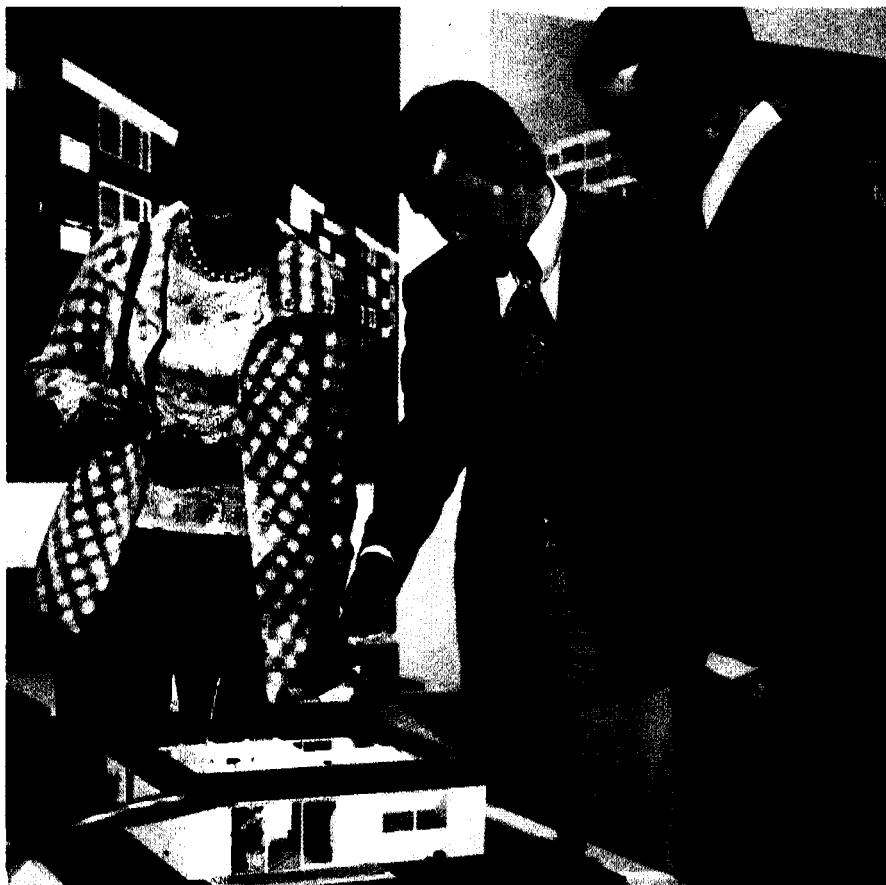
M. Lauré
J. Richard
Société Générale (France)

A new real estate information service

The purpose of the new real estate information centres (IZI) is to give a more comprehensive view of the German real estate market and also to facilitate financing. Since 1972 the Deutsche Bank jointly with the German leading association of real estate agents has established such centres in 9 big cities in the Federal Republic. Here the visitor is given a detailed survey of the regional real estate market, including locations, fittings and prices. Local constructors and marketing companies round off the offer of owner-occupier flats, one-family and apartment houses as well as building land, and help to give a better picture of the market.

The building and loan association GdF Wüstenrot and the Beamtenheimstättenwerk cooperate on the financing side. Our experts are able to guarantee an excellent consultancy service and practical assistance, as many other forms of financing have meanwhile been introduced in addition to the first mortgage and saver's building loan.

The centres provide a contact service between sellers and prospective buyers. Their advice is available free of charge and without any obligation. The IZI-Service fills a real gap in the market.



Business of joint establishments

EBIC's largest joint establishments are the two New York institutions, the European-American Banking Corporation and the European-American Bank & Trust Company. They attained a combined balance sheet total of US\$ 1,742 million at the end of 1973. The bank was able to further consolidate its leading position as American bank for the US subsidiaries of European enterprises. But thanks to its international orientation European-American is also increasingly becoming an important partner for American multinational companies.

The EBIC institute specialising in Euromarket financing, Banque Européenne de Crédit à Moyen Terme – now renamed Banque Européenne de Crédit (BEC)/European Credit Bank to suit the variety of credit lifetimes actually granted – continued to make good progress in 1973. In the sixth year of business its balance sheet total rose by 53% to US\$ 1,238 million. Lending in medium and long-term credit business jumped by as much as 72% to US\$ 893 million. The maturities of these credits became longer again at BEC, as in Euro-credit business as a whole. Lending for up to ten years was nothing unusual in 1973, whereas in 1972 six to eight years was normal and in 1971 only four to six years. At the same time the interest margins deteriorated further in 1973. The situation only improved towards the end of the business year after some groups of banks had begun to offer fewer such credits on the market. BEC managed or co-managed seven international credit syndicates with a total volume of US\$ 1,105 million in 1973. It participated in

34 credit syndicates. Since the London merchant bank EBC was founded (see above) there has been very close, complementary, co-operation between the two institutions.

Euro-Pacific Finance Corporation Ltd., Melbourne, an investment bank serving the Australian economic area, recorded extraordinarily strong expansion of business. At the end of the business year 1972/73 the balance sheet total reached about DM 420 million (converted); this was equivalent to an increase of almost 300% over the previous year.

The Europäisch Asiatische Bank AG (European Asian Bank), Hamburg, which has branches in Hong Kong, Jakarta, Karachi, Kuala Lumpur and Singapore, successfully completed its first full business year in 1973. The balance sheet total increased by 117.8% to DM 521.7 million. All the branches developed well; the Singapore branch, opened in November 1972, showed particularly strong growth and also participated in the Asian dollar market.

In view of the East Asian market's good growth prospects the outlook for the future business of the Europäisch Asiatische Bank are assessed with confidence.

The European-Arab Holding S.A., Luxembourg, and its subsidiaries in Frankfurt and Brussels – they were set up in 1972 by the EBIC partners and 14 leading Arab banks – proved successful in their efforts to expand their business with the Arab world and in the Euro-market. The growing importance of the countries in the Near East promises the European-Arab banks good opportunities for further expansion.

Development

At the end of the year under review the bank employed a staff of 35,287. This is 373 – that is only 1.1% – more than in the previous year, even though the volume of business rose by 12.7% and our branch network was extended by a further 27 offices. The volume of business per employee increased by about 16% on average over the year. These figures are a reflection of our efforts to counter the disproportionate rise in personnel costs as far as possible through organisational measures. However, earnings per employee only rose by 4.8%, which was below the growth in business and earnings.

The number of full-time staff (excluding apprentices and temporary staff) rose by 1.9%, which is slightly more than in the previous year. This was principally due to the fact that a large number of our younger staff mem-

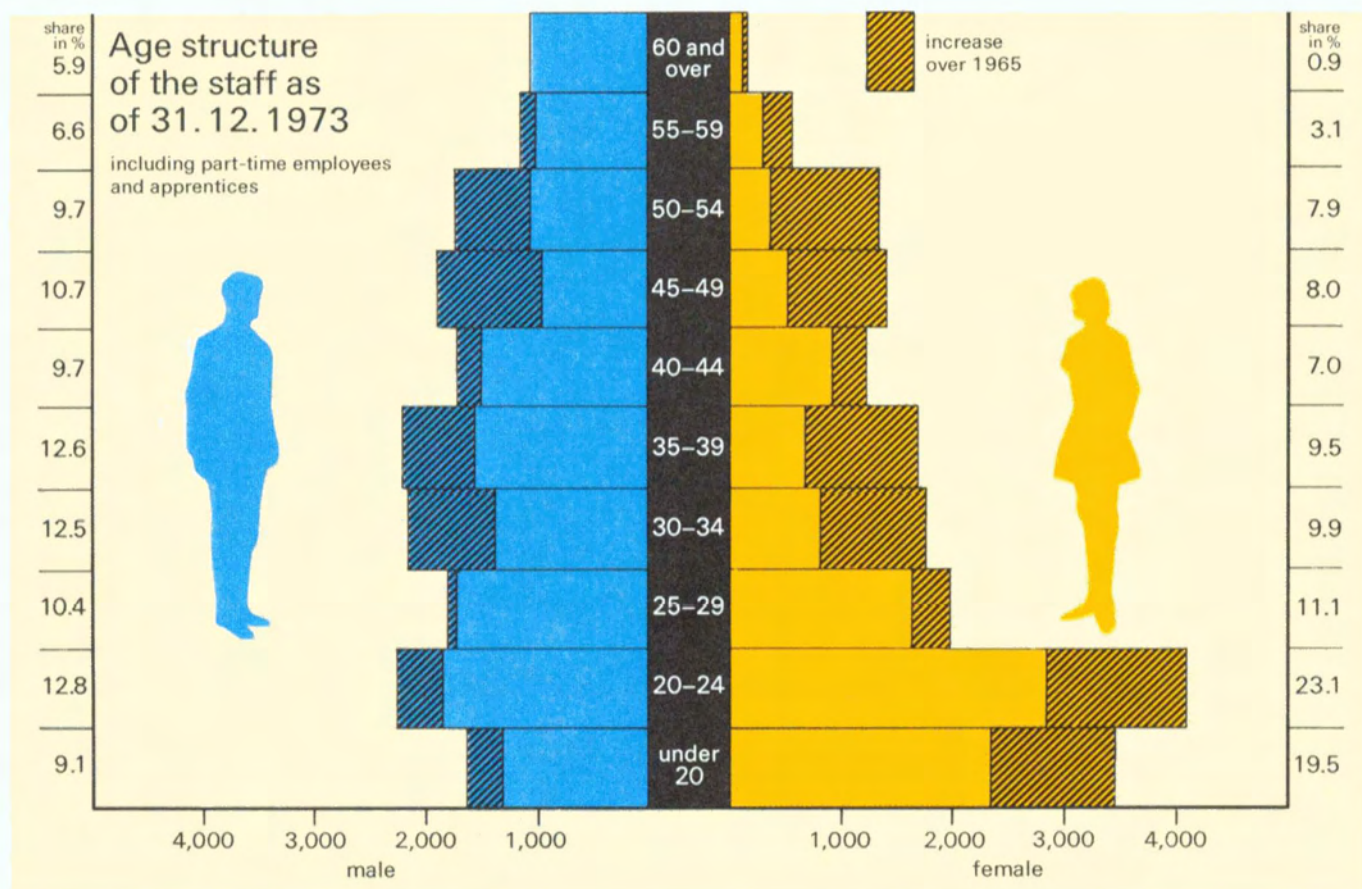
bers completed their training in the course of the year and took up full employee status.

We recruited more part-time staff to handle the daily peak work loads. The number of part-time employees rose to 3,253, which is 9.2% of the total staff.

Staff fluctuation was slightly less than in the previous year.

We again engaged more female staff than male staff in 1973. At the same time fewer female employees left the bank. The proportion of female staff consequently rose to 51.8%. In the case of clerical staff with an agreed-scale salary this figure was as high as 56.4%.

For this reason and in response to the growing importance of women among our customers and shareholders as well we have been anxious to provide better prospects for female staff. We want to offer our female employees greater opportunities for promotion and at



the same time make greater use than previously of skilled female staff. We are aiming to increase the still low proportion of women in managerial and specialist positions. Steps to realise this objective have been taken both inside and outside the bank. Towards the end of the year under review we turned to the public with a series of advertisements which met with a good response.

At the end of the year we were paying pensions to 8,067 retired employees and widows of former employees as well as benefits to 107 orphans.

With the cooperation of the staff councils the bank has by way of experiment introduced flexible working hours in a number of departments of the central offices and in some of the branches. The object is to allow the staff a certain degree of latitude in determining their own working hours. It will depend on the results of the experiment whether it can be recommended that flexible working hours be introduced generally throughout the bank. There are problems in such a system as the branches are tied to set hours of business. The interest of our customers must be taken into account in the new system. There are also limits generally to the latitude with which this system can be operated as day-to-day deadlines play an important part in banking.

Staff shares

In accordance with statutory requirements we are offering our staff this year between March 15 and April 18 up to two Deutsche Bank shares at a special price of DM 115 per DM 50 share. In this way we hope to strengthen our employees' link with the bank and at the same time foster saving in the form of shares and wealth formation. This offer is also open to retired members of staff.

Vocational training and further education

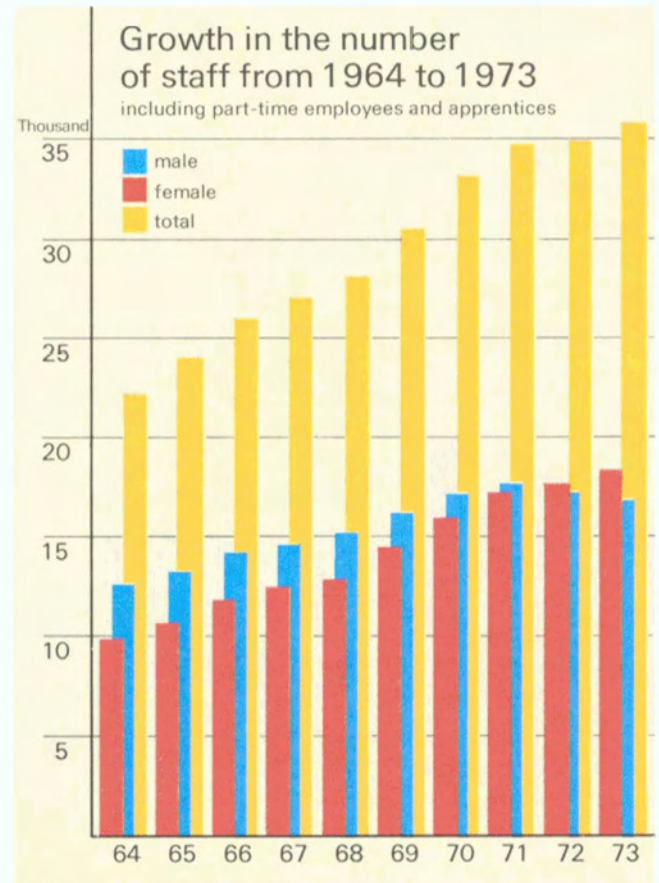
At the end of 1973 we had 3,559 apprentices, which meant that one in every ten employees was undergoing vocational training. For the first time women outnumbered men.

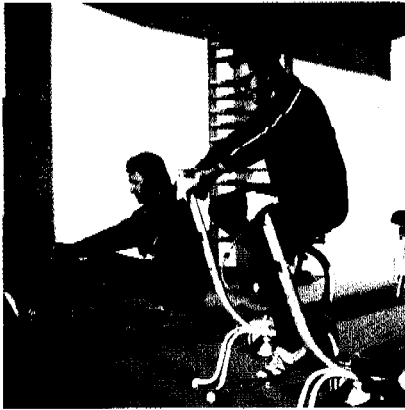
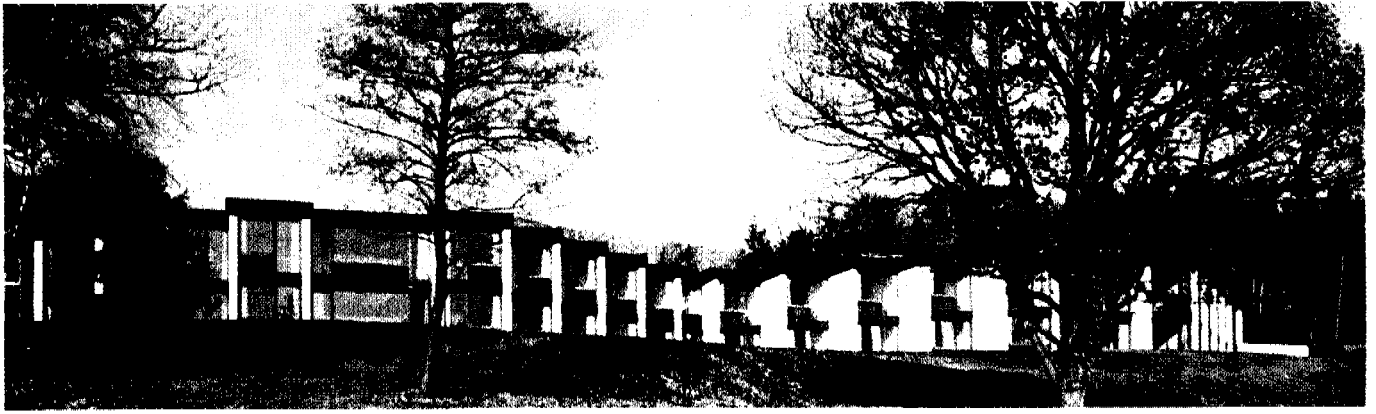
Special attention is being paid to vocational training. To comply with the new apprenticeship regulations we

have drawn up skeleton plans for each training phase. We have staff to take charge of training in both the head and regional branches.

Adult education is becoming increasingly important. We see the task of our training work in furthering the members of our staff both personally and professionally and so motivating their efforts. At the same time we thereby ensure that the quality of our staff is maintained at a sufficiently high level to achieve the company's business objectives.

The bank's new training centre in Kronberg was inaugurated on November 13, 1973. It can accommodate 3,200 people a year and is equipped with all the most up-to-date teaching facilities. An EDP terminal provides access to a computer. The Kronberg Training Centre will be used principally for training specialist and managerial staff. Beyond that it is intended to serve as a meeting





Modern banking – modern training techniques

Banks not only provide money, but above all advice as well. Today their services are no longer "performed", but "offered" and "sold".

This change in attitude is clearly revealed in the change in vocabulary. Bank staff are now thought of rather as business men and service salesmen.

Greater demands are being made on our staff as the needs of our customers grow. Modern banking calls for up-to-date training and further education of our employees. Training is an essential part of our personnel policy. The Deutsche Bank spends about DM 30 million a year on professional training and further education. For the bank this is not just an investment for its own future welfare but also a contribution of social significance.

The bank has maintained its own training centres for some time. Up to now the most important were in Hamburg, Düsseldorf and Jüchen. The new Kronberg training centre (see our illustrations), which took eighteen months to complete, was inaugurated in November 1973. It is not intended solely as a training centre but also as a place where people can meet and pool experience.

The centre, which lies in the hills north of Frankfurt, (its address: "Am Aufstieg 22" – Rise 22 – can be regarded as a symbol) is furnished with the most up-to-date technical equipment.

Approximately 160 seminars with a total of 3,200 participants can be held there each year. Nearly 300 instructors are needed. It is their job to ensure that the successors to the key positions continue to be drawn in future from the bank's own staff.





Fehlt es an
Aufstiegs-
möglichkeiten?

Oder auch
am Selbstvertrauen
vieler Frauen?

Warum gibt es so wenig Frauen in Führungspositionen?

Wir haben uns mit diesen Fragen sehr intensiv beschäftigt – aus der Sicht einer großen Filialbank.

Aber wir haben nicht nur nachgedacht, sondern jetzt bei uns alle Voraussetzungen geschaffen, um befähigten Mitarbeiterinnen in der Ausbildung und in der individuellen Aufstiegsplanung – die gleichen Chancen einzuräumen wie ihren männlichen Kollegen.

Streben Sie nach beruflichem Aufstieg?
Sind Sie bereit zu persönlichem Engagement?
Haben Sie Durchsetzungsvermögen? Können Sie kritisch denken? Würden Sie zum Beispiel

auch umziehen, wenn der Beruf es verlangt?
Wenn Sie diese Fragen bejahen, dann bringen Sie viele Voraussetzungen mit, die für Frauen in Führungspositionen genauso wichtig sind wie für Männer.

Wir bieten Ihnen die Basis für eine erfolgreiche berufliche Entwicklung
– im marktnahen Bankgeschäft unserer Filialen
– in Stabsfunktionen der Zentrale im Auslandsgeschäft.

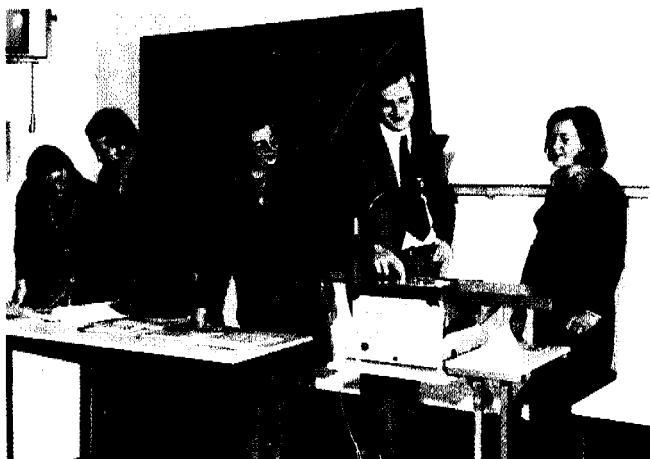
Meine Damen, sprechen Sie mit uns!

DEUTSCHE BANK

Unsere Anschrift: Deutsche Bank AG
Zentrale Personalabteilung
6 Frankfurt/Main, Jungfernstieg 5-11

Equal opportunities for female staff

Nearly a third of the bank's clients, a third of its shareholders and more than half of its employees are women. Yet



Karriere in der Bank soll kein Privileg der Männer bleiben



Dies ist
eine Aufforderung an
qualifizierte Frauen,
sich über die beruflichen
Möglichkeiten bei der
DEUTSCHEN BANK
zu informieren.

Wir möchten in Zukunft mehr weibliche Führungskräfte haben. Wir wissen, daß viele Praktikantinnen aus dem Bankgeschäft und viele Hochschulabsolventinnen das Können und auch das Durchsetzungsvermögen für eine solche Karriere mitbringen.

Ihre solide Ausbildung ist für Sie ein unschätzbares Kapital.

Warum setzen Sie es nicht ein, als sicheres Fundament für Ihren erfolgreichen Berufsweg?

Dafür findet Ihnen die DEUTSCHE BANK reelle Chancen und die Ihren Neigungen entsprechende Aufgabe. Und dazu wertvolle Hilfen durch die vielfältigen Weiterbildungsmöglichkeiten.

– praxisnah durch ein gründliches Training am Arbeitsplatz
– fachtheoretisch – auch in Führungstechniken – durch interne oder externe Seminare und Spezialkurse
– Persönliches Engagement, Befähigung und Beweglichkeit müssen Sie mitbringen.

Wir jedenfalls haben in unserer Bank alle Voraussetzungen ge-

schaffen – im Ausbildungsbereich und in der individuellen Entwicklungsplanung – damit Sie die gleichen Chancen haben wie Ihre männlichen Kollegen.

Uns ist es ernst mit der Zielsetzung „Die DEUTSCHE BANK wird in Zukunft mehr Frauen in verantwortlichen Positionen haben!“

DEUTSCHE BANK

Unsere Anschrift: Deutsche Bank AG
Zentrale Personalabteilung
6 Frankfurt/Main, Jungfernstieg 5-11

the management positions in our bank have hitherto been occupied almost exclusively by men.

In future we would like to have more women in responsible positions. For this reason we have introduced a series of measures to encourage and promote female staff.

Both pictures in the centre show women taking part in seminars in the Jugendheim and Kronberg training centres.

In this connection, moreover, we have launched a well-received publicity campaign. Two of our advertisements are shown on this page. They are an invitation to all interested women both inside and outside the bank to come and discuss with us their career possibilities.

We have created the conditions necessary for our staff to improve their positions. We do not want any prejudices against female management staff. Whether they will take advantage of the numerous opportunities now depends on the women themselves.

place for a constant exchange of ideas between staff from all departments of the bank. With the other training centres in Düsseldorf, Hamburg and Jugenheim we now have our own facilities for training 6,000 of our staff a year.

In 1973 a total of 10,000 employees from all departments took part in 526 seminars. A further 30 sessions were arranged for special management training; 578 employees took part.

We have refined our training and promotion system beyond the existing organisational framework. The subject-matter of the training courses and seminars has been broken down further according to functional levels and training aims. The training programme has also been enlarged.

Cooperation with the Staff Councils

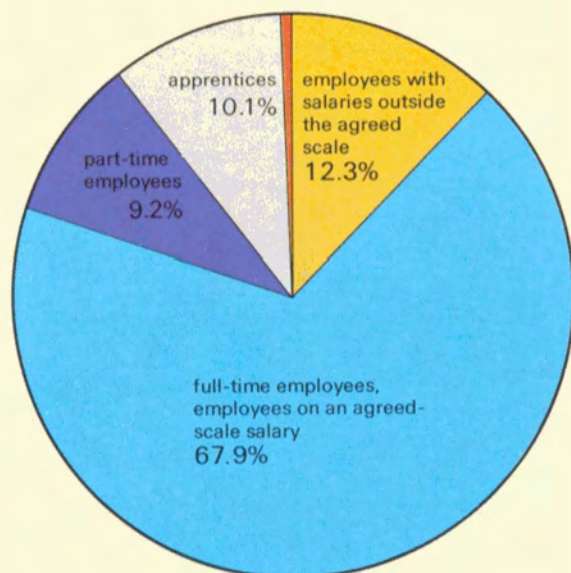
During the year under review personnel, social and economic matters were discussed in detail with the Staff Council for the Entire Bank, the Business Committee, the Staff Councils of the individual branches and the Youth Delegations. Efforts were focused on cooperating objectively in the interest of the entire staff, even where views differed.

Thanks to all the staff

We express our thanks to all the staff for their performance during this difficult business year, which, through our combined efforts, we were able to end with a satisfactory result.

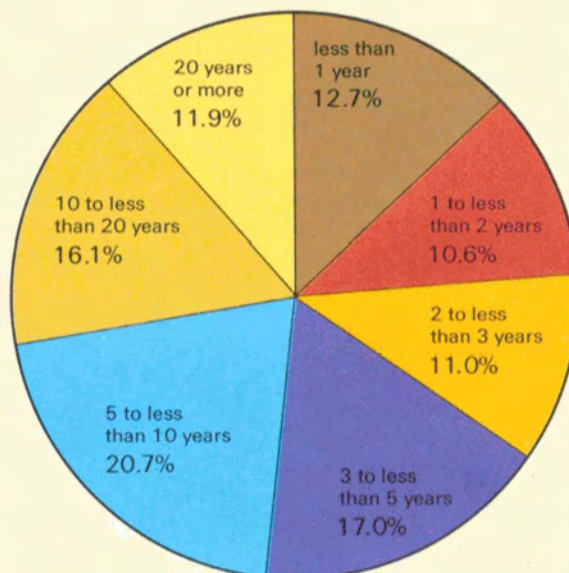
Staff structure as of 31.12.1973

Unskilled
employees, trainees 0.5%



Duration of employment with the bank as of 31.12.1973

including part-time employees and apprentices



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

Isa-Huberta d'Alton-Rauch, Hamburg	Max Heyde, Neheim-Hüsten	Margret Polens, Bremen
Iris Ape, Düsseldorf	Ludwig Hoffmann, Mainz	Elfriede Pommerening, Hamburg
Eberhard Baranek, Bochum	Josef Holzki, Düsseldorf	Wolfgang Reidenbach, Frankfurt (Main)
Hedwig Birkhold, Göppingen	Hermann Horn, Mannheim	Wilhelm Reith, Stuttgart
Heinz Bommel, Düsseldorf	Thomas Janzen, Hamburg	Hildegard Reitmeier, Gronau
Gerhard Buth, Hannover	Herbert Kahlfeld, Mannheim	Elmar Rösch, München
Alfred Christ, Stuttgart	Friedrich Kempka, Hattingen	Winand Solbach, Düsseldorf
Werner Dackermann, Mannheim	Karin Kleine-Vogelpoth, Oberhausen	Hubertine de Spirt, Köln
Fritz Degner, Frankfurt (Main)	Friedrich Kolb, München	Christa Schlodtman, Hamburg
Marianne Deublein, Regensburg	Karl Koloff, Düsseldorf	Margot Schneider, Frankfurt (Main)
Heinz Diel, Hannover	Wolfgang Krüder, Bremen	Rolf-Günther Schulz, Wuppertal
Fritz Dotzki, Hamburg	Anni Kunz, Frankfurt (Main)	Margarete Stellwagen, Mannheim
Michael Düsedau, Hamburg	Gerd Loffaier, Baden-Baden	Heinz Stüve, Hamburg
Peter Eisenberg, Frankfurt (Main)	Maria Lubenow, Düsseldorf	Hans Thomeschat, Braunschweig
Rosa Fettig, Frankfurt (Main)	Jan von Maczynski, Braunschweig	Wilhelm Uckermann, Kassel
Harry Fischer, Stuttgart	Rudolf Meister, Braunschweig	Jörge Vera, Stuttgart
Helmut Fröhlich, Frankfurt (Main)	Horst-Willy Meyer, Düsseldorf	Wilhelm Visscher, Lünen
Friedrich Gärtner, Duisburg	Otto Michel, Frankfurt (Main)	Georg Walcher, Kempten
Hans Gehlhaar, Herne	Felix Nowak, Hamburg	Rosa Wieber, Mannheim
Walter Geisler, Düsseldorf	Egon Pfänder, Düsseldorf	Werner Würtemberger, Mannheim
Ronald Götz, Worms	Heinz Pferdehirt, Wuppertal	Eugen Wüstefeld, Bochum
Georg Haubrich, Hamburg	Rafael Piekatz, Hamburg	Kurt Zeeb, Bad Cannstatt
Karl Heller, Heidelberg	Anneliese Plass, Bielefeld	

Moreover, we mourn the passing of 287 retired employees of our bank.

We shall always honour their memory.

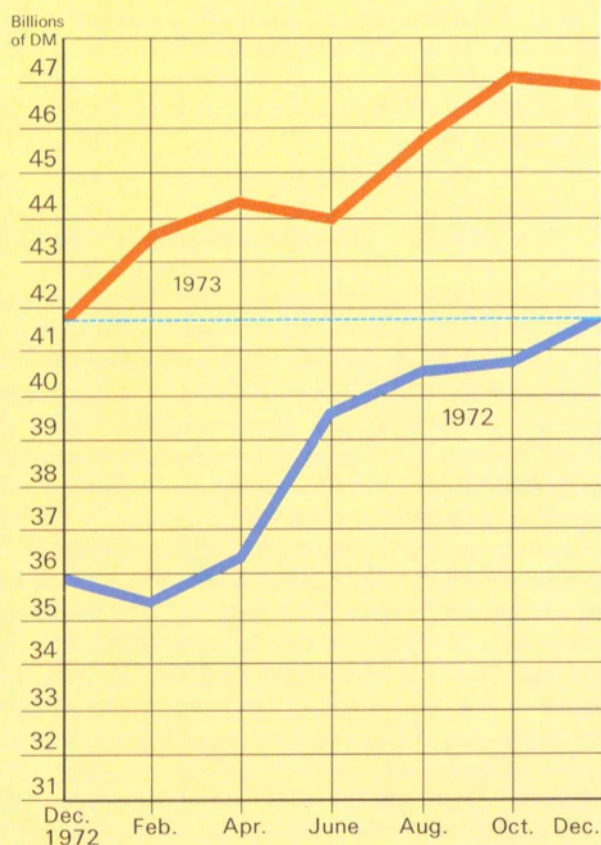
BALANCE SHEET

Volume of business

The bank's *volume of business* (balance sheet total plus endorsement liabilities) rose by DM 5.3 billion to DM 47.0 billion (+ 12.7%) in 1973. The growth during the year can be seen from the graph below.

In the same period the *balance sheet total* increased by DM 6.0 billion to DM 46.3 billion (+ 15.0%). Some items on the balance sheet changed as shown on the right.

Growth in the volume of business during the year



	in millions of DM
ASSETS	
Cash reserve	+ 1,290.6
Cheques, items received for collection	- 39.7
Bills discounted	- 286.4
Claims on credit institutions	- 2,232.8
Treasury bills and non-interest-bearing Treasury bonds	- 249.2
Bonds and debt instruments	- 14.4
Securities, so far as they have not to be included in other items	- 42.1
Claims on customers	+ 2,923.3
with agreed life, or subject to agreed period of notice, of	
a) less than four years	+ 2,370.5
b) four years or longer	+ 552.8
Investments in subsidiaries and associated companies	+ 127.4
Land and buildings, office furniture and equipment	+ 84.4
Sundry assets	+ 2.6
Balance sheet total	+ 6,029.3
LIABILITIES	
Liabilities to credit institutions	+ 651.8
Banking liabilities to other creditors	+ 4,909.4
including: term deposits	+ 4,302.4
savings deposits	+ 909.2
Debt instruments	+ 200.0
Own acceptances in circulation	- 62.8
Provisions for special purposes	+ 29.7
Capital	+ 80.0
Published reserves	+ 185.0
a) statutory reserve fund	+ 160.0
b) other reserves (voluntary reserve fund)	+ 25.0
Sundry liabilities	+ 14.6
Disposable profit	+ 21.6
Balance sheet total	+ 6,029.3

Turnover on non-bank customers' accounts increased by DM 249 billion to DM 1,537 billion.

Liquidity

By comparison to the year before, the bank's liquidity ratios are as follows:

	December 31	
	1973	1972
	— in millions of DM —	
<i>Cash reserve</i>		
Cash in hand	258.6	238.4
Balances with the Deutsche Bundesbank	6,156.1	4,884.3
Balances on postal cheque accounts ..	13.6	15.0
	<u>6,428.3</u>	<u>5,137.7</u>
<i>Other liquid funds</i>		
Cheques, items received for collection	418.3	458.0
Bills rediscountable at the Deutsche Bundesbank	2,965.4	3,180.9
Claims on credit institutions payable on demand	3,090.3	2,170.3
Treasury bills and non-interest-bearing Treasury bonds	—	249.2
Bonds and debt instruments eligible as collateral for Bundesbank advances ..	1,042.7	1,060.4
<i>Total liquid funds</i>	<u>13,945.0</u>	<u>12,256.5</u>
<i>Liabilities</i>		
Liabilities to credit institutions	9,552.8	8,901.0
Banking liabilities to other creditors ..	33,090.9	28,181.5
Debt instruments	200.0	—
Own acceptances in circulation	33.3	96.1
Sundry liabilities	18.4	14.9
	<u>42,895.4</u>	<u>37,193.5</u>
<i>Cash liquidity</i> (ratio of cash reserve to liabilities)	<u>15.0%</u>	<u>13.8%</u>
<i>Total liquidity</i> (ratio of total liquid funds to liabilities)	<u>32.5%</u>	<u>33.0%</u>

The high cash liquidity can be attributed to the further increase in balances with the Deutsche Bundesbank (+ DM 1,271.8 million = 26.0%). These balances had to be increased considerably, as the minimum reserve requirements were a third higher than in December 1972, owing to the growth of deposits subject to minimum reserve regulations and the raising of the reserve rates to the highest level since 1960/61.

In 1973 as well the principles established by the Federal Banking Supervisory Office on the capital resources and liquidity of credit institutions have always been observed.

Securities

Bonds and debt instruments (DM 1,257.7 million) and other securities (DM 1,105.7 million) remained almost unchanged.

Of *Bonds and debt instruments* DM 1,042.7 million = 82.9% was eligible as collateral at the Deutsche Bundesbank.

Securities, so far as they have not to be included in other items comprise shares of more than 10% of the capital of a company amounting to DM 933.0 million on the balance sheet. Holdings of more than 25% of the capital were reported in accordance with § 20 of the Joint Stock Corporation Act to the following companies: Bayerische Elektrizitäts-Werke, München
Bergmann-Elektrizitäts-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)
Pittler Maschinenfabrik Aktiengesellschaft, Langen (Hess)
Schitag Schwäbische Treuhand-Aktiengesellschaft, Stuttgart
Schuhfabrik Manz Aktiengesellschaft, Bamberg
Süddeutsche Zucker-Aktiengesellschaft, Mannheim

The holdings of more than 25% in Augsburger Kammgarn-Spinnerei and Stollwerck Aktiengesellschaft were sold by the bank in the course of 1973, that in Hoffmann's Stärkefabriken Aktiengesellschaft early in 1974.

Syndicate holdings accounted for securities with a book value of DM 363.1 million.

In valuing the securities holdings the bank has in each case applied the minimum value principle.

The bank's *Own shares* are shown at DM 9.0 million. These are 40,415 shares the bank has taken over during the year reviewed in accordance with § 71, subpara. (1) No. 2 of the Joint Stock Corporation Act at an average price of DM 228.02. They will be offered to employees, pursuant to the provisions of the Law on Tax Measures in Cases where the Nominal Capital is Increased out of Company Funds and Own Shares Are Sold to Employees of 10. 10. 1967.

Volume of credit

	End of 1973	End of 1972	Changes
	– in millions of DM –		
Claims on customers			
short and medium-term	14,452.1	12,081.6	+ 2,370.5 = 19.6%
long-term	8,294.1	7,741.3	+ 552.8 = 7.1%
	22,746.2	19,822.9	+ 2,923.3 = 14.7%
Discount credits	4,340.6	5,379.4	– 1,038.8 = 19.3%
Lending to credit institutions	2,048.5	1,547.9	+ 500.6 = 32.3%
Total volume of credit	29,135.3	26,750.2	+ 2,385.1 = 8.9%

Another 972,887 shares were bought by the bank and companies associated with it at current prices (average purchase price DM 243.32) and sold again (average selling price DM 244.92); such securities transactions must be reported in accordance with § 71, subpara. (1) No. 1 of the Joint Stock Corporation Act. The proceeds remained in the working funds.

At the end of 1973 76,190 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 volume of credit rose in 1973 by DM 2.4 billion = 8.9% (+DM 3.5 billion = 15.2% in 1972). While an increase of DM 1.5 billion was recorded in the first half, mainly because of the utilisation of credits promised earlier on, credits, including interest burden, rose only by DM 0.9 billion = 3.0% in the second half of the year.

As rediscounting possibilities had been cut several times, discount credits diminished by DM 1.0 billion = 19.3%. Claims on customers, on the other hand, went up by DM 2.9 billion, the increase in the short and medium-term credits being greater than in the long-term credits. Loans to credit institutions expanded by DM 0.5 billion. The composition of the volume of credit at the end of 1972 and 1973 and its changes are shown above in detail. The development of the volume of credit over the last ten years is shown in the graph on the right.

The loans to credit institutions include a loan of DM 10 million, which is used to increase the borrower's own funds.

The diagram overleaf gives the break-down of the cash, acceptance and discount credits to our non-bank

customers; it is divided into the same categories as listed in the Deutsche Bundesbank's statistics of borrowers.



Altogether the credits were extended to more than 1 million borrowers:

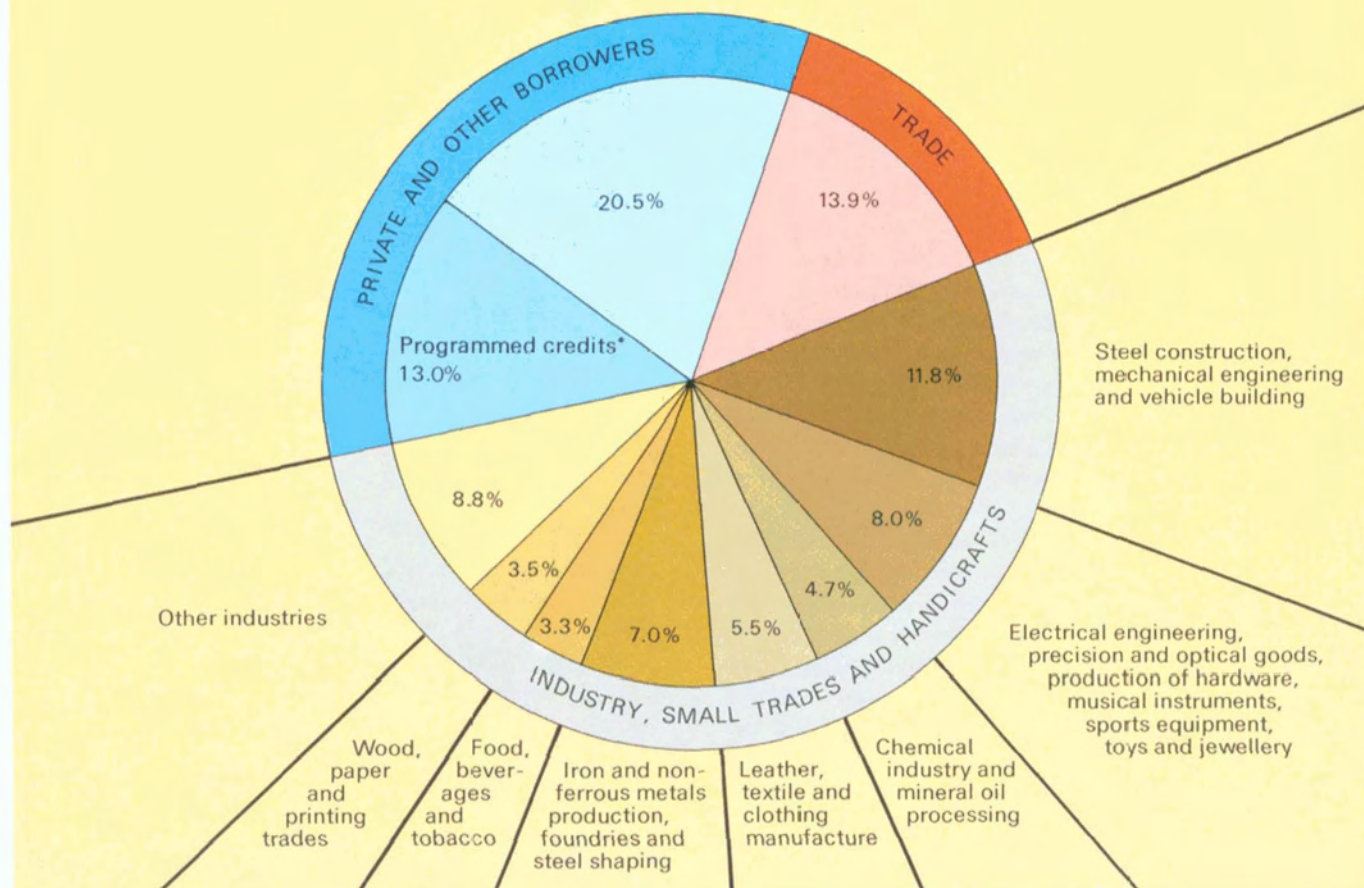
Number of credits	End of 1973	End of 1972
up to DM 10,000.—	897,047 = 85.4%	913,381 = 86.7%
more than DM 10,000.— up to DM 100,000.—	134,795 = 12.8%	123,287 = 11.7%
more than DM 100,000.— up to DM 1,000,000.—	15,833 = 1.5%	14,034 = 1.3%
more than DM 1,000,000.—	3,062 = 0.3%	2,748 = 0.3%
	<u>1,050,737 = 100.0%</u>	<u>1,053,450 = 100.0%</u>

Among the Personal Programme Credits (totalling DM 3.4 billion) noticeable growth was only registered in long-term Personal Mortgage Loans (PHD); they increased by DM 339 million to DM 1.6 billion.

DM 4,719.8 million = 56.9% of all long-term claims on customers was due in less than four years.

DM 918.8 million of claims on customers was financed from funds taken up for specific purposes, mainly from

Break-down of lendings to customers by branches as of December 31, 1973



*) Instalment credits as listed in the Deutsche Bundesbank's statistics of borrowers = 9.0%

the Kreditanstalt für Wiederaufbau. These were passed on to the borrowers on the terms fixed by the lenders.

Besides the above-mentioned credits we had extended guarantee facilities and letters of credit amounting to DM 6.1 billion to our customers at the end of 1973 (DM 4.4 billion at the end of 1972). The increase of DM 1.7 billion = 38.0% is chiefly due to our foreign business.

Account has been taken of all discernible risks in the lending business through individual adjustments and provisions. The prescribed overall adjustment, moreover, provides for latent risks.

Investments in subsidiaries and associated companies

These investments rose by DM 127.4 million. The increase results from additions of DM 154.6 million, sales of DM 21.2 million and depreciation of DM 6.0 million. The additions stem almost exclusively from investments in credit institutions. These investments were particularly enlarged by

Capital increases

Banco Comercial Transatlántico, Barcelona/Spain

Berliner Disconto Bank AG, Berlin

Compagnie Financière de la Deutsche Bank AG,
Luxembourg

Deutsche Kreditbank für Baufinanzierung AG, Köln

Frankfurter Hypothekenbank, Frankfurt (Main)

Payments for capital

European Brazilian Bank Ltd., London

European-Arab Holding S.A., Luxembourg

Additional purchases

Deutsche Centralbodenkredit-AG, Berlin-Köln

Frankfurter Hypothekenbank, Frankfurt (Main)

Banco Bradesco de Investimento S.A., São Paulo/Brazil

The bank also took a holding, inter alia, in the following *new establishments*:

European Banking Company Ltd., London

Iran Overseas Investment Bank Ltd., London

EDESA Société Anonyme Holding, Luxembourg

The deductions were mainly shares in the Europäische Asiatische Bank AG, Hamburg, which, in accordance with our international business concept, were transferred to EBIC partners.

The discernible risks have been fully taken into account in the depreciation.

A list of the bank's investments in credit institutions and other enterprises is given on pages 97 to 99.

The Report of the Group provides information on the relations to the bank's associated companies.

Fixed assets

Land and buildings are shown at DM 456.9 million. Of the additions worth DM 85.1 million, DM 2.9 million is due to land purchased. The remaining DM 82.2 million covers new building and conversion projects, inter alia the administrative building of the Frankfurt Central Office (Taunus-Zentrum) under construction in Eschborn. New buildings were completed in Hamburg, Iserlohn, Schwäbisch Gmünd and Würzburg.

Deductions were taken out at DM 0.1 million. The depreciation of DM 17.5 million contains DM 2.6 million for extraordinary wear and tear.

Office furniture and equipment has risen to DM 158.6 million after additions of DM 50.4 million and depreciation of DM 33.6 million. Minor items were purchased in the amount of DM 10.8 million and fully written off. The scheduled depreciation on goods included in this item in the balance sheet was DM 22.8 million.

Other asset items

Equalisation and Covering Claims on public authorities are shown at DM 422.3 million. DM 364.6 million of this is attributable to equalisation claims. As a result of normal redemption (DM 8.0 million), adjustment of the Conversion Account (DM 0.3 million) and take-over by the Deutsche Bundesbank (DM 3.5 million), they diminished by a total of DM 11.8 million. The covering claims in accordance with § 252 Equalisation of Burdens Law and § 19 of the Old Savings Law declined owing to normal redemptions by DM 9.4 million to DM 57.7 million.

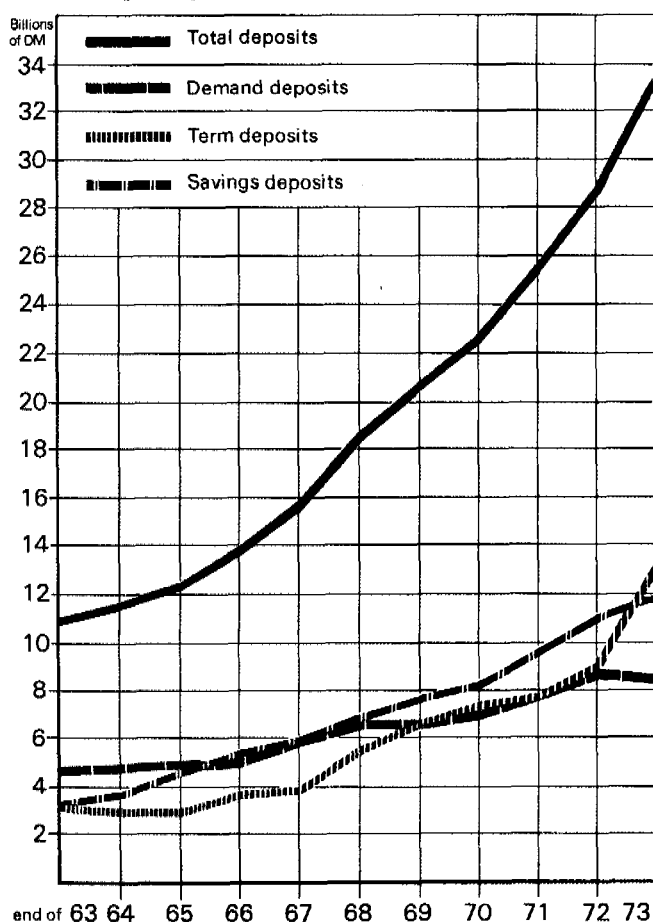
The *Sundry assets* (DM 695.1 million; DM 638.5 million in 1972) include especially holdings in private limited companies (GmbH), which are neither a participation nor, according to the balance sheet regulations, eligible for inclusion under securities. The increase by DM 56.6 million is mainly due to down-payments on building costs, which are also included in this item.

Funds from outside sources

The Funds from outside sources rose in the period reviewed by DM 5.8 billion = 15.5% to DM 42.8 billion. More than four fifths of the increase are due to non-bank customers' deposits. As the demand deposits declined slightly and the savings business was stagnant in the first three quarters of the year under report, the bank was forced to take in term deposits on a considerable scale. Term deposits, therefore, went up by DM 4.3 billion = 50.9% to DM 12.8 billion; thus for the first time they have the largest share among the customers' deposits.

The composition of the Funds from outside sources is shown in detail on the next page.

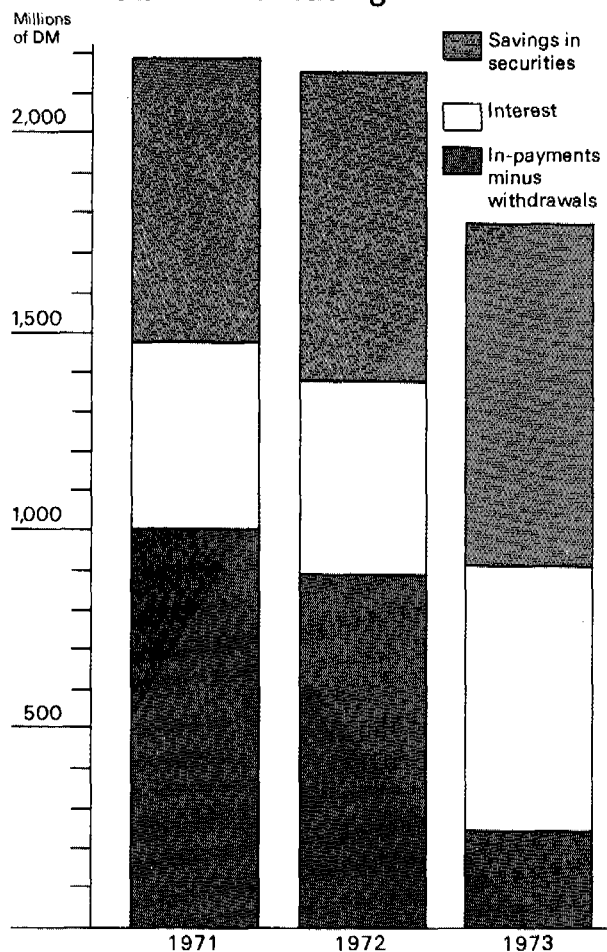
Non-bank customers' deposits 1963-1973



The development of non-bank customers' deposits during the past ten years is shown in the graph below.

The savings business took a more gratifying course only in the last quarter of the year. Because of the more favourable interest rates, the main increase was still in the other savings deposits (+DM 580.2 million = 10.3%), whereas the savings deposits with legal period of notice, with an increase of DM 329.0 million = 6.1%, show a smaller growth rate. The diagram on the next page gives a break-down of the savings deposits by groups of savers; moreover, total savings (growth in savings deposits plus the balance from purchases and sales of securities transacted with funds from savings accounts) of the last three years are shown in the graph below.

Total annual savings



Liabilities to credit institutions rose, predominantly in the sector of term liabilities, by DM 651.8 million = 7.3% to DM 9.6 billion.

The Funds from outside sources for the first time include DM 200 million debt instruments, which were issued to finance our long-term lendings.

Funds from outside sources

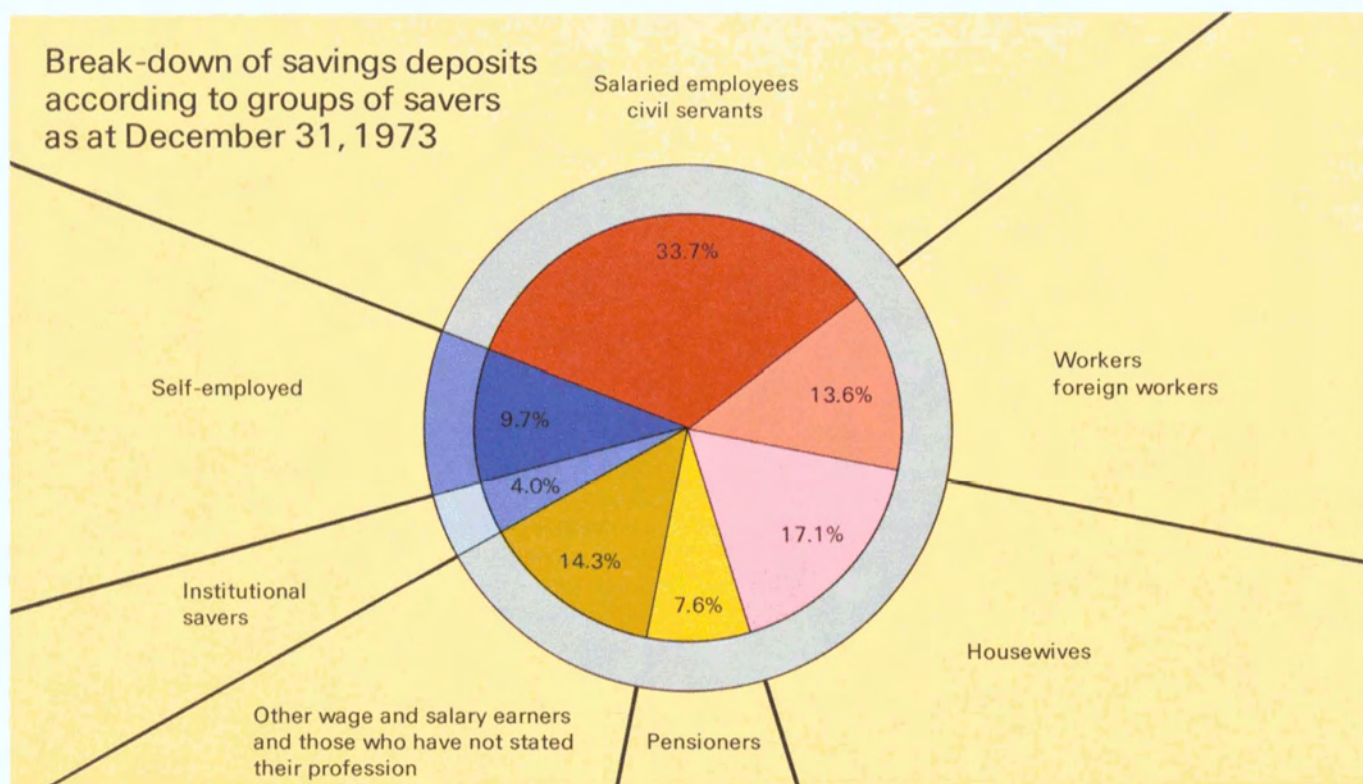
Liabilities to credit institutions

	End of 1973	End of 1972
– in millions of DM –		
demand deposits	4,648.4 = 10.8%	4,572.8 = 12.3%
term deposits	4,659.3 = 10.9%	4,175.2 = 11.3%
customers' drawings on credits opened at other institutions	245.1 = 0.6%	153.0 = 0.4%
	<u>9,552.8 = 22.3%</u>	<u>8,901.0 = 24.0%</u>

Liabilities to non-bank customers

demand deposits	8,381.1 = 19.5%	8,683.3 = 23.4%
term deposits	12,752.4 = 29.8%	8,450.0 = 22.8%
savings deposits	11,957.4 = 27.9%	11,048.2 = 29.8%
	<u>30,090.9 = 77.2%</u>	<u>28,181.5 = 76.0%</u>
Debt instruments	200.0 = 0.5%	—
Total funds from outside sources	<u>42,843.7 = 100.0%</u>	<u>37,082.5 = 100.0%</u>

Break-down of savings deposits according to groups of savers as at December 31, 1973



Provisions for special purposes

The Provisions for special purposes rose slightly, from DM 666.0 million to DM 695.7 million.

DM 485.3 million is accounted for by *Provisions for pensions*. According to actuarial computations, they were increased by DM 52.1 million. Part of the amount was required as a result of introducing the flexible retirement age under the pension scheme for our employees.

The *Other provisions* (DM 210.4 million; DM 232.8 million in the previous year) included provisions against taxes and 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 letters of credit). Provisions for risks arising from the lending business, for uncertain liabilities and losses from pending business transactions have also been created.

Other liability items

The *Sundry liabilities* (DM 18.3 million) cover liabilities outside the banking business, in particular wage and church tax and social insurance contributions payable.

The *Special items including reserves* rose from DM 12.0 million to DM 31.4 million. The special item in accordance with the Development Aid Tax Law increased from DM 1.9 million to DM 4.6 million. Book profits, eligible for tax preference, especially from the sale of securities in the amount of DM 16.7 million were allocated to the special item in accordance with § 6b Income Tax Law; this item is now shown at DM 26.8 million.

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

Contingent liabilities etc.

Endorsement liabilities on rediscounted bills of exchange declined from DM 1,432.5 million to DM 714.7 million, due to reduction in rediscount possibilities. Bills to a total amount of DM 78.7 million were in the process of collection.

The *Liabilities arising from guarantees of various kinds and warranty contracts* rose heavily, above all owing to increased utilisation of our guarantees in foreign

business (from DM 4,405.6 million to DM 6,081.4 million).

Obligations to repurchase items assigned en pension rose from DM 571.7 million to DM 689.5 million.

Liabilities for possible calls on shares not fully paid up in public and private limited companies and limited partnerships were DM 21.3 million as at balance sheet date. The bank assumed liabilities in the stead of one unlimited partner.

PROFIT AND LOSS ACCOUNT

Receipts on the volume of business

While the average volume of business increased by 17.2%, the receipts on it rose only by 5.8%. This development, which does not give much cause for satisfaction, reflects the difficult market conditions of the past financial year, which were especially influenced by the restrictive policy of the Bundesbank.

The interest result was adversely affected by the fact that the increase in the interest rates on credit granted lagged behind the increase in costs for funds borrowed, by a distinct shift in the structure of Funds from outside sources towards customers' term deposits and by the maintenance of very high non-interest minimum reserves. The growth rate of 65.2% in interest receipts from lending and money market transactions is therefore considerably below the percentage increase in interest expenses of 105.3%. The interest margin fell to the lowest level so far.

Receipts on the volume of business may be broken down as follows:

	1973	1972
	– in millions of DM –	
Interest and similar receipts from lending and money market transactions	3,171.0	1,919.4
Current receipts from securities, debt register claims, and investments in subsidiaries and associated companies	245.3	225.7
	3,416.3	2,145.1
Interest and similar expenses	2,365.6	1,152.0
Receipts on the volume of business (interest surplus)	1,050.7	993.1

Receipts from services

In 1973 the contribution of international business to earnings continued to grow. This is mainly due to the fact that the *Commissions and similar expenses from service transactions* increased by DM 42.8 million. On the other hand, the commissions from securities dealings declined due to smaller turnover.

After deducting the expenditure on commissions (DM 13.3 million) the surplus was DM 404.9 million. However, the gratifying earnings growth of DM 45.3 million sufficed to cover only just 40% of the rise in staff and material expenditure of DM 116.9 million.

Other receipts

This item declined by DM 11.2 million to DM 119.1 million. It contains profits from foreign exchange and gold dealings, which exceeded those of the preceding year, and the other receipts from ordinary and extraordinary business.

Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses in the amount of DM 5.9 million are shown separately. This is a partial amount of Other receipts that was not set off against sums received on claims written off, on released adjustments and provisions for possible loan losses, as well as gains from the sale of securities.

Staff and material expenditure

The *staff expenses* (Salaries and wages, Compulsory social security contributions, Expenditure on retirement pensions and other benefits) reached almost DM 1 billion. The growth of DM 106.5 million = 12% was largely caused by salary increases, as the number of staff rose only by 373 = 1.1%.

On March 1, 1973 the agreed-scale salaries rose by 8.5%; considering the improvement in the total salary structure, which went into effect at the same time, the average increase was approximately 11%. The other salaries were raised as well.

DM 771.1 million of all staff expenses fall to Salaries and wages, DM 91.4 million to Compulsory social security contributions, and DM 130.6 million to Expenditure on retirement pensions and other benefits. The above-

average growth of Compulsory social security contributions, which has been observed for years, continued in 1973 as well.

The increase in *Material expenditure for the banking business* was kept down to 4.7% (+ 11.9% in 1972). Expenditure on some cost categories, such as maintenance and operating costs and rents for bank premises and equipment, however, rose considerably owing to higher prices.

Depreciation

An amount of DM 51.1 million (DM 45.6 million in 1972) was required for *Depreciation and adjustments on land and buildings and on office furniture and equipment*. The *Depreciation on investments in subsidiaries and associated companies* takes the necessary value adjustments on foreign companies into account.

Taxes

The decline in *Taxes on income, earnings and property* by DM 43.0 million is mainly attributable to a lower operating result and higher depreciation requirements for securities, to the higher dividend distribution as a result of the capital increase, and to greater utilisation of the tax concession under § 6b Income Tax Law. Of the *Other taxes* (DM 18.2 million) DM 8.1 million is accounted for by company tax in connection with the 1973 capital increase.

Other expenses

Gains of DM 16.7 million – eligible for tax preference under § 6b Income Tax Law – were allocated to the Special items including reserves. It was possible in accordance with the Development Aid Tax Law to transfer a further DM 3.2 million.

Total emoluments of the Board of Managing Directors amounted to DM 6,432,168.40. Former members of the Boards of Managing Directors of the Deutsche Bank AG and the Deutsche Bank, Berlin, or their surviving dependents received payments aggregating DM 1,569,700.—.

The Supervisory Board received DM 309,120.— as fixed emoluments; the Supervisory Board payments, which vary according to the annual dividend paid, amounted to DM 668,625.38. Members of the Advisory Board received DM 348,620.— and the members of the Regional Advisory Councils DM 1,700,462.50.

Proposed appropriation of profits

The Profit and Loss Account shows:

<i>Receipts</i>	DM 3,966.8 million
<i>Expenses</i>	<u>DM 3,812.2 million</u>
<i>Year's net earnings</i>	DM 154.6 million
<i>Allocation to Published reserves</i>	<u>DM 25.0 million</u>
<i>Disposable profit</i>	DM 129.6 million

It is proposed to the shareholders that a dividend of DM 9.— per share of DM 50.— par value, i.e. DM 129.6 million, be paid on the capital of DM 720 million.

Capital and reserves

Pursuant to the resolution adopted by the General Meeting on May 8, 1973, the bank increased its capital by DM 80 million to DM 720 million, and transferred the premium of DM 160 million received to the statutory reserves.

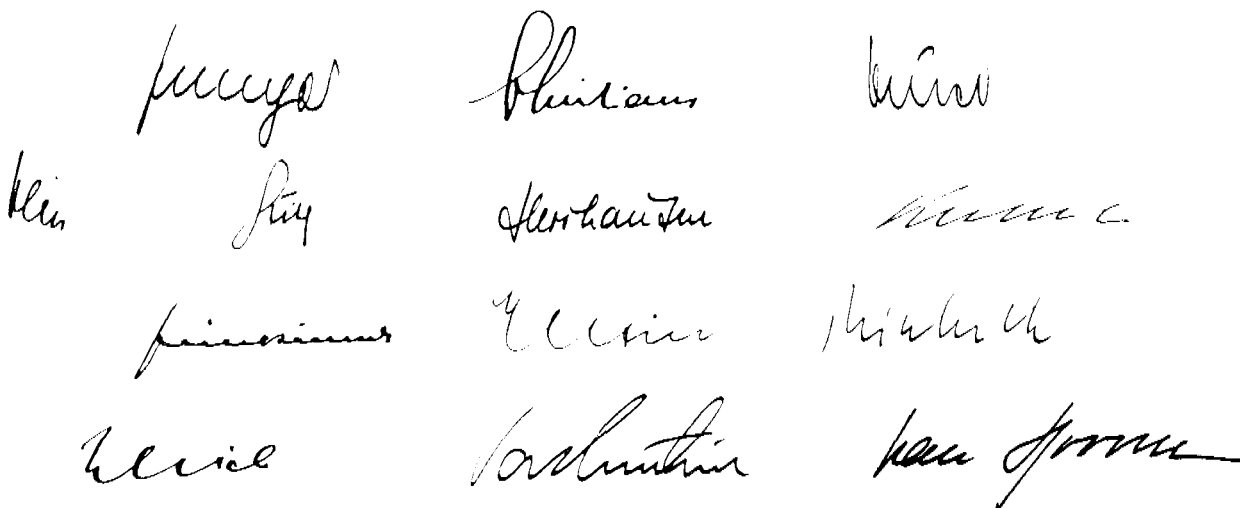
DM 25 million out of the 1973 net earnings was allocated to the Published reserves.

The bank's Own funds have thus risen by DM 265 million, as compared to December 31, 1972, to DM 2,179 million at present.

<i>Capital</i>	DM 720.0 million
<i>Published reserves</i>	
a) <i>statutory reserve fund</i>	DM 634.0 million
b) <i>other reserves</i>	<u>DM 825.0 million</u>
<i>Total</i>	<u>DM 2,179.0 million</u>

Frankfurt (Main), March 1974

THE BOARD OF MANAGING DIRECTORS



	Capital	Published Reserves	Capital and Reserves Total
	DM	DM	DM
January 1, 1952 (opening balance sheet)	100,000,000.—	40,500,000.—	140,500,000.—
Allocation from the conversion account		1,500,000.—	1,500,000.—
Allocations from the net earnings 1952-1956		108,000,000.—	108,000,000.—
Capital increase: 1955 (1 for 2 at par)	50,000,000.—		50,000,000.—
Capital increase: 1956 (1 for 3 at par)	50,000,000.—		50,000,000.—
December 31, 1956	200,000,000.—	150,000,000.—	350,000,000.—
Allocation from the net earnings 1957		30,000,000.—	30,000,000.—
December 31, 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.—
December 31, 1958	250,000,000.—	215,000,000.—	465,000,000.—
Allocation from the net earnings 1959		35,000,000.—	35,000,000.—
December 31, 1959	250,000,000.—	250,000,000.—	500,000,000.—
Allocation from the net earnings 1960		50,000,000.—	50,000,000.—
December 31, 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.—
December 31, 1961	300,000,000.—	340,000,000.—	640,000,000.—
Allocation from the net earnings 1962		20,000,000.—	20,000,000.—
December 31, 1962	300,000,000.—	360,000,000.—	660,000,000.—
Allocation from the net earnings 1963		40,000,000.—	40,000,000.—
December 31, 1963	300,000,000.—	400,000,000.—	700,000,000.—
Allocation from the net earnings 1964		30,000,000.—	30,000,000.—
December 31, 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.—
December 31, 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.—
December 31, 1966	400,000,000.—	600,000,000.—	1,000,000,000.—
Allocation from the net earnings 1967		50,000,000.—	50,000,000.—
December 31, 1967	400,000,000.—	650,000,000.—	1,050,000,000.—
Capital increase: 1968 (1 for 5 at 250)	80,000,000.—	120,000,000.—	200,000,000.—
Allocation from the net earnings 1968		50,000,000.—	50,000,000.—
December 31, 1968	480,000,000.—	820,000,000.—	1,300,000,000.—
Allocation from the net earnings 1969		30,000,000.—	30,000,000.—
December 31, 1969	480,000,000.—	850,000,000.—	1,330,000,000.—
Allocation from the net earnings 1970		30,000,000.—	30,000,000.—
December 31, 1970	480,000,000.—	880,000,000.—	1,360,000,000.—
Capital increase: 1971 (1 for 6 at 280)	80,000,000.—	144,000,000.—	224,000,000.—
Allocation from the net earnings 1971		40,000,000.—	40,000,000.—
December 31, 1971	560,000,000.—	1,064,000,000.—	1,624,000,000.—
Capital increase: 1972 (1 for 7 at 300)	80,000,000.—	160,000,000.—	240,000,000.—
Allocation from the net earnings 1972		50,000,000.—	50,000,000.—
December 31, 1972	640,000,000.—	1,274,000,000.—	1,914,000,000.—
Capital increase: 1973 (1 for 8 at 300)	80,000,000.—	160,000,000.—	240,000,000.—
Allocation from the net earnings 1973		25,000,000.—	25,000,000.—
Position on December 31, 1973	720,000,000,000.—	1,459,000,000.—	2,179,000,000.—

Development of Reserves

Published reserves as per opening balance sheet 1. 1. 1952	40,500,000.—
Allocation from the Conversion Account	1,500,000.—
Allocations from net earnings	833,000,000.—
Premium from the capital increases carried out	584,000,000.—
Total published reserves	1,459,000,000.—

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. Among subjects which received attention were the money and currency situation, the stability problem and in that context credit policy and questions of liquidity, the development of our range of services and the foreign strategy for the further extension of our international business. 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.

The Credit Committee of the Supervisory Board called for reports to be given at its meetings of all major loans or those entailing increased risks, in order to discuss these with the Board of Managing Directors.

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 December 31, 1973, the proposed appropriation of profits and the Report of the Board of Managing Directors. We do not raise any objections.

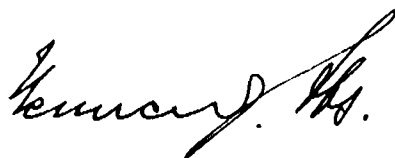
The Consolidated Annual Statement of Accounts, the Report of the Group and the Report of the Auditors of the Consolidated Annual Accounts have been submitted to the Supervisory Board.

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.

At the beginning of the new business year, in the Supervisory Board Meeting of January 29, 1974, we appointed the deputy members of the Board of Managing Directors, Horst Burgard, Klaus Mertin and Hans-Otto Thierbach, to be full members.

Frankfurt (Main), March 1974

THE SUPERVISORY BOARD

A handwritten signature in black ink, appearing to be 'Kunze', written in a cursive style.

Chairman

Annual Balance Sheet

as of December 31, 1973

Profit and Loss Account

for the period from
January 1 to December 31, 1973

The Growth of the Balance Sheet

from January 1, 1952
until December 31, 1973

ASSETS

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1972 in 1,000 DM
Cash in hand		258,572,471.66	238,364
Balances with the Deutsche Bundesbank		6,156,056,781.59	4,884,342
Balances on postal cheque accounts		13,607,055.26	15,022
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection		418,333,893.87	457,934
Bills discounted		3,456,803,619.02	3,743,231
including:			
a) rediscountable at the Deutsche Bundesbank	DM 2,965,427,998.03		
b) own drawings	DM 1,900,958.59		
Claims on credit institutions			
a) payable on demand	3,090,307,744.21		2,170,272
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,123,950,462.93		462,357
bb) at least three months, but less than four years	3,148,577,583.02		2,786,766
bc) four years or longer	780,618,808.70		491,277
Treasury bills and non-interest-bearing Treasury bonds		8,143,454,598.86	5,910,672
a) of the Federal Republic and the Länder	—		249,169
b) others	—		—
Bonds and debt instruments			249,169
a) with a life of up to four years			
aa) of the Federal Republic and the Länder	DM 212,613,291.67		
ab) of credit institutions	DM 335,260,194.18		
ac) others	DM —	547,873,485.85	556,600
including:			
eligible as collateral for Bundesbank advances	DM 547,451,819.18		
b) with a life of more than four years			
ba) of the Federal Republic and the Länder	DM 141,527,579.76		
bb) of credit institutions	DM 355,744,177.58		
bc) others	DM 212,528,932.03	709,800,689.37	715,505
including:			
eligible as collateral for Bundesbank advances	DM 495,169,031.73	1,257,674,175.22	1,272,105
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,098,811,254.20		1,138,587
b) other securities	6,865,269.28		9,244
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 932,953,804.79	1,105,676,523.48	1,147,831
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	14,452,116,412.22		12,081,572
b) four years or longer	8,294,093,874.43		7,741,311
including:		22,746,210,286.65	19,822,883
ba) secured by mortgages on real estate	DM 665,935,473.42		
bb) communal loans	DM 135,521,477.62		
due in less than four years	DM 4,719,767,000.—		
Equalisation and Covering Claims on Federal and Länder authorities under the Currency Reform Laws		422,343,957.65	443,521
Loans on a trust basis at third party risk		64,421,580.68	105,414
Investments in subsidiaries and associated companies		900,022,500.—	772,578
including: in credit institutions	DM 819,159,700.—		
Land and buildings		456,876,700.—	389,327
Office furniture and equipment		158,606,100.—	141,817
Own shares		8,972,130.—	—
Par value:	DM 2,020,750.—		
Sundry assets		695,127,623.85	638,529
Transitory items		819,516.14	1,585
TOTAL ASSETS		46,263,579,513.93	40,234,324

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	2,097,270,777.41	1,303,600
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)	310,791,573.55	213,656

BALANCE SHEET as of December 31, 1973

LIABILITIES

	DM	DM	DM	31. 12. 1972 in 1,000 DM
Liabilities to credit institutions				
a) payable on demand		4,648,393,881.43		4,572,799
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	891,667,164.96			
bb) at least three months, but less than four years	2,758,113,413.73			
bc) four years or longer	1,009,480,388.70	4,659,260,967.39		4,175,173
including: due in less than four years	DM 616,271,662.85			
c) customers' drawings on credits opened at other institutions		245,158,359.21		153,018
			9,552,813,208.03	8,900,990
Banking liabilities to other creditors				
a) payable on demand		8,381,125,657.38		8,683,302
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	7,299,768,130.74			
bb) at least three months, but less than four years	5,353,930,362.54			
bc) four years or longer	98,652,694.14	12,752,351,187.42		8,450,006
including: due in less than four years	DM 42,635,877.70			
c) savings deposits				
ca) subject to legal period of notice	5,765,966,206.49			
cb) others	6,191,449,163.78	11,957,415,370.27		11,048,176
			33,090,892,215.07	28,181,484
Debt instruments with a life of				
a) up to four years		—		—
b) more than four years		200,000,000.—		—
including: due in less than four years	DM —		200,000,000.—	—
Own acceptances and promissory notes in circulation			33,314,380.17	96,091
Loans on a trust basis at third party risk			64,421,580.68	105,414
Provisions for special purposes				
a) for pensions		485,308,500.—		433,259
b) others		210,410,502.05		232,778
			695,719,002.05	666,037
Sundry liabilities			18,311,242.34	14,783
Franz Urbig and Oscar Schlitter Endowment				
assets of the Endowment		1,445,212.18		1,505
less investments in securities		1,414,494.31		1,429
			30,717.87	76
Transitory items			268,092,898.85	235,491
Special items including reserves				
a) in accordance with the Development Aid Tax Law		4,577,493.92		1,864
b) in accordance with Article 6b of the Income Tax Law		26,806,774.95		10,094
			31,384,268.87	11,958
Capital			720,000,000.—	640,000
Published reserves				
a) statutory reserve fund	474,000,000.—			
premium from the capital increase 1973	160,000,000.—	634,000,000.—		474,000
b) other reserves (voluntary reserve fund)	800,000,000.—			
allocation from the year's net earnings	25,000,000.—	825,000,000.—		800,000
			1,459,000,000.—	1,274,000
Disposable profit			129,600,000.—	108,000
TOTAL LIABILITIES			46,263,579,513.93	40,234,324
Endorsement liabilities on rediscounted bills of exchange			714,686,366.38	1,432,486
Liabilities arising from guarantees of various kinds and warranty contracts			6,081,442,343.56	4,405,580
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			689,503,213.10	571,746
Savings premiums under the Savings Premium Law			334,997,570.04	221,278
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			1,217,006,305.77	1,029,348

EXPENSES

PROFIT AND LOSS ACCOUNT

	DM	DM	1972 in 1,000 DM
Interest and similar expenses		2,365,582,127.50	1,152,025
Commissions and similar expenses in respect of service transactions		13,279,776.45	15,795
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		5,905,430.76	—
Salaries and wages		771,038,232.02	689,025
Social security contributions		91,428,535.71	79,115
Expenditure on retirement pensions and other benefits		130,595,464.18	118,455
Material expenditure for the banking business		231,223,682.06	220,774
Depreciation and adjustments on land and buildings, and on office furniture and equipment		51,078,353.18	45,650
Depreciation and adjustments on investments in subsidiaries and associated companies		6,012,872.30	840
Taxes			
a) on income, earnings and property	82,637,875.74		125,591
b) others	18,215,659.74		18,165
		100,853,535.48	143,756
Expenditure arising from assumption of losses		592,258.08	—
Allocations to special items including reserves		19,883,411.78	10,959
Other expenses		24,677,809.85	21,490
Year's net earnings		154,600,000.—	158,000
TOTAL EXPENSES		3,966,751,489.35	2,655,884

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 56,903,423.86 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 108%, 117%, 128%, 140% and 154% of the above-mentioned amount.

Frankfurt (Main), March 1974

DEUTSCHE BANK AKTIENGESELLSCHAFT

Burgard Christians Ehret

Feith Guth Herrhausen Kleffel

Leibkutsch Mertin Thierbach

Ulrich Vallenthin van Hooven

RECEIPTS

	DM	DM	1972 in 1,000 DM
Interest and similar receipts from lending and money market transactions		3,170,946,846.58	1,919,439
Current receipts from			
a) fixed-interest securities and debt register claims	107,146,716.05		96,191
b) other securities	102,178,625.48		97,114
c) investments in subsidiaries and associated companies	<u>35,982,998.18</u>		<u>32,363</u>
		245,308,339.71	225,668
Commissions and other receipts from service transactions		418,217,531.09	375,370
Other receipts, including those from the writing back of provisions for possible loan losses		119,086,753.08	130,308
Receipts from profit pooling agreements, and from agreements for transfer and for partial transfer of profits		1,934,917.56	4,228
Receipts from the writing back of provisions for special purposes, so far as they have not to be shown under "Other receipts"		10,799,979.53	871
Receipts from the writing back of special items including reserves		457,121.80	—
TOTAL RECEIPTS		3,966,751,489.35	2,655,884

DM	DM	1972 DM
	154,600,000.—	158,000,000.—
<u>25,000,000.—</u>	<u>25,000,000.—</u>	<u>50,000,000.—</u>
	129,600,000.—	108,000,000.—

According to our audit, carried out in accordance with our professional duties, the accounting, the Annual Statement of Accounts and the Board of Managing Directors' Report comply with German law and with the Company's Articles of Association.

Frankfurt (Main), March 14, 1974

TREUVERKEHR AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf

Wirtschaftsprüfer
(Chartered Accountant)

Fandrè

Wirtschaftsprüfer
(Chartered Accountant)

THE GROWTH OF THE BALANCE SHEET until December 31, 1973

— in millions of DM —

	31. 12. 1973	31. 12. 1972	31. 12. 1971	31. 12. 1970	31. 12. 1969	31. 12. 1968	31. 12. 1967
ASSETS							
Cash, balances with Deutsche Bundesbank and on postal cheque accounts	6,428	5,138	3,717	2,763	1,673	1,931	1,379
Bills discounted	3,457	3,743	3,877	4,095	4,186	4,532	3,777
Claims on credit institutions	8,143	5,911	5,450	4,303	3,462	2,843	2,329
Treasury bills and non-interest-bearing Treasury bonds	—	249	725	408	—	1,878	1,704
Bonds and debt instruments	1,258	1,272	1,058	1,482	1,635	1,303	851
Securities, so far as they have not to be included in other items	1,106	1,148	1,147	1,325	1,307	1,250	1,038
Claims on customers	22,746	19,823	16,824	14,785	13,411	9,310	7,857
with agreed life, or subject to agreed period of notice, of							
a) less than four years	14,452	12,082	10,283	8,893	8,190	6,043	6,004
b) four years and longer	8,294	7,741	6,541	5,892	5,221	3,267	1,853
Claims on Federal and Länder authorities under the Currency Reform Laws	422	443	462	481	499	512	519
Loans on a trust basis	64	105	71	52	43	45	198
Investments in subsidiaries and associated companies	900	773	590	534	340	320	191
Land and buildings	457	389	332	345	276	263	241
Office furniture and equipment	159	142	123	101	88	82	75
Other assets	1,124	1,098	812	758	816	574	262
BALANCE SHEET TOTAL	46,264	40,234	35,188	31,432	27,736	24,843	20,421
LIABILITIES							
Liabilities to credit institutions	9,553	8,901	7,391	6,776	5,132	4,267	3,018
Banking liabilities							
to other creditors	33,091	28,182	25,213	22,397	20,326	18,628	15,633
including: term deposits	12,752	8,450	7,750	7,331	6,393	5,489	3,778
savings deposits	11,957	11,048	9,667	8,187	7,647	6,835	5,983
Debt instruments	200	—	—	—	—	—	—
Own acceptances in circulation	33	96	33	70	170	8	4
Loans on a trust basis	64	105	71	52	43	45	198
Provisions for special purposes	696	666	558	522	484	430	382
a) for pensions	485	433	387	364	346	319	301
b) others	211	233	171	158	138	111	81
Capital	720	640	560	480	480	480	400
Published reserves	1,459	1,274	1,064	880	850	820	650
a) statutory reserve fund	634	474	314	170	170	170	50
b) other reserves (voluntary reserve fund)	825	800	750	710	680	650	600
Other liabilities	318	262	197	169	131	79	56
Disposable profit	130	108	101	86	120	86	80
BALANCE SHEET TOTAL	46,264	40,234	35,188	31,432	27,736	24,843	20,421
Endorsement liabilities on rediscounted bills of exchange	715	1,432	780	640	1,332	151	74
Liabilities arising from guarantees of various kinds and warranty contracts	6,081	4,406	4,387	4,185	3,144	2,353	2,066
Year's net earnings	155	158	141	116	150	136	130
Allocations to published reserves	25	50	40	30	30	50	50
Disposable profit	130	108	101	86	120	86	80
Dividend in DM per share	9.—	9.—	9.—	9.—	12.50	9.—	10.—
Dividend in %	(18%)	(18%)	(18%)	(18%)	(18% + 7%)	(18%)	(16 + 4%)

*) 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. 1966	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
1,859	1,609	1,386	1,546	1,224	1,194	1,388	1,009	953	894	699	417
2,890	2,711	2,890	2,566	2,140	2,288	2,109	2,172	2,041	1,973	1,897	598
1,760	1,285	1,560	1,394	1,453	1,268	983	1,077	1,154	694	686	347
705	203	210	511	448	641	482	320	406	456	54	64
561	657	826	664	591	617	557	1,109	521	374	333	3
1,094	1,064	837	735	826	791	706	532	409	368	352	60
7,975	7,206	6,046	5,693	5,558	4,841	4,128	3,395	2,789	2,779	2,805	1,690
6,915	6,235	5,250	4,912	4,922	4,235	3,696	3,007	2,425	2,407	2,396	1,458
1,060	971	796	727	636	606	432	388	364	372	409	232
514	511	506	504	496	494	501	502	506	493	476	417
171	153	123	109	89	77	65	60	66	78	87	46
154	146	121	117	109	97	80	67	62	58	54	9
226	206	162	159	161	158	154	149	142	134	118	61
70	—	—	—	—	—	—	—	—	—	—	20
173	103	119	98	101	109	69	82	62	56	60	26
18,152	15,854	14,786	14,042	13,196	12,575	11,222	10,474	9,111	8,357	7,621	3,758
2,565	2,153	2,140	2,019	2,044	2,190	1,744	1,516	1,405	1,689	1,810	589
13,777	12,096	11,315	10,764	9,960	9,238	8,475	8,045	6,857	5,933	5,092	2,652
3,607	2,818	2,886	2,970	2,867	2,751	2,551	2,558	2,280	2,103	1,652	731
5,295	4,444	3,704	3,213	2,778	2,383	2,200	1,914	1,427	1,151	964	197
—	—	—	—	—	—	—	—	—	—	—	—
142	133	41	42	61	53	51	56	25	15	15	119
171	153	123	109	89	77	65	60	66	78	87	46
380	366	350	328	308	310	281	219	206	202	209	188
244	221	195	178	169	153	146	139	130	123	127	76
136	145	155	150	139	157	135	80	76	79	82	112
400	350	300	300	300	300	250	250	250	200	200	100
600	500	430	400	360	340	300	250	215	180	150	41
50	50	50	50	50	50	50	25	25	25	25	25
550	450	380	350	310	290	250	225	190	155	125	16
53	47	39	32	26	19	16	38	52	35	33	23
64	56	48	48	48	48	40	40	35	25	25	—
18,152	15,854	14,786	14,042	13,196	12,575	11,222	10,474	9,111	8,357	7,621	3,758
90	417	260	206	526	235	167	133	74	138	317	794
1,894	1,856	1,718	1,543	1,646	1,618	1,473	1,326	1,213	1,338	816	461
164*)	126**)	78	88	68	88	90	75	70	55	50	
100	70	30	40	20	40	50	35	35	30	25	
64	56	48	48	48	48	40	40	35	25	25	
8.—											
16%	16%	16%	16%	16%	16%	16%	16%	14%	12%	12%	

Report of the Group for 1973



Deutsche Bank
Aktiengesellschaft

The results of the following companies are incorporated as last year in the Consolidated Annual Statement of Accounts of Deutsche Bank Aktiengesellschaft as of December 31, 1973:

Proportion of
capital held

Berliner Disconto Bank Aktiengesellschaft, Berlin	100 %
Bernhard Blanke, Bankhaus, Düsseldorf	100 %
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Köln	68.5%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	100 %
Deutsche Kreditbank für Baufinanzierung AG, Köln	75 %
Deutsche Gesellschaft für Immobilien-Leasing mbH, Köln	75 %
Deutsche Ueberseeische Bank, Berlin-Hamburg	97.2%
Frankfurter Hypothekenbank, Frankfurt (Main)	86 %
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Gefa-Leasing GmbH, Wuppertal	100 %
Saarländische Kreditbank Aktiengesellschaft, Saarbrücken	68.2%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	100 %
Matura Vermögensverwaltung mbH, Düsseldorf	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)	100 %
Elektro-Export-Gesellschaft mbH, Nürnberg	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)	100 %

The following members of the Group have not been included in the consolidated statements because of their small importance (altogether they account for DM 71 million = 1.1‰ of the Group's balance sheet total):

"Alwa" Gesellschaft für Vermögensverwaltung mbH,
Hamburg

Burstah Verwaltungsgesellschaft mbH, Hamburg

Castolin Grundstücksgesellschaft mbH, Köln

CGT Canada Grundbesitz Treuhand GmbH,
Frankfurt (Main)

Deutsche Canada-Grundbesitzverwaltungs-
gesellschaft mbH, Frankfurt (Main)

Deutsche Gesellschaft für Anlageberatung mbH,
Frankfurt (Main)

Deutsche Vermögensbildungsgesellschaft mbH,
Bad Homburg v d Höhe

DIL Deutsche Gesellschaft für Bauplanung und
-beratung mbH, Köln

DIL Deutsche Gesellschaft für Immobilien-Mietkauf
mbH, Köln

Essener Grundstücksverwertung Dr. Ballhausen,
Dr. Bruens, Dr. Möller KG, Essen

Frankfurter Gesellschaft für Vermögensanlagen mbH,
Frankfurt (Main)

Gefi Gesellschaft für Finanzierungsvermittlung mbH,
Berlin

Grundstücksgesellschaft Grafenberger Allee mbH, Köln

Hochhaus und Hotel Riesenfürstenhof Aufbau-
gesellschaft mbH, Frankfurt (Main)

Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin

Jubiläumstiftung der Deutschen Ueberseeischen
Bank GmbH Unterstützungskasse, Hamburg

Heinz Langer Versicherungsdienst GmbH, Stuttgart

Nordwestdeutscher Wohnungsbauträger GmbH,
Braunschweig

Saarländische Immobilien-Gesellschaft mbH,
Saarbrücken

Schisa Grundstücksverwaltungsgesellschaft mbH,
Köln

Süddeutsche Bank GmbH, Frankfurt (Main)

Tauernallee Grundstücksgesellschaft mbH, Berlin

Terraingesellschaft Gross-Berlin GmbH, Berlin

Franz Urbig- und Oscar Schlitter-Stiftung GmbH,
Düsseldorf

The Deutsche Bank, Berlin, and Exportkreditbank AG, Berlin, are dormant old banks which do not have any new business. As the old bank accounts for these institutions have not been finally confirmed, they have not been included in the consolidated accounts.

Listed below are associated companies which are not under the uniform direction of the Deutsche Bank AG and hence are not eligible for consolidation:

Deutsche Eisenbahn Consulting GmbH,

Frankfurt (Main)

Deutsche Gesellschaft für Anlageverwaltung mbH,

Frankfurt (Main)

Kistra Beteiligungsgesellschaft mbH,

Frankfurt (Main)

Rossmann Beteiligungsgesellschaft mbH,

Frankfurt (Main)

Deutsche Bank AG only maintains those business relations with these associated companies which are normal with bank customers. There are no business transactions capable of materially affecting the Deutsche 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*, operates 69 offices in West Berlin; it conducts all the business of an all-round bank. In 1973 the balance sheet total rose from DM 2,508 million to DM 2,936 million. Out of the net earnings of DM 8 million DM 6 million was employed to distribute a dividend of 14% and the remaining DM 2 million to strengthen the Published Reserves.

At the end of 1973 the bank's Own Funds totalled DM 126 million; DM 43 million of this was attributable to the DM 8 million increase of capital in the year under review. A further capital increase of DM 10 million is planned for 1974.

Normal banking relations are maintained with the other members of the Group. The Berliner Disconto Bank AG has leased the banking premises in Otto-Suhr-Allee, Berlin, from Trinitas Vermögensverwaltung.

The Deutsche Bank AG held a share of limited liability in *Bankhaus Bernhard Blanke, Düsseldorf*, until 31. 12. 1973. The bank's assets and liabilities were transferred to Deutsche Bank AG with effect from 1. 1. 1974.

The *Deutsche Centralbodenkredit-AG, Berlin-Cologne*, conducts all the banking business allowed under the Private Mortgage Banks Law in the Federal Republic and West Berlin, especially the granting of mortgage and communal loans as well as the issuing of mortgage and communal bonds. Because of the unfavourable market conditions the bank was not able to expand its lending and issuing business in 1973 as much as in the previous

year. The balance sheet total rose by DM 627 million, or 10.8%, to DM 6,456 million (1972: + DM 1,101 million, or 23.3%). Out of the net earnings of DM 21.5 million DM 8.5 million was allocated to the Published Reserves; a further DM 3.5 million is to be transferred to the Legal Reserves by resolution of the Shareholders' Meeting. As a result Own Funds total DM 194.2 million.

An unchanged dividend of DM 9 per share of DM 50 par value is planned for the 1973 financial year.

The *Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt (Main)*, operates as an investment company for institutional investors, such as insurance companies, company pension and welfare trusts and other trusts and staff funds. The number and total assets of the special funds managed continued to rise; among other things the third staff fund has been established. The company increased its capital by DM 0.2 million to DM 1.4 million from the reserves and paid a dividend of 8% for the 1972/73 financial year.

The *Deutsche Kreditbank für Baufinanzierung AG, Cologne*, specialises in the financing of housing construction. The bank grants loans to finance purchases of property and loans to builders, advance and interim credits on mortgages and savings and loan associations' saving agreements and offers complete financing of houses for one or more families, owner-occupied flats and building projects to be used for various purposes. It also takes an active part in the granting of the Deutsche Bank's Personal Building Loans.

The DM 1,213 million rise in the balance sheet total to DM 1,525 million is mainly attributable to the payment of loans which had been promised earlier on. In the year under review the bank exercised reserve in granting new loans.

Following a DM 6 million capital increase to DM 42 million Own Funds amounted to DM 60.7 million at the end of 1973. A 5% dividend is to be paid out of the net earnings of DM 2.3 million.

Its subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, specialises in the financing of administrative buildings, department stores, factory buildings and warehouses against leasing receipts. The demand for financing against leasing receipts for commercial and industrial property has declined as a result of the economic developments and the introduction of investment tax.

The Deutsche Gesellschaft für Immobilien-Leasing mbH holds all the shares of:

DIL Deutsche Gesellschaft für Immobilien-Mietkauf mbH, Köln

DIL Deutsche Gesellschaft für Bauplanung und -beratung mbH, Köln

Grundstücksgesellschaft Grafenberger Allee mbH, Köln

Schisa Grundstücksverwaltungsgesellschaft mbH, Köln.

It has also a controlling interest in Castolin Grundstücksgesellschaft mbH, Cologne.

The *Deutsche Ueberseeische Bank, Berlin-Hamburg*, in co-operation with the Deutsche Bank AG and other banks of the Group, is chiefly engaged in financing foreign trade. Besides the central office in Hamburg and the branch in Berlin the bank operates three other branches in the Federal Republic. Abroad it has legally independent branches in Asunción (Paraguay), São Paulo (Brazil), Tokyo (Japan) and Buenos Aires (Argentina); the latter maintains a sub-branch in Rosario (Province of Santa Fé) and ten municipal branches in the greater Buenos Aires area. There are also six foreign representative offices in Central and South America, 5 of which are operated jointly with Deutsche Bank AG.

In the year under review the balance sheet total rose from DM 1,115 million to DM 1,406 million. Out of the net earnings of DM 3.4 million a dividend of DM 3 per DM 50 share is to be paid on the capital of DM 40 million. After allocation of DM 1 million to the Other Reserves the bank's Own Funds amount to DM 58 million.

The bank is the sole partner of the Jubiläumsstiftung of the Deutsche Ueberseeische Bank GmbH Unterstützungskasse, Hamburg.

The *Frankfurter Hypothekenbank, Frankfurt (Main)*, engages in all the banking business conducted by a mortgage bank; it is the oldest and biggest private mortgage bank. It is active throughout the Federal Territory and West Berlin. In addition communal loans are granted in the EC area. The growth in business volume fell short of last year's figure because of the particularly unfavourable conditions in long-term business. The balance sheet total rose by 7% to DM 9,509 million (+ 14.8% in the previous year).

The capital was increased in 1973 from DM 52.8 million to DM 63.4 million. After allocation of the premium

arising on the capital increase (DM 35.9 million) and a transfer of DM 10 million from the 1973 net earnings the Published Reserves amounted to DM 236.9 million. A further DM 2 million is to be added to the reserves by resolution of the Shareholders' Meeting. Own Funds thus total DM 302.3 million.

A dividend of DM 9 per share of DM 50 par value is again to be paid for the 1973 financial year.

The Frankfurter Hypothekenbank holds all the shares of the Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt (Main), which controls 95% of the capital of the Hochhaus und Hotel Riesenfürstenhof Aufbau-gesellschaft mbH, Frankfurt (Main).

The *Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, is engaged in the medium-term financing of capital and consumer goods and in factoring. It holds all the shares in the Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf, which provides credit exclusively for the purchase of consumer goods. Gefa is also the sole partner of Gefa-Leasing GmbH, Wuppertal. This company rents out transportable equipment. There are profit and loss transfer agreements between Gefa and its two subsidiaries.

Gefa also holds all the shares in Gefi Gesellschaft für Finanzierungsvermittlung mbH, Berlin, and Heinz Langer Versicherungsdienst GmbH, Stuttgart. Gefa is linked by a profit and loss transfer agreement to Deutsche Bank AG.

The balance sheet total of Gefa and its subsidiaries rose in 1973 from DM 691 million to DM 889 million. The capital was increased by DM 12 million to DM 30 million at the beginning of 1974 to meet the growth in business volume.

The capital of the *Saarländische Kreditbank AG, Saarbrücken*, is held jointly by Deutsche Bank AG and a French banking group. The bank maintains 19 branches in the Saarland. It engages in all ordinary banking business. The balance sheet total rose by DM 83.2 million (11.6%) to DM 799.3 million. A dividend of 10% is to be paid again on the capital of DM 20 million for the 1973 financial year.

The Saarländische Kreditbank has rented its bank premises in Saarbrücken from Deutsche Bank AG. Further property has been placed at its disposal by its subsidiary, the Saarländische Immobilien-Gesellschaft mbH. There is a profit and loss transfer agreement between the two companies.

The *Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)*, manages its own property, virtually all of which is used by the Deutsche Bank AG. A training centre was completed in Kronberg during the year under review and rented to Deutsche Bank AG.

The *Matura Vermögensverwaltung mbH, Düsseldorf*, and *Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)*, manages assets for its own and third account. Süddeutsche Vermögensverwaltung GmbH is the sole partner of Elektro-Export-GmbH, Nuremberg, which finances the export of electrical engineering products.

The *Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)*, manages property for its own and third account in West Berlin jointly with its subsidiary, Tauernallee Grundstücksgesellschaft mbH, Berlin. The property is rented for the most part to the Berliner Disconto Bank AG and its employees.

As a result of fairly extensive renovations to the buildings and the higher depreciation in accordance with the Berlin Promotion Law the company showed a loss of DM 0.6 million, which was taken over by Deutsche Bank AG in virtue of the existing profit and loss transfer agreement.

With regard to the companies in the Group domiciled abroad the following may be reported:

The *Compagnie Financière de la Deutsche Bank AG, Luxembourg*, closed its third financial year on 30. 9. 1973. The company was able to expand its position further in international lending and Euro-money business. The balance sheet total rose by 71.7% to DM 4.1 billion (converted).

Besides a strong growth in interest arbitrage there was also an expansion in international lending business. The bank devoted itself principally to establishing and managing international syndicates for granting longer-term loans.

The profit (DM 8.4 million after conversion) was allocated to the reserves. Following the capital increase in November 1973 by lfrs 300 million to lfrs 900 million. Capital and Open Reserves now amount to lfrs 1,137 million (c. DM 75 million).

The *German American Capital Corporation, Baltimore, USA*, holds the participations in the European-American

Banking Corporation, New York (nom. US\$ 3.8 million) and the European-American Bank & Trust Company, New York (nom. US\$ 2.1 million).

Transactions between the companies of the Group were conducted at market conditions.

The contribution of Deutsche Bank AG to the Group's balance sheet total (before consolidation) is 66.0%. The two mortgage banks account for 22.8%, the other credit institutions 10.7%; the remaining 0.5% is contributed by managing companies. The Group's course of business was therefore largely determined by the business trend of Deutsche Bank AG and the mortgage bank subsidiaries.

At the end of 1973 the consolidated companies employed a staff of 39,951 (including 3,663 part-time employees). The Group's banking institutions maintained 1,254 branches (1,227 at the end of the preceding year).

The consolidated annual statement of accounts was drawn up on the special sheets published for credit institutions with the legal form of an Aktiengesellschaft (public limited company) and for mortgage banks. It is comparable in all respects with the previous year's statement of accounts, for there has been no change in the circle of companies belonging to the Group. We offer the following comments:

CONSOLIDATED BALANCE SHEET

The valuations of the Assets and Liabilities of the individual balance sheets were taken over unchanged in the consolidated balance sheet (apart from the elimination of a negligible interim profit). Claims and liabilities between members of the Group were offset against each other. The book values of participations in companies included in the consolidated statement were offset against Capital and Published Reserves according to the share held and the difference on balance of DM 82.6 million is shown in the consolidated balance sheet as "Reserve arising from consolidation". The DM 19.6 million increase in the Reserve arising from consolidation is attributable to allocations to reserves effected by members of the Group.

Volume of business

The *volume of business* (balance sheet total and endorsement liabilities) rose in the year under review by DM 6.8 billion, or 11.3%, to DM 67.2 billion. The *consolidated balance sheet total* rose by DM 7.6 billion (13%) to DM 66.4 billion; it exceeds the Deutsche Bank's balance sheet total by DM 20.1 billion.

Liquidity

The *cash reserve* (cash in hand, balances with the Deutsche Bundesbank and balances on postal cheque accounts) amounted to DM 7 billion as per December 31, 1973. Cash liquidity corresponds to 14.8% (1972: 13.5%) of the total liabilities – excluding the long-term mortgage bank business – of DM 47.6 billion.

Total liquid assets amounting to DM 15.2 billion (cash reserve, cheques on other banks and other items received for collection, bills rediscountable at the Bundesbank, demand claims on other credit institutions, Treasury bills and non-interest Treasury bonds, and bonds and debt instruments eligible as collateral for Bundesbank advances) covered the liabilities mentioned at the rate of 31.9% (total liquidity).

Securities

Bonds and debt instruments amounted to DM 1,698 million; DM 1,427.8 million of the total amount (= 84.1%) was eligible as collateral at the Deutsche Bundesbank.

Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank bonds and debt instruments held by members of the Group amounting to DM 251 million are shown separately as *Debt Instruments issued by members of the Group*.

Other securities at DM 1,112.7 million include shares representing more than 10% of a company to a book value of DM 935.3 million. 99% of the total amount are marketable on a stock exchange.

Own shares shown at DM 9 million represent the 40,415 Deutsche Bank shares, which are to be offered to the employees of companies belonging to the Group. The strict minimum value principle was applied for the valuation of the securities.

Total credit extended

Total credit extended by the Group rose by DM 3,951.1 million, or 9%, to DM 47.8 billion. Its composition is shown in the table below. Apart from the advances and discounts included in the total credit extended, the Group's banks made guarantees and letters of credit amounting to DM 6,497 million available to their clients. The amount rose by DM 1,776.3 million, or 37.6%; this was mainly attributable to guarantees in the international business.

Allowance has been made, through individual adjustments and provisions, for all discernible credit risks. The consolidated credit institutions have made the prescribed overall adjustment for indiscernible risks.

Total credit extended

	End of 1973 – in millions of DM –		End of 1972 – in millions of DM –	
Discounts	5,025.4	10.5%	5,985.8	13.7%
Lendings to credit institutions	1,348.3	2.8%	1,186.5	2.7%
Claims on non-bank customers				
short and medium-term claims	17,608.6	36.9%	14,788.7	33.7%
long-term claims	9,477.4	19.8%	9,017.2	20.6%
	33,459.7	70.0%	23,805.9	54.3%
Long-term claims in mortgage bank business, including interest	14,323.4	30.0%	30,978.2	70.7%
Total credit extended	47,783.1	100.0%	12,853.8	29.3%
			43,832.0	100.0%

Holdings of the Group in non-consolidated companies are shown at DM 313.9 million (previous year: DM 261.4 million). DM 227.6 million of this represents participations in credit institutions. Apart from the shares held in Compagnie Financière de la Deutsche Bank AG these are mainly minority interests in credit institutions domiciled abroad.

Land and buildings are shown at DM 608.5 million. 86.6% of the total amount is property that is used for banking purposes. Property rented out by the Deutsche Gesellschaft für Immobilien-Leasing is included at DM 66.3 million.

The book value of *office furniture and equipment* amounted to DM 281.8 million. Included is movable equipment of Gefa-Leasing GmbH at DM 109.3 million which is rented out.

Total funds from outside sources – the composition of which is shown in the table above – rose by DM 7,160.9 million, or 13.1%, to DM 61.8 billion.

<i>Funds from outside sources</i>	End of 1973 – in millions of DM –	End of 1972 – in millions of DM –
Liabilities to credit institutions		
demand deposits	4,495.8 = 7.3%	4,464.8 = 8.2%
term deposits	5,633.9 = 9.1%	5,153.7 = 9.4%
customers' drawings on credits opened at other institutions	274.6 = 0.4%	193.0 = 0.4%
	<u>10,404.3 = 16.8%</u>	<u>9,811.5 = 18.0%</u>
Liabilities towards non-bank customers		
demand deposits	9,228.8 = 15.0%	9,563.5 = 17.5%
term deposits	13,971.8 = 22.6%	9,346.1 = 17.1%
savings deposits	13,298.1 = 21.5%	12,214.7 = 22.4%
	<u>36,498.7 = 59.1%</u>	<u>31,124.3 = 57.0%</u>
Debt instruments issued (including debt instruments deliverable)	13,854.4 = 22.4%	12,807.8 = 23.5%
Long-term loans taken up in mortgage bank business	723.8 = 1.2%	615.4 = 1.1%
Interest	275.0 = 0.5%	236.3 = 0.4%
	<u>14,853.2 = 24.1%</u>	<u>13,659.5 = 25.0%</u>
Total funds from outside sources	61,756.2 = 100.0%	54,595.3 = 100.0%

Customers' deposits account for the major part of the increase. Term deposits rose by DM 4,625.7 million (+49.5%); savings deposits on the other hand only rose by DM 1,083.4 million (+8.9%). In the mortgage bank business the circulation of debt instruments (including delivery obligations) rose by DM 846.6 million, or 6.6%.

Funds taken up for specific purposes were passed on to the borrowers on the conditions fixed by the lenders. Loans taken up by consolidated companies to the sum of DM 24.3 million were secured by 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 0.2 million was used as security for loans taken up.

Included under liabilities towards credit institutions is DM 1 million and under liabilities towards other creditors arising from banking business DM 125.9 million, which was deposited by banks and customers with the sub-branch of Deutsche Ueberseeische Bank in compliance with Argentina's regulations on Peso deposits.

Endorsement liabilities on rediscounted bills not yet due amounted to DM 841.7 million on the balance sheet date. The amount has dropped by DM 791.7 million against the previous year owing to the number of reduc-

tions in the rediscount quotas. Bills outstanding for collection totalled DM 86.9 million.

Liabilities arising from guarantees of various kinds and warranty contracts amounted to DM 6,497 million.

Liabilities of DM 718.6 million resulted from the repurchase of items assigned en pension.

Liabilities for possible calls on shares in public and private companies amounted to DM 22.8 million on the balance sheet date. In one case the bank assumed liabilities in the stead of an unlimited partner.

Liabilities to consolidated companies have not been included in the above items. Claims on and liabilities to associated companies refer only to companies that were not included in the consolidated accounts.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The consolidated profit and loss account incorporates the expenses and receipts shown in the individual statements of account of the consolidated companies. Receipts for mutual services by the consolidated companies, notably interest and commission, were offset against the corresponding expenses. Receipts during the year under review from holdings in member companies of the Group, which represent distributions from the 1972 profits, are included under profit brought forward.

Receipts

Interest and similar receipts from lending and money market transactions rose by DM 2,247.3 million to DM 3,663.6 million. The increase of 63% is substantially lower than the rise in interest expenses (+ 103%). The interest margin of the consolidated banks has narrowed further, parallel with the development in Deutsche Bank AG.

Interest accrued in *mortgage bank business* from mortgages and communal loans amounted to DM 978.6 million (1972: DM 846.6 million), and *non-recurrent receipts from issue and loan business* to DM 71.6 million (1972: DM 61.6 million).

Current receipts from securities, debt register claims and investments in subsidiaries and associated companies rose by DM 31.3 million to DM 288.5 million.

Commissions and other receipts from service transactions rose by DM 61 million to DM 479.1 million.

Other receipts are shown at DM 163.3 million. This amount includes receipts from ordinary and extraordinary business which could not be incorporated under other items and which do not have to be offset according to present regulations in the individual member company's accounts against depreciation and adjustments on claims and securities, and against allocations to provisions for possible loan losses.

Expenses

Interest and similar expenses amounted to DM 2,641.8 million, compared with DM 1,298.4 million in the preceding year. As mentioned earlier this corresponds to an increase of 103%.

In the *mortgage bank business* interest expended on mortgage bonds, communal bonds and loans taken up amounted to DM 939.1 million (+ DM 123.3 million, or 15.1%). *Non-recurrent expenses in issue and lending business* rose to DM 75.4 million, after DM 63.8 million in 1972.

Staff expenses (wages and salaries, social security contributions, expenses for retirement pensions and other benefits) rose from DM 1,001.1 million to DM 1,127 million. With only a slight increase in the number of staff the rise in expenditure of DM 125.9 million, or 12.6%, was due in particular to wage and salary increases and higher social expenses.

Material expenditure for the banking business rose by DM 12.9 million, or 5%, to DM 272.1 million.

Depreciation and adjustments on claims and securities, and allocations for possible loan losses are shown at DM 64.7 million.

Depreciation and adjustments on land and buildings and on office furniture and equipment required an amount of DM 85.7 million (1972: DM 68.8 million).

Tax expense amounted to DM 173.5 million (previous year: DM 208 million). DM 150.5 million of this amount (previous year DM 186.3 million) was due to taxes on income, earnings and property. Not accounted for here was DM 8.1 million additional tax on dividends distributable in 1974 and extra expenses of DM 1.4 million shown by two companies in accordance with § 170, subpara. 2 Stock Corporation Act.

After allocation of DM 46.7 million to the Published Reserves (DM 21.7 million by subsidiaries) and deduction of profit attributable to outside shareholders – including the DM 24 million profit brought forward – the profit of the Group stands at DM 161.4 million.

Outside shareholders of the Deutsche Centralbodenkredit-AG, the Deutsche Kreditbank für Baufinanzierung AG, the Deutsche Ueberseeische Bank, the Frankfurter Hypothekenbank and the Saarländische Kreditbank AG have a share of DM 131.7 million in the Own Funds and a share of DM 7.4 million in the profits; this is shown in the balance sheet as *compensatory item for shares held by others*.

	– in millions of DM –
<i>Capital</i>	720.0 million
<i>Published Reserves</i>	1,459.0 million
<i>Reserve arising from Consolidation</i> ..	82.6 million
<i>Own Funds of the Group</i>	2,261.6 million

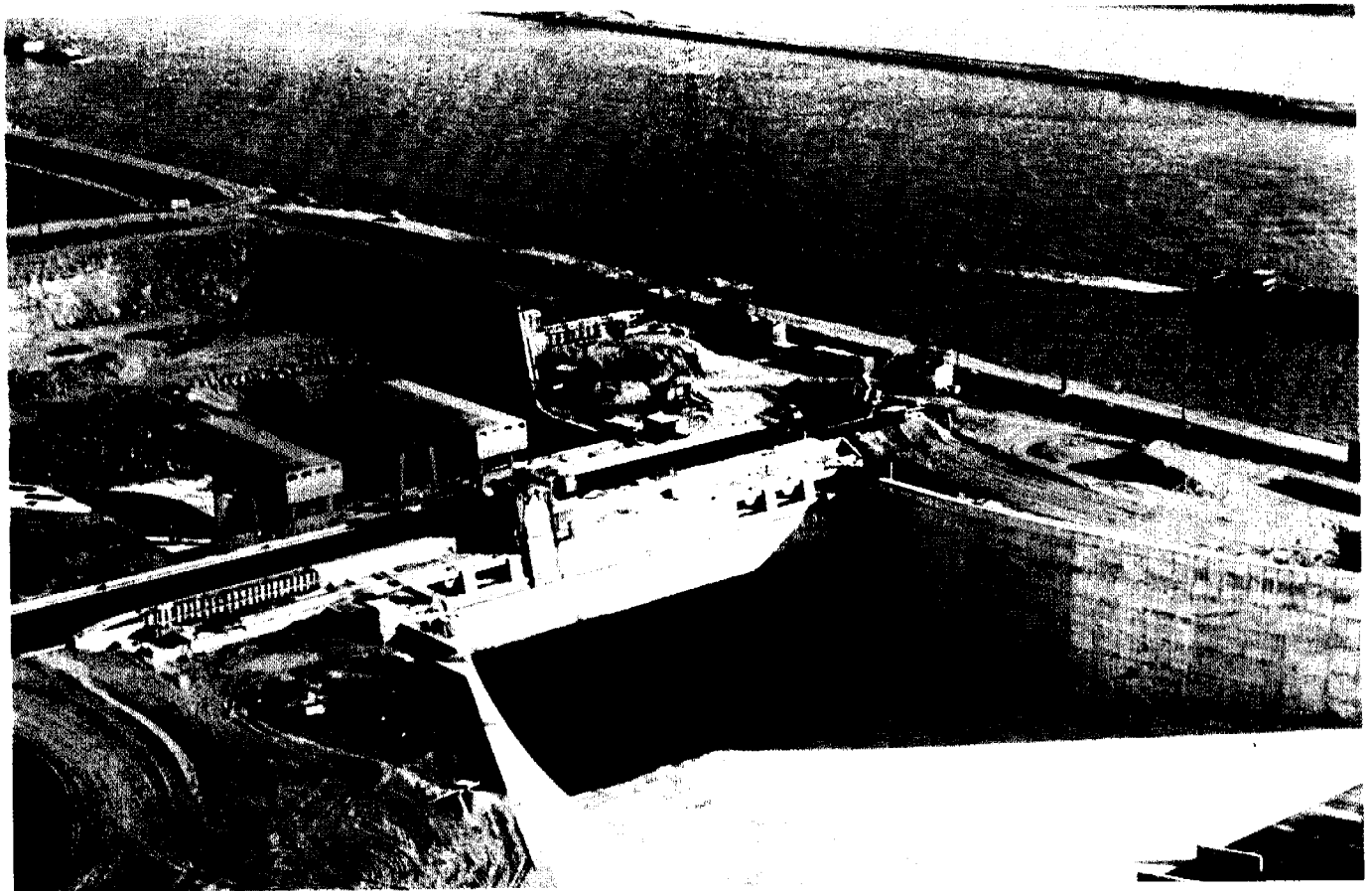
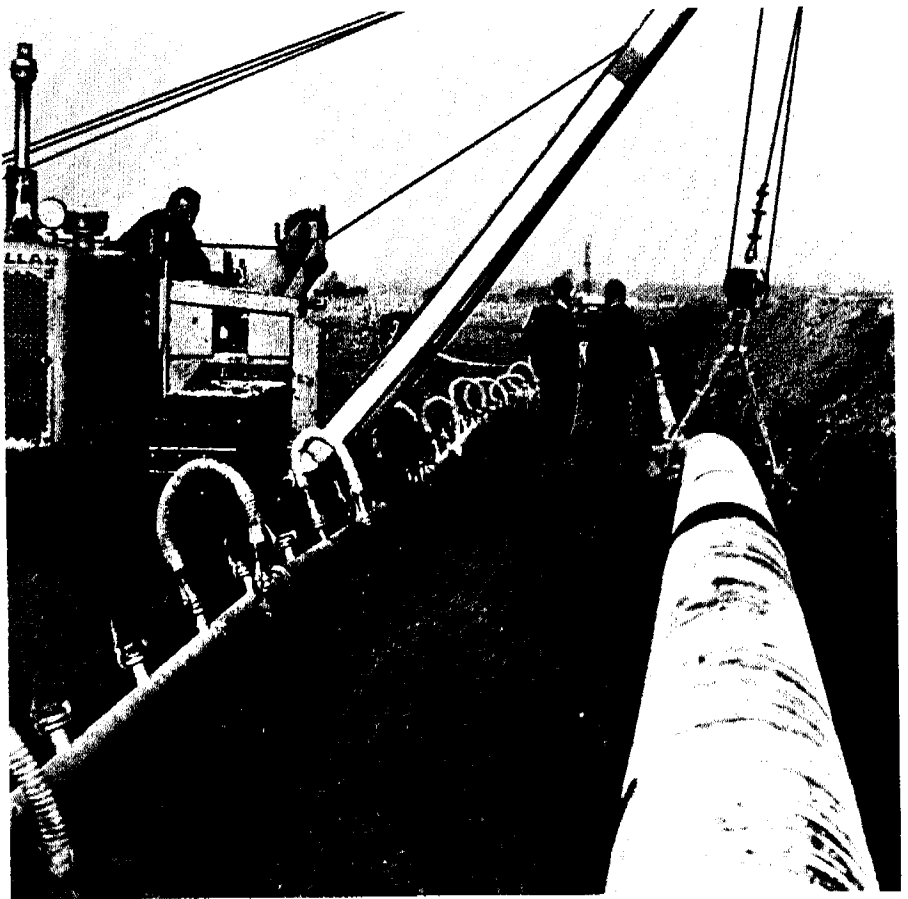
DEUTSCHE BANK AKTIENGESellschaft

THE BOARD OF MANAGING DIRECTORS

<i>Burgard</i>	<i>Christians</i>	<i>Ehret</i>	
<i>Feith</i>	<i>Guth</i>	<i>Herrhausen</i>	<i>Kleffel</i>
<i>Leibkutsch</i>	<i>Mertin</i>	<i>Thierbach</i>	
<i>Ulrich</i>	<i>Vallenthin</i>	<i>van Hooven</i>	

Financing the infrastructure

Economic progress can only be attained with an adequate infrastructure, which has to be constantly improved. Without infrastructure investments we cannot tackle the important social problems of the future, such as environmental protection and the safeguarding of water supplies. The necessity of further investments, for instance in the power supply sector, was brought sharply home to the public by the oil crisis in 1973. The financing of infrastructure measures is one of the responsibilities of the bank and its subsidiaries. The photograph on the right shows the laying of a natural gas pipe line by the Erdgas-Verkaufsgesellschaft mbH, Münster. This is a joint sales organisation comprising well-known petroleum and natural gas producers who operate in the Federal Republic, and is financed largely by the bank. The photograph below offers a view of one of 2 dams which are part of a development programme over 60 kilometers of the Rhine and which will utilise the water power. Badenwerk AG is the German firm engaged in the project. In November 1973 a consortium headed by the bank placed DM 73 million of this company's shares among the public.



Consolidated Balance Sheet

as of December 31, 1972

Consolidated Profit and Loss Account

for the period from
January 1 to December 31, 1973

ASSETS

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1972 in 1,000 DM
Cash in hand		286,226,335.35	262,163
Balances with the Deutsche Bundesbank		6,713,291,240.60	5,292,676
Balances on postal cheque accounts		21,564,808.92	19,665
Cheques on other banks, matured bonds, interest and dividend coupons and items received for collection		423,339,959.96	467,247
Bills discounted		3,975,019,257.83	4,121,803
including:			
a) rediscountable at the Deutsche Bundesbank	DM 3,250,743,681.02		
b) own drawings	DM 51,681,244.88		
Claims on credit institutions			
a) payable on demand	3,048,557,784.69		2,062,094
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,017,858,286.10		656,915
bb) at least three months, but less than four years	2,985,326,781.13		2,674,124
bc) four years or longer	457,929,055.24		477,490
including:		7,509,671,907.16	5,870,623
used as cover in mortgage bank business	DM 95,500,000.—		
Treasury bills and non-interest-bearing Treasury bonds			
a) of the Federal Republic and the Länder	16,590,520.84		249,169
b) others	6,598,047.63		1,076
		23,188,568.47	250,245
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Länder	DM 351,544,034.12		
ab) of credit institutions	DM 392,395,277.51		
ac) others	DM 9,245,534.42	753,184,846.05	698,355
including:			
eligible as collateral for Bundesbank advances	DM 716,151,228.35		
used as cover in mortgage bank business	DM 122,019,000.—		
b) with a life of more than four years			
ba) of the Federal Republic and the Länder	DM 331,327,098.63		
bb) of credit institutions	DM 389,195,826.35		
bc) others	DM 224,243,956.74	944,766,881.72	981,070
including:		1,697,951,727.77	1,679,425
eligible as collateral for Bundesbank advances	DM 711,678,982.76		
used as cover in mortgage bank business	DM 106,025,531.35		
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,102,009,379.74		1,144,107
b) other securities	10,724,985.86		11,493
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 935,289,680.47	1,112,734,365.60	1,155,600
carried forward		21,762,988,171.66	19,119,447

CONSOLIDATED BALANCE SHEET as of December 31, 1973

LIABILITIES

	DM	DM	DM	31. 12. 1972 in 1,000 DM
Liabilities to credit institutions				
a) payable on demand		4,495,786,764.73		4,464,764
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	1,249,577,818.74			
bb) at least three months, but less than four years	3,102,569,703.24			
bc) four years or longer	<u>1,281,748,466.83</u>	5,633,895,988.81		5,153,711
including: due in less than four years	DM 703,452,228.91			
c) customers drawings on credits opened at other institutions		<u>274,583,313.63</u>		193,040
			10,404,266,067.17	9,811,515
Banking liabilities to other creditors				
a) payable on demand		9,228,805,992.36		9,563,534
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	8,086,225,599.75			
bb) at least three months, but less than four years	5,781,135,553.10			
bc) four years or longer	<u>104,466,966.07</u>	13,971,828,118.92		9,346,125
including: due in less than four years	DM 46,865,263.23			
c) savings deposits				
ca) subject to legal period of notice	6,590,987,122.41			
cb) others	<u>6,707,124,550.39</u>	<u>13,298,111,672.80</u>		12,214,693
			36,498,745,784.08	31,124,352
Debt instruments with a life of				
a) up to four years		—		
b) more than four years		<u>200,000,000.—</u>		
including: due in less than four years	DM —		200,000,000.—	—
Debt instruments issued by the mortgage banks				
a) mortgage bonds		7,963,854,894.83		6,895,399
including:				
registered bonds	DM 1,312,023,029.78			
b) communal bonds		5,477,611,843.21		5,439,253
including:				
registered bonds	DM 1,709,495,287.71			
c) bonds drawn and called for redemption		<u>487,811.59</u>		479
including:			13,441,954,549.63	12,335,131
to fall due in less than four years or to be taken back	DM 1,969,539,549.59			
further:				
registered bonds handed to lender to secure loans taken up	DM 244,856,774.92			
and				
registered communal bonds	DM 198,006,113.69			
Debt instruments deliverable			212,395,600.—	472,669
carried forward			60,757,362,000.88	53,743,667

31.3
in 1,0

	Liabilities to credit institutions				
262,163	a) payable on demand		4,495,786,764.73		4,495,786,764.73
5,292,676	b) with agreed life, or subject to agreed period of notice, of				
	ba) less than three months	1,249,577,818.74			
19,665	bb) at least three months, but less than four years ..	3,102,569,703.24			
	bc) four years or longer	<u>1,281,748,466.83</u>	5,633,895,988.81		5,633,895,988.81
	including: due in less than four years DM 703,452,228.91				
467,247	c) customers drawings on credits opened at other institutions		<u>274,583,313.63</u>		
4,121,803				10,404,266,067.17	10,404,266,067.17
	Banking liabilities to other creditors				
	a) payable on demand		9,228,805,992.36		9,228,805,992.36
	b) with agreed life, or subject to agreed period of notice, of				
	ba) less than three months	8,086,225,599.75			
2,062,094	bb) at least three months, but less than four years ..	5,781,135,553.10			
	bc) four years or longer	<u>104,466,966.07</u>	13,971,828,118.92		13,971,828,118.92
656,915	including: due in less than four years DM 46,865,263.23				
2,674,124	c) savings deposits				
477,490	ca) subject to legal period of notice	6,590,987,122.41			
5,870,623	cb) others	<u>6,707,124,550.39</u>	<u>13,298,111,672.80</u>	36,498,745,784.08	36,498,745,784.08
	Debt instruments with a life of				
249,169	a) up to four years				
1,076	b) more than four years		<u>200,000,000.—</u>		
250,245	including: due in less than four years DM ————			200,000,000.—	200,000,000.—
	Debt instruments issued by the mortgage banks				
	a) mortgage bonds		7,963,854,894.83		7,963,854,894.83
	including:				
	registered bonds DM 1,312,023,029.78				
	b) communal bonds		5,477,611,843.21		5,477,611,843.21
	including:				
	registered bonds DM 1,709,495,287.71				
981,070	c) bonds drawn and called for redemption		<u>487,811.59</u>		
1,679,425				13,441,954,549.63	13,441,954,549.63
	including:				
	to fall due in less than four years or to be taken back DM 1,969,539,549.59				
	further:				
	registered bonds handed to lender to secure loans taken up DM 244,856,774.92				
1,144,107	and				
11,493	registered communal bonds DM 198,006,113.69				
1,155,600					
	Debt instruments deliverable			212,395,600.—	212,395,600.—
19,119,447	carried forward			60,757,362,000.88	60,757,362,000.88

ASSETS

CONSOLIDATED BALANCE SHEET

	DM	DM	31. 12. 1972 in 1,000 DM
carried forward		21,762,988,171.66	19,119,447
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	17,608,641,714.54		14,788,638
including:			
used as cover in mortgage bank business	DM 183,215,971.65		
b) four years or longer	9,477,387,958.84		9,017,236
including:		27,086,029,673.38	23,805,874
ba) secured by mortgages on real estate	DM 715,183,039.15		
bb) communal loans	DM 424,946,375.78		
due in less than four years	DM 5,472,302,000.—		
Mortgage bank lendings with agreed life of four years or longer			
a) mortgages	8,135,456,425.40		6,993,605
used as cover	DM 7,635,565,380.88		
b) communal loans	5,930,821,743.06		5,643,550
used as cover	DM 5,731,332,935.46		
c) others	125,565,534.36		100,993
including: to credit institutions	DM 598,126,959.63	14,191,843,702.82	12,738,148
Interest on long-term mortgage bank lendings			
a) pro rata interest	98,195,647.98		87,556
b) interest due after October 31, 1973 and on January 2, 1974	33,340,221.82		28,051
c) interest arrears	—	131,535,869.80	115,607
Equalisation and Covering Claims on Federal and Länder authorities under the Currency Reform Laws		571,152,520.78	605,000
including:			
used as cover in mortgage bank business	DM 102,059,545.63		
Loans on a trust basis at third party risk		449,785,819.34	441,802
Investments in subsidiaries and associated companies		313,861,067.51	261,373
including: in credit institutions	DM 227,559,527.85		
Land and buildings		608,478,236.35	514,447
including: taken over in mortgage business	DM —		
Office furniture and equipment		281,762,498.05	227,714
Own shares		8,972,130.—	—
nominal amount	DM 2,020,750.—		
Debt instruments issued by a member of the Group		250,970,421.26	271,804
nominal amount:	DM 273,439,790.—		
Sundry assets		712,294,329.90	652,928
Transitory items		4,231,066.36	4,008
TOTAL ASSETS		66,373,905,507.21	58,758,152
The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include			
a) claims on associated companies		326,387,984.98	33,433
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)		343,559,661.78	238,069

	DM	DM	DM	31. 12. 1972 in 1,000 DM	
carried forward			60,757,362,000.88	53,743,667	
taken up in mortgage bank business with agreed life, subject to agreed period of notice, of four years or longer					
from credit institutions		342,352,828.55		272,038	
by others		381,468,031.77		343,341	
including:			723,820,860.32	615,379	
partial liability	DM 2,891,709.28				
on less than four years	DM 117,710,395.13				
on debt instruments issued and loans taken up in mortgage bank business					our holding
to rate interest		166,382,834.66		135,088	27.0%
interest due (including that due on January 2, 1974)		108,583,423.81		101,174	25.1%
acceptances and promissory notes in circulation			274,966,258.47	236,262	100 %
on a trust basis at third party risk			187,307,414.72	171,534	100 %
assets for special purposes			449,785,819.34	441,802	68.3%
provisions for pensions		550,397,378.—		490,745	100 %
by others		430,437,589.40		408,243	30.0%
liabilities			980,834,967.40	898,988	37.5%
endowments and benevolent funds			33,208,221.15	29,009	75.0%
of the Endowments		1,753,104.12		1,861	25.3%
investments in securities		1,713,512.64		1,749	97.2%
other items			39,591.48	112	
in accordance with Article 25 of the Mortgage Bank Law		45,656,411.03		34,728	60.0%
by others		323,797,780.90		321,899	14.3%
items including reserves			369,454,191.93	356,627	25.0%
in accordance with the Development Aid Tax Law		7,807,493.92		5,264	86.0%
in accordance with Article 6b of the Income Tax Law		27,152,794.95		11,839	100 %
other reserves			34,960,288.87	17,103	27.0%
statutory reserve fund		634,000,000.—	720,000,000.—	640,000	25.0%
other reserves (voluntary reserve fund)		825,000,000.—		474,000	14.2%
arising from consolidation			1,459,000,000.—	1,274,000	13.2%
statutory item for shares held by others			82,646,728.52	63,069	37.5%
resulting from profit	DM 7,381,769.17		139,073,047.54	129,806	68.2%
of the Group			161,446,116.59	140,794	28.9%
TOTAL LIABILITIES			66,373,905,507.21	58,758,152	
swings in circulation			4,127,640.29	6,032	5.0%
including those discounted for borrowers' account	DM 487,564.63				25.5%
liabilities on rediscounted bills of exchange			841,723,712.77	1,633,368	1.9%
arising from guarantees of various kinds and warranty contracts			6,496,955,128.93	4,720,663	15.0%
obligations to repurchase items assigned in pension, so far as these obligations have not been shown on the debit side			718,648,945.10	621,615	4.2%
premiums under the Savings Premium Law			372,151,557.67	246,429	7.7%
included among the liabilities are those (including those shown below the balance sheet) to asso- ciated companies			323,757,413.04	148,206	13.1%
					0.7%
					7.5%
					20.0%
					99.9%
					0.4%

EXPENSES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	DM	DM	1972 in 1,000 DM
Interest and similar expenses		2,641,816,042.59	1,298,402
Interest expenditure in mortgage bank business on			
a) mortgage bonds	508,588,671.45		420,885
b) communal bonds	376,872,123.10		341,231
c) loans taken up	53,599,327.35		53,640
		939,060,121.90	815,756
Commissions and similar expenses in respect of service transactions		26,654,141.46	17,894
Non-recurrent expenses in respect of the mortgage banks' issue and loan business		75,442,671.40	63,762
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		64,707,473.12	14,631
Salaries and wages		874,866,368.57	779,278
Compulsory social security contributions		104,915,538.33	90,196
Expenditure on retirement pensions and other benefits		147,234,354.49	131,659
Material expenditure for the banking business		272,056,838.40	259,181
Depreciation and adjustments on land and buildings, and on office furniture and equipment		85,749,661.88	68,770
Depreciation and adjustments on investments in subsidiaries and associated companies		6,151,203.18	840
Taxes			
a) on income, earnings and property	150,532,665.16		186,318
b) others	23,015,370.18		21,668
		173,548,035.34	207,986
Allocations to special items including reserves		21,350,006.28	11,371
Other expenses		36,889,652.74	30,372
Year's net earnings		191,535,431.69	206,058
TOTAL EXPENSES		5,661,977,541.37	3,996,156

Year's net earnings

Profit brought forward from the previous year

Allocations to published reserves

Profit attributable to outside shareholders

Profit of the Group

Frankfurt (Main), March 1974

DEUTSCHE BANK AKTIENGESellschaft

THE BOARD OF MANAGING DIRECTORS

Burgard Christians Ehret
Feith Guth Herrhausen Kleffel
Leibkutsch Mertin Thierbach
Ulrich Vallenthin van Hooven

period from January 1 to December 31, 1973

RECEIPTS is 97

	DM	DM	1972 in 1,000 DM	
and similar receipts from lending and money market transactions		3,663,622,892.44	2,247,269	
receipts from				
and interest securities and debt register claims	173,652,124.84		147,051	
er securities	102,740,392.67		97,570	
estments in subsidiaries and associated companies	12,104,556.92		12,579	
		288,497,074.43	257,200	
earned in mortgage bank business from				our
rtgages	572,955,654.06		465,839	holding
munal loans	405,692,745.32		380,764	
		978,648,399.38	846,603	27.0%
tions and other receipts from service transactions		479,061,664.17	418,148	25.1%
urrent receipts from the mortgage banks' issue and loan business		71,602,685.89	61,563	100 %
ceipts, including those from the writing back of provisions for possi-				100 %
esses		163,264,013.39	163,535	68.3%
from the writing back of provisions for special purposes, so far as				100 %
not to be shown under "Other receipts"		13,798,629.14	1,838	30.0%
from the writing back of special items including reserves		3,482,182.53	—	37.5%
				75.0%
				25.2%
				25.3%
				97.2%
				60.0%
				14.3%
				25.0%
				86.0%
				100 %
TOTAL RECEIPTS		5,661,977,541.37	3,996,156	

DM	1972 DM	
535,431.69	206,058,143.76	25.0%
042,454.07	20,361,811.18	14.2%
577,885.76	226,419,954.94	13.2%
750,000.—	78,050,000.—	37.5%
827,885.76	148,369,954.94	68.2%
381,769.17	7,575,799.91	28.9%
446,116.59	140,794,155.03	

ing to our audit, carried out in accordance with our professional duties, the Consolidated Statement of Accounts
e Report of the Group comply with the statutory provisions.

Frankfurt (Main), March 18, 1974

TREUVERKEHR AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf
Wirtschaftsprüfer
(Chartered Accountant)

Fandré
Wirtschaftsprüfer
(Chartered Accountant)

5.0%
25.5%
1.9%
15.0%
4.2%
7.7%
13.1%

0.7%
7.5%
20.0%
99.9%
0.4%

		capital	our holding
German credit institutions			
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main)	DM	40.0 million	27.0%
Badische Bank, Karlsruhe	DM	18.0 million	25.1%
Berliner Disconto Bank, Aktiengesellschaft, Berlin	DM	43.0 million	100 %
Bernhard Blanke, Bankhaus, Düsseldorf	DM	5.0 million	100 %
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Köln	DM	48.0 million	68.3%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main) .. .	DM	1.2 million	100 %
Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	DM	9.0 million	30.0%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Köln	DM	2.8 million	37.5%
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Köln .. .	DM	42.0 million	75.0%
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	33.0 million	25.2%
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin-Bremen	DM	1.0 million	25.3%
Deutsche Ueberseeische Bank, Berlin-Hamburg	DM	40.0 million	97.2%
Deutsche Vermögensbildungsgesellschaft mbH,			
Bad Homburg v. d. Höhe	DM	1.0 million	60.0%
Europäisch Asiatische Bank Aktiengesellschaft, Hamburg	DM	28.0 million	14.3%
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt (Main) .. .	DM	3.0 million	25.0%
Frankfurter Hypothekenbank, Frankfurt (Main)	DM	63.4 million	86.0%
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%
Industriebank von Japan (Deutschland) Aktiengesellschaft			
– The Industrial Bank of Japan (Germany) –, Frankfurt (Main)	DM	40.0 million	25.0%
Lombardkasse Aktiengesellschaft, Berlin-Frankfurt (Main)	DM	1.0 million	14.2%
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	20.0 million	68.2%
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Lübeck	DM	26.0 million	28.9%
Foreign credit institutions			
Banco Bradesco de Investimento, S.A., São Paulo	Cr\$	228.0 million	5.0%
Banco Comercial Transatlántico, Barcelona	Ptas	667.5 million	25.5%
Banco del Desarrollo Económico Español S.A., Madrid	Ptas	787.4 million	1.9%
Banco Español en Alemania S.A., Madrid	Ptas	48.0 million	15.0%
Banque Commerciale Congolaise, Brazzaville/Congo	CFA-Francs	300.0 million	4.2%
Banque Commerciale du Maroc, Casablanca/Morocco	Dirham	12.5 million	7.7%
Banque Européenne de Crédit, Brussels	B. Francs	1,425.3 million	13.1%
Banque Nationale pour le Développement Economique,			
Rabat/Morocco	Dirham	32.4 million	0.7%
Banque Tchadienne de Crédit et de Dépôts, N'Djamena/Chad	CFA-Francs	333.0 million	7.5%
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	900.0 million	99.9%
Corporación Financiera Colombiana, Bogotá/Colombia	Col. Pesos	154.1 million	0.4%

		capital	our holding
"Euralliance", Société de Gestion d'Investment Trusts, S.A.,			
Luxembourg	L. Francs	6.0 million	32.7%
Euro-Pacific Finance Corporation Ltd., Melbourne/Australia	A\$	5.0 million	8.0%
European Banking Company Ltd., London	£	10.0 million	14.3%
European Brazilian Bank Ltd., London	£	4.0 million	7.5%
Foreign Trade Bank of Iran, Teheran/Iran	Rials	700.0 million	11.8%
Industrial and Mining Development Bank of Iran, Teheran/Iran	Rials	3,150.0 million	0.9%
The Industrial Credit and Investment Corporation of India Ltd.,			
Bombay/India	Ind. Rupees	150.0 million	1.5%
The Industrial Finance Corporation of Thailand, Bangkok/Thailand	Baht	150.0 million	2.9%
Iran Overseas Investment Bank Ltd., London	£	5.0 million	10.0%
Korea Development Finance Corporation, Seoul/South Korea	Won	3,000.0 million	2.5%
Malaysian Industrial Development Finance Berhad,			
Kuala Lumpur/Malaysia	M\$	73.7 million	0.5%
Nationale Investitionsbank für Industrieentwicklung AG, Athens	Drachmae	450.0 million	3.0%
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	40.2 million	1.8%
Société Camerounaise de Banque, Yaoundé/Cameroons	CFA-Francs	1,000.0 million	5.0%
Société Dahoméenne de Banque, Cotonou/Dahomey	CFA-Francs	300.0 million	11.2%
Société Ivoirienne de Banque, Abidjan/Ivory Coast	CFA-Francs	1,000.0 million	12.0%
Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.,			
Helsinki	Fmk	42.4 million	0.7%
Union Gabonaise de Banque, Libreville/Gabon	CFA-Francs	750.0 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	400.0 million	18.0%

Other German enterprises

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM	0.5 million	95.0%
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt (Main)	DM	0.1 million	55.0%
Deutsche Beteiligungsgesellschaft mbH, Frankfurt (Main)	DM	1.0 million	40.0%
Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH,			
Frankfurt (Main)	DM	0.1 million	55.0%
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 Wohnungsbauträger 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\$	61.3 million	0.7%
EDESA Société Anonyme Holding, Luxembourg	US\$	10.5 million	4.8%
European Arab Holding S.A., Luxembourg	L. Francs	1,000.0 million	8.1%
European Banks' International Company S.A., Brussels	B. Francs	175.0 million	14.3%
European Financial Associates N.V., The Hague	D. Fls	0.4 million	14.3%
European Hotel Corp. (EHC) N.V., Amsterdam	D. Fls	36.4 million	5.3%
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., Panama-City/Panama	US\$	28.2 million	0.7%
Promotora de Edificios para Oficinas S.A., Barcelona	Ptas	180.0 million	25.2%
Société Internationale Financière pour les Investissements et le			
Développement en Afrique S.A. (SIFIDA), Luxembourg	US\$	12.5 million	0.8%
UBS-DB Corporation, New York	US\$	0.08 million	50.0%

Domestic Loans of Public Authorities

8½%, 10% and 9½% Loans of the Bundesrepublik Deutschland of 1973	10% Loan of the Land Berlin of 1973
8½% and 10% Loans of the Deutsche Bundesbahn of 1973	8½% Loan of the Land Schleswig-Holstein of 1973
10% and 9½% Loans of the Deutsche Bundespost of 1973	8%, 8½%, 9% and 10% Annuity and Communal Bonds of the Deutsche Siedlungs- und Landesrentenbank – Series 121–130, Series 16–19 –
10% Loan of the Land Baden-Württemberg of 1973	

Other Domestic Loans, Mortgage and Communal Bonds

Braunschweig-Hannoversche Hypothekenbank	Deutsche Schiffahrtsbank Aktiengesellschaft
Deutsche Centralbodenkredit-Aktiengesellschaft	Deutsche Transalpine Oelleitung GmbH
Deutsche Hypothekenbank	Industriekreditbank Aktiengesellschaft
Deutsche Hypothekenbank (Actien-Gesellschaft)	

Convertible and Optional Loans of Domestic and Foreign Issuers

expressed in Deutsche Mark: Vereinsbank in Hamburg	Wells Fargo International Investment Corporation
expressed in foreign currencies: Carnation Company Ford International Finance Corporation Hongkong Land International Limited Mafina B. V. Marriott Corporation Masco Corporation The Rank Organisation Limited	Rothmans International Limited Sime Darby International Finance N.V. Sperry Rand Corporation United Overseas Bank Limited Warner-Lambert Company Xerox Corporation

Loans of Foreign Issuers

expressed in Deutsche Mark: Autopistas, Concesionaria Española, S.A. AUMAR Autopistas del Mare Nostrum, S.A., Concesionaria del Estado Brascan International B.V. CERGA Centrale Electrique Rhénane de Gambsheim Courtaulds International Finance N.V. Electricity Supply Commission ESTEL NV EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial	Europäische Gemeinschaft für Kohle und Stahl Europäische Investitionsbank The Hydro-Electric Power Commission of Ontario Hypothekenbank und Finanzverwaltung des Königreichs Dänemark The Industrial Bank of Japan Finance Company N.V. Industrial and Mining Development Bank of Iran Inter-Amerikanische Entwicklungsbank – Inter-American Development Bank –
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Badenwerk Aktiengesellschaft
 Balcke-Dürr Aktiengesellschaft
 Basalt-Actien-Gesellschaft
 BASF Aktiengesellschaft
 Bayerische Elektrizitäts-Lieferungs-Gesellschaft
 Aktiengesellschaft
 Bayerische Handelsbank
 Bayerische Motoren Werke Aktiengesellschaft
 Bayerische Vereinsbank
 Berliner Kindl Brauerei Aktiengesellschaft
 Berliner Kraft- und Licht (Bewag)-Aktiengesellschaft
 Binding-Brauerei Aktiengesellschaft
 Bleicherei, Färberei und Appreturanstalt Uhingen AG
 Brau-Aktiengesellschaft Nürnberg
 Brauerei Cluss
 Brauerei Moninger
 Braunschweig-Hannoversche Hypothekenbank
 Breitenburger Portland-Cement-Fabrik
 Bremer Vulkan Schiffbau und Maschinenfabrik
 Büttner-Schilde-Haas Aktiengesellschaft
 Butzke-Werke Aktiengesellschaft
 Colonia Versicherung Aktiengesellschaft
 Concordia Spinnerei und Weberei
 Crefelder Baumwoll-Spinnerei
 Dahlbusch Verwaltungs-Aktiengesellschaft
 Deutsche Babcock & Wilcox Aktiengesellschaft
 Deutsche Continental-Gas-Gesellschaft
 Deutsche Hypothekenbank
 Die blauen Quellen Fritz Meyer & Co.
 Aktiengesellschaft
 Dortmunder Union-Schultheiss Brauerei
 Aktiengesellschaft
 Eichbaum-Brauereien Aktiengesellschaft
 Einkaufskontor Stuttgart des südwestdeutschen
 Nahrungsmittelgrosshandels-Aktiengesellschaft
 Eisen- und Drahtwerk Erlau AG
 Elektrizitäts-Lieferungs-Gesellschaft
 Elsa Zement- und Kalkwerke Aktiengesellschaft
 Enka Glanzstoff AG
 Erdölwerke Frisia Aktiengesellschaft
 ERBA Aktiengesellschaft für Textilindustrie
 Europäisch Asiatische Bank Aktiengesellschaft
 Farbwerke Hoechst Aktiengesellschaft
 vormals Meister Lucius & Brüning
 Flachglas Aktiengesellschaft DELOG-DETAG
 Frankenthaler Brauhaus
 Frankfurter Hypothekenbank
 Geestemünder Bank
 Arn. Georg Aktiengesellschaft
 Gerling-Konzern Allgemeine Versicherungs-
 Aktiengesellschaft
 Germania-Brauerei Aktiengesellschaft
 Gildemeister Aktiengesellschaft
 Girmes-Werke Aktiengesellschaft
 Th. Goldschmidt Aktiengesellschaft
 Grünzweig + Hartmann und Glasfaser
 Aktiengesellschaft
 Gutehoffnungshütte Aktienverein
 Handelsbank in Lübeck
 Hannoversche Papierfabriken Alfeld-Gronau
 vorm. Gebr. Woge
 Hannoversche Portland-Cementfabrik AG
 Hapag-Lloyd Aktiengesellschaft
 Henninger-Bräu Kommanditgesellschaft auf Aktien
 Hochtief Aktiengesellschaft für Hoch- und Tiefbauten
 vorm. Gebr. Helfmann
 Hoffmann's Stärkefabriken Aktiengesellschaft
 Matth. Hohner Aktiengesellschaft
 Philipp Holzmann Aktiengesellschaft
 Hypothekenbank in Hamburg
 Isar-Amperwerke Aktiengesellschaft
 Kabel- und Metallwerke Gutehoffnungshütte
 Aktiengesellschaft
 Kali-Chemie Aktiengesellschaft
 Kali und Salz Aktiengesellschaft
 Kauzenburg-Betriebs-AG
 Karl Kübler AG
 "KERAMAG" Keramische Werke Aktiengesellschaft
 Kleinwanzlebener Saatzucht Aktiengesellschaft
 vorm. Rabbethge & Giesecke
 Kölnische Rückversicherungs-Gesellschaft
 Kraftübertragungswerke Rheinfelden
 Fried. Krupp Hüttenwerke Aktiengesellschaft
 F. Küppersbusch & Söhne Aktiengesellschaft
 Lehnkering Aktiengesellschaft
 Leonische Drahtwerke Aktiengesellschaft
 Linde Aktiengesellschaft
 Magdeburger Feuerversicherungs-Gesellschaft
 Magdeburger Rückversicherungs-Actien-
 Gesellschaft
 Mannesmann Aktiengesellschaft
 Neckarwerke Elektrizitätsversorgungs-
 Aktiengesellschaft
 Nordcement Aktiengesellschaft
 Nordstern Allgemeine Versicherungs-
 Aktiengesellschaft

Nordwestdeutsche Kraftwerke Aktiengesellschaft
 Oelmühle Hamburg Aktiengesellschaft
 O & K Orenstein & Koppel Aktiengesellschaft
 Pfälzische Hypothekenbank
 Pongs & Zahn Kommanditgesellschaft auf Aktien
 F. Reichelt Aktiengesellschaft
 Rheinisch-Westfälische Boden-Credit-Bank
 Rheinisch-Westfälische Kalkwerke
 Aktiengesellschaft
 Rheinstahl Aktiengesellschaft
 Schering Aktiengesellschaft
 Schubert & Salzer Maschinenfabrik
 Aktiengesellschaft
 Sektkellerei Schloss Wachenheim AG.
 Siemens Aktiengesellschaft
 Sinner A.G.
 Hugo Stinnes Aktiengesellschaft
 Strabag Bau-Aktiengesellschaft
 Süddeutsche Zucker-Aktiengesellschaft

Teutonia Misburger Portland-Cementwerk
 Thüringer Gasgesellschaft
 August Thyssen-Hütte Aktiengesellschaft
 Uelzener Bierbrauerei-Gesellschaft
 VARTA Aktiengesellschaft
 VEBA Aktiengesellschaft
 VEBA-Chemie Aktiengesellschaft
 Vereinigte Deutsche Metallwerke Aktiengesellschaft
 Vereinigte Seidenwebereien Aktiengesellschaft
 Vereinsbank in Hamburg
 VKI – Rheinhold + Mahla AG
 Westdeutsche Handelsgesellschaft Gebr. Sinn
 Aktiengesellschaft
 Westfälische Kupfer- und Messingwerke Akt.-Ges.
 vorm. Casp. Noell
 Westfälische Zellstoff Aktiengesellschaft
 Wicküler-Küpper-Brauerei Kommanditgesellschaft
 auf Aktien

Foreign Shares

Aciéries Réunies de Burbach-Eich-Dudelange S.A.,
 ARBED
 AKZO N.V.
 Asahi Chemical Industry Co., Ltd.
 Atlas Copco AB
 Australian Paper Manufacturers Limited
 Avis Inc.
 The British Petroleum Company Limited
 The Chase Manhattan Corporation
 Christie's International Limited
 Ciments Lafarge
 The Coca-Cola Company
 Columbia Broadcasting System, Inc.
 Compagnie Bruxelles Lambert pour la Finance et
 l'Industrie
 Compagnie de Saint-Gobain-Pont-à-Mousson
 Compagnie des Machines BULL
 The Dow Chemical Company
 Europemballage Corporation
 Foseco Minsep Limited
 "Holderbank" Financière Glarus AG
 Imperial Chemical Industries Limited
 N.V. Koninklijke Distilleerderijen Erven Lucas Bols
 Koninklijke Nederlandsche Hoogovens en
 Staalfabrieken N.V.

Matsushita Electric Industrial Co., Ltd.
 The Mitsui Bank, Ltd.
 Mitsui & Co., Ltd.
 The Nikko Securities Co., Ltd.
 Nippon Yusen Kabushiki Kaisha
 Nissan Motor Co., Ltd.
 The Rank Organisation Limited
 Richardson-Merrell Inc.
 The Rio Tinto-Zinc Corporation Limited
 ROLINCO N.V.
 Rolls-Royce Motors Holdings Limited
 Rothmans International Limited
 Rotterdamsch Beleggingsconsortium N.V.
 J. Sainsbury Limited
 The Sanwa Bank, Limited
 SNIA VISCOSA Società Nazionale Industria
 Applicazioni Viscosa S.p.A.
 Studebaker-Worthington, Inc.
 Sumitomo Shipbuilding and Machinery Co., Ltd.
 Sumitomo Shoji Kaisha, Ltd.
 Telefonaktiebolaget LM Ericsson
 Thomson-CSF
 Warner-Lambert Company
 Xerox Corporation

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Fahrzeug Maschinen GmbH, Salzgitter-Watenstedt

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Chairman of the Board of Managing Directors, Mühle Rüningen
AG, Rüningen über Braunschweig

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Ringelheim

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Messrs. Wullbrandt & Seele, Braunschweig

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Architect, Braunschweig/Köln

Herbert Marx,
Chairman of the Management, BÜHLER-MIAG GmbH,
Braunschweig

Heinz Pförtner,
Partner in Sonnen-Werke Sieburg & Pförtner, Seesen/H., and
M. Bassermann & Cie., Schwetzingen, Seesen/H.

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Aktiengesellschaft, Wolfsburg

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and Schuberth-Werk, Braunschweig

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Landowner, Rittergut Wendessen über Wolfenbüttel

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Nordhorn

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Member of the Board of Managing Directors, C. Deilmann AG,
Bentheim

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Burg Gutesch, Post Lüstringen

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BTF-TEXTILWERKE Tecklenborg & Co., Bremen

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Chairman of the Board of Managing Directors, Stumm AG, Essen

Dr. Hubertus Müller von Blumencron,

Chairman of the Board of Managing Directors, Duisburger Kuperhütte, Duisburg

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Member of the Board of Managing Directors, DEMAG AG, Duisburg

Dipl.-Kfm. Günter Reiss,

Chairman of the Board of Managing Directors of the Rheinstahl AG Sector Bau- und Wärmetechnik, Gelsenkirchen

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Member of the Board of Managing Directors, Chemische Werke Hüls AG, Marl (Westf.)

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Chemische Fabrik GmbH, Konstanz (Bodensee)

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Manager of KIENZLE Apparate GmbH, Villingen

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Oberkirch (Baden)

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General Manager of ALUSUISSE Deutschland GmbH,
Konstanz (Bodensee)

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AG, Freiburg (Breisgau)

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Spinnerei und Webereien Zell-Schönau AG, Zell (Wiesental)

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Schwenningen (Neckar)

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Member of the Board of Managing Directors,
Gabriel Herosé AG, Konstanz (Bodensee)

Dipl.-Ing. Rolf Steinberg,
Member of the Board of Managing Directors,
Wehrle Werk AG, Emmendingen (Baden)

Dr. Albrecht Stromeyer-Honegger,
Partner and Managing Director of Textilgesellschaft
L. Stromeyer & Co., Konstanz (Bodensee)

Gerd L. Suter,
Chairman of the Board of Managing Directors,
Ciba-Geigy AG, Wehr (Baden)

Heinrich Villiger,
Partner and Managing Director,
Villiger Söhne GmbH, Cigarrenfabriken,
Tiengen (Hochrhein)

Dr. Gerhard Wiebe,
Partner in August Faller KG, Graphische Kunstanstalt,
Waldkirch (Breisgau)

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of John T. Essberger, Hamburg

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NCR National Registrier Kassen GmbH, Augsburg

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Berlinische Feuer-Versicherungs-Anstalt,
EOS Lebensversicherung AG,
Vereinigte Krankenversicherung AG, München

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Managing Director of the Durisol Leichtbaustoffe
GmbH & Co. KG, Bingen (Rhein)

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Chairman of the Management, Messrs. Werner & Pfleiderer
Maschinenfabriken und Ofenbau, Stuttgart

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Schloss Wolfegg

S. D. Georg Fürst von Waldburg zu Zeil
und Trauchburg,
Schloss Zeil

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Freunde Wüstenrot, gemeinnützige GmbH, Ludwigsburg

S. K. H. Herzog Philipp von Württemberg,
Schloss Altshausen nr. Saulgau

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Managing Director, Westfalia Separator AG, Oelde (Westf.)

Dipl.-Ing. Günter Peddinghaus,
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Carl Dan. Peddinghaus KG, Ennepetal

Hans Walter Pfeiffer,
Owner of Ohler Eisenwerk Theob. Pfeiffer, Plettenberg-Ohle

Albrecht R. Pickert,
Managing Director of R. & G. Schmöle Metallwerke,
Menden (Sauerland)

Konsul Albert Rampelberg,
Managing Director, Deutsche Solvay-Werke GmbH, Solingen

Dr. Wilhelm Röpke,
Partner and Managing Director of
Westfälische Metall-Industrie KG Hueck & Co., Lippstadt

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Businessmann, Münster (Westf.)

Hans Joachim Schlange-Schöningen,
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Dr. Christian F. Schmidt-Ott,
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 (Westf.)

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

Dr. Werner Schulten,
Partner in Gebr. Schulten, Südlohn (Westf.)

Rudolf Stelbrink,
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Bielefeld

Hans Vaillant,
Chairman of the Advisory Council,
Joh. Vaillant KG, Remscheid

Max Wilbrand,
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Hans Zaum,
Wuppertal

Dr. Hans Günther Zempelin,
Spokesman of the Board of Managing Directors, Enka
Glanzstoff AG, Wuppertal

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

Karl-Heinz Benner,
Member of the Management of
Loewe Opta GmbH Berlin-Kronach, Kronach

Dr. Dr. h. c. Hans Dohse,
Chairman of the Supervisory Board,
Th. Goldschmidt AG, Essen

Arnold Duckwitz,
of C. A. Bautz, Bremen

Dr. Wolfgang Fülling,
Member of the Board of Managing
Directors, Bremshey AG, Solingen

Generaldirektor i. R. Ernst Morsch,
Hildesheim

Bernhard Rösler,
Chairman of the Board of
Managing Directors, Rösler Draht AG,
Schwalmtal-Amern Bez. Düsseldorf

Dr. Julius Stockhausen,
Partner and Managing Director of
Messrs. Chemische Fabrik
Stockhausen & Cie., Krefeld

Dr. Carl Wuppermann,
retired bank manager, Leverkusen

We shall always remember them with respect and gratitude.

Branches at the following places:

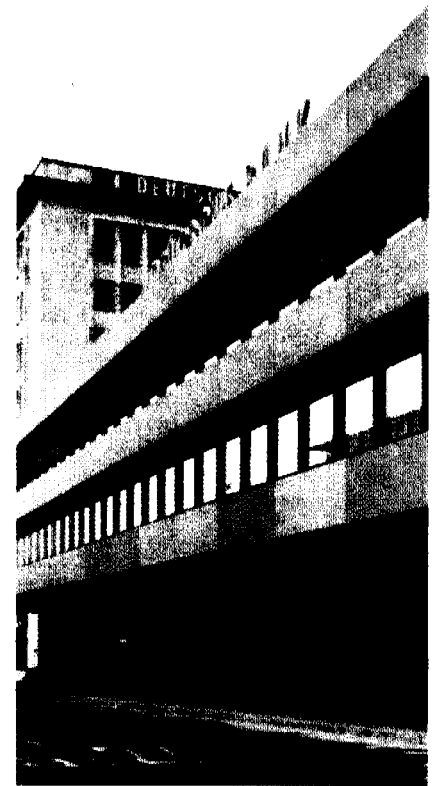
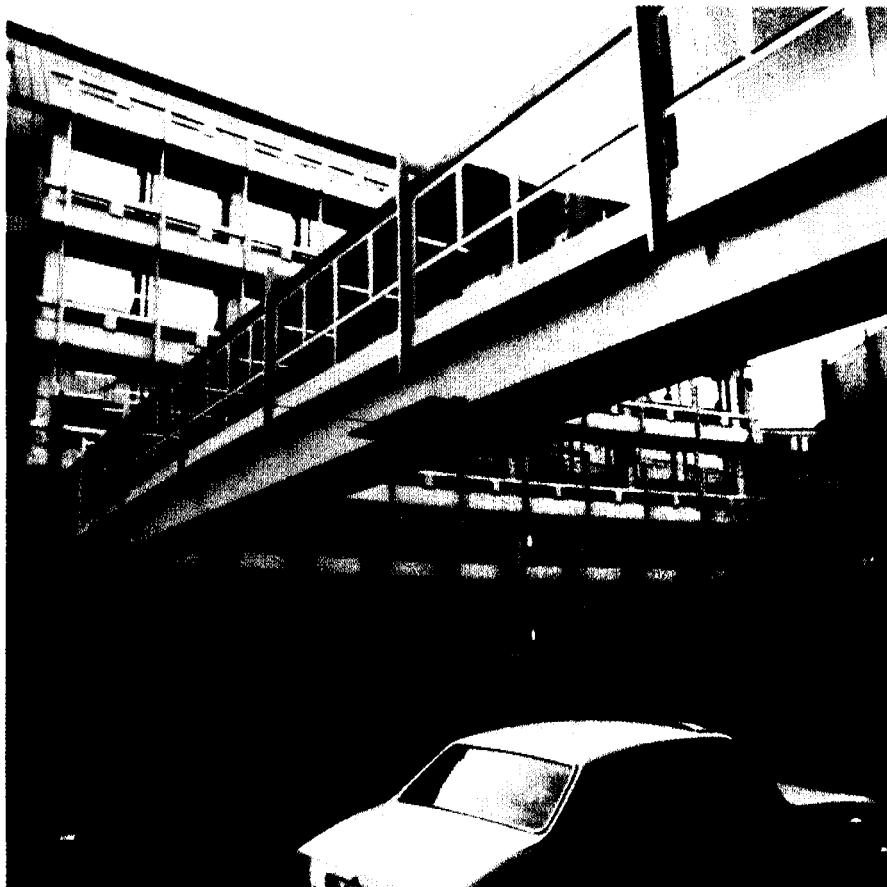
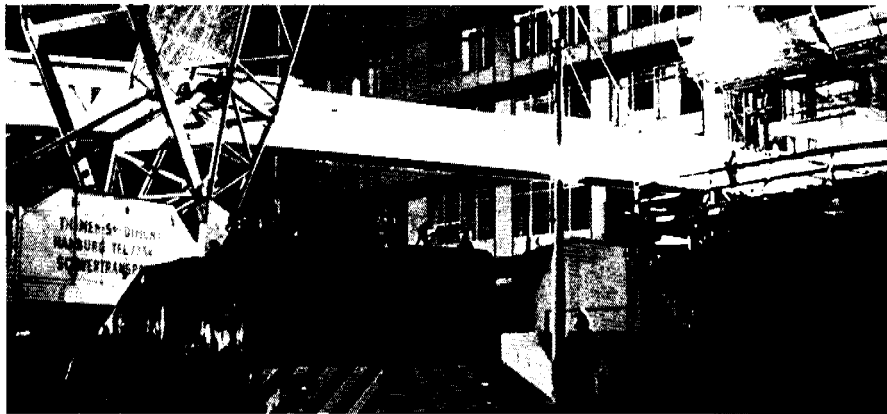
Aachen	Bad Zwischenahn	Bretten (Baden)	Duisburg-Ruhrort
with 5 Sub-Branches	Balingen	Brilon	Ebingen (Württ)
Aalen (Württ)	Bamberg	Bruchsal	Einbeck
Achim (Bz Bremen)	Barsinghausen	Brühl (Bz Köln)	Eiserfeld (Sieg)
Ahaus	Baunatal	Brunsbüttel	Eislingen
Ahlen (Westf)	Bayreuth	Buchholz i d Nordheide	Eitorf
Ahrensburg (Holst)	Beckum (Bz Münster)	Bühl (Baden)	Ellwangen (Jagst)
Aldenhoven (Kr Düren)	Bendorf (Rhein)	Bünde	Elmshorn
Alfeld (Leine)	Bensberg	Burgdorf (Han)	Elten
Alsdorf (Rheinl)	Bensheim	Burgsteinfurt	Eltville
Alsfeld (Oberhess)	Bergen-Enkheim	Burscheid (Rheinl)	Emden
Altena (Westf)	Bergheim (Erft)	Buxtehude	Emmendingen
Altenkirchen (Westerw)	Bergisch Gladbach	Castrop-Rauxel	Emmerich
Alzey	Bergneustadt	with 1 Sub-Branch	Emsdetten
Andernach	Bernkastel-Kues	Celle	Engelskirchen
Ansbach	Betzdorf (Sieg)	Clausthal-Zellerfeld	Ennepetal (Westf)-Milspe
Aschaffenburg	Beverungen	Cloppenburg	with 1 Sub-Branch
Asperg	Biberach (Riss)	Coburg	Ennigerloh
Attendorn	Biedenkopf	Coesfeld	Erkelenz
Augsburg	Bielefeld	Crailsheim	Erkrath (Bz Düsseldorf)
with 7 Sub-Branches	with 4 Sub-Branches	Cuxhaven	Erlangen
Aurich	Bietigheim (Württ)	Dachau	Eschwege
Backnang	Bingen (Rhein)	with 1 Sub-Branch	Eschweiler
Bad Berleburg	Blomberg (Lippe)	Darmstadt	Espelkamp
Bad Driburg (Westf)	Bocholt	with 5 Sub-Branches	Essen
Bad Dürkheim	Bochum	Datteln (Westf)	with 22 Sub-Branches
Baden-Baden	with 5 Sub-Branches	Deggendorf	Esslingen (Neckar)
Bad Harzburg	Bockum-Hövel	Deidesheim	Ettlingen (Baden)
Bad Hersfeld	Böblingen (Württ)	Delmenhorst	Euskirchen
Bad Homburg v d Höhe	Bonn	Detmold	Eutin
Bad Honnef	with 6 Sub-Branches	Dietzenbach	Fallersleben
Bad Iburg	Bonn-Bad Godesberg	Dillenburg	now: Wolfsburg-Fallersleben
Bad Kreuznach	Boppard	Dinslaken (Niederrhein)	Fellbach (Württ)
Bad Lauterberg	Borghorst (Westf)	with 1 Sub-Branch	Flensburg
Bad Münstereifel	Borken	Dormagen (Niederrhein)	with 3 Sub-Branches
Bad Neuenahr	Bottrop	Dorsten	Forchheim
Bad Oeynhausen	Brackwede (Westf)	Dortmund	Frankenthal (Pfalz)
Bad Oldesloe	Bramsche (Bz Osnabrück)	with 14 Sub-Branches	Frankfurt (Main)
Bad Pyrmont	Braunschweig	Dülmen	with 23 Sub-Branches
Bad Sachsa (Südharz)	with 11 Sub-Branches	Düren (Rheinl)	Frankfurt (Main)-Höchst
Bad Salzuflen	and 1 Paying-Office	with 1 Sub-Branch	Frechen
with 1 Sub-Branch	Bremen	Düsseldorf	Freiburg (Breisgau)
Bad Segeberg	with 14 Sub-Branches	with 31 Sub-Branches	with 7 Sub-Branches
Bad Tölz	Bremen-Vegesack	Düsseldorf-Benrath	Freudenberg (Kr Siegen)
Bad Wildungen	Bremerhaven	with 1 Sub-Branch	Friedberg (Hess)
Bad Wörishofen	with 3 Sub-Branches	Duisburg	Friedrichsfeld
	and 1 Paying Office	with 13 Sub-Branches	Friedrichshafen
		Duisburg-Hamborn	Fürstenfeldbruck
		with 3 Sub-Branches	

Fürth (Bay)	Hamburg	Holzminden	Konstanz
with 1 Sub-Branch	with 44 Sub-Branches	Homburg (Niederrhein)	with 1 Sub-Branch
Fulda	and 1 Paying Office	with 1 Sub-Branch	Konz ü/Trier
with 1 Sub-Branch	Hamburg-Altona	Horn – Bad Meinberg	Korbach
Gaggenau (Murgtal)	Hamburg-Bergedorf	Hückelhoven	Kornwestheim (Württ)
Garmisch-Partenkirchen	Hamburg-Harburg	Hückeswagen	Korschenbroich
Geesthacht	with 1 Sub-Branch	Hürth (Bz Köln)	Krefeld
Geislingen (Steige)	Hameln	Hüttental	with 6 Sub-Branches
with 1 Sub-Branch	Hamm (Westf)	with 1 Sub-Branch	Krefeld-Uerdingen
Geldern	with 1 Sub-Branch	Husum (Nordsee)	Kreuzau
Gelsenkirchen	Hanau	Ibbenbüren	Kreuztal (Kr Siegen)
with 5 Sub-Branches	Hannover	Idar-Oberstein	Kronberg (Taunus)
Gengenbach	with 17 Sub-Branches	with 1 Sub-Branch	Kulmbach
Georgsmarienhütte	Hann. Münden	Ingelheim (Rhein)	Laasphe
with 1 Sub-Branch	Harsewinkel ü/Gütersloh	Ingolstadt (Donau)	Laatzen
Gerlingen (Württ)	Haslach (Kinzigtal)	with 2 Sub-Branches	Lage (Lippe)
Germering	Hattingen (Ruhr)	Iserlohn	Lahnstein
Gernsbach (Murgtal)	Hausen ü/Offenbach	Itzehoe	Lahr (Schwarzw)
Gersthofen	Heepen ü/Bielefeld	Jever	Landau (Pfalz)
Geseke (Westf)	Heessen (Westf)	Jülich	Landsberg (Lech)
Gevelsberg	Heidelberg	Kaarst	Landshut
Giengen (Brenz)	with 4 Sub-Branches	Kaiserslautern	Landstuhl
Giessen	Heidenheim (Brenz)	with 1 Sub-Branch	Langen (Hess)
Gifhorn	Heilbronn (Neckar)	Kamp-Lintfort	Langenfeld (Rheinl)
with 1 Sub-Branch	with 1 Sub-Branch	Karlsruhe	Langenhagen (Han)
Ginsheim-Gustavsburg	Heiligenhaus (Düsseldorf)	with 6 Sub-Branches	Lauenburg
Gladbeck (Westf)	Helmstedt	Kassel	Lauterbach (Hess)
Goch	Hemer	with 5 Sub-Branches	Leer (Ostfriesl)
Göppingen	Hennef (Sieg)	Kehl	Leichlingen (Rheinl)
Göttingen	Heppenheim	Kempen (Niederrhein)	Leinfelden
with 1 Sub-Branch	Herborn (Dillkr)	with 1 Sub-Branch	Lemgo
Goslar	Herdecke (Ruhr)	Kempton (Allgäu)	Lengerich (Westf)
with 1 Sub-Branch	Herford	with 1 Sub-Branch	Lennestadt
Grenzach (Baden)	Herne	Kettwig	Leonberg (Württ)
Greven (Westf)	with 2 Sub-Branches	Kevelaer	Lethmathe (Sauerl)
Grevenbroich	Herten (Westf)	Kiel	Leutkirch
Griesheim ü / Darmstadt	Herzberg (Harz)	with 7 Sub-Branches	Leverkusen
Gronau (Leine)	Herzogenrath	Kierspe (Westf)	with 2 Sub-Branches
Gronau (Westf)	with 1 Sub-Branch	Kirchheim unter Teck	Limburg
Gross-Gerau	Heusenstamm	Kirchhellen	Limburgerhof
Gütersloh	Hilden	Kleve (Niederrhein)	Lindau (Bodensee)
with 1 Sub-Branch	Hildesheim	with 1 Sub-Branch	Lingen
Gummersbach	with 3 Sub-Branches	Koblenz	Lintorf
Haan (Rheinl)	Hiltrup	with 1 Sub-Branch	Lippstadt
Hagen (Westf)	Hockenheim (Baden)	Köln	Löhne (Westf)
with 6 Sub-Branches	Höhr-Grenzhausen	with 21 Sub-Branches	Lörrach
Haiger	Höxter	Köln-Mülheim	with 1 Sub-Branch
Halle (Westf)	Hohenlimburg	Königsbrunn	Lohne (Oldb)
	with 1 Sub-Branch	Königstein (Taunus)	
	Hohenlockstedt		



Expansion of our branch network and further rationalisation

The Deutsche Bank possesses a widely distributed branch network, with nearly 1,200 offices in the Federal Republic and in West Berlin, which is consistently being expanded in order to provide our customers with the convenience of banking facilities close at hand. New buildings and converted offices also contribute towards further improving personal contact with our customers. The illustration top left shows the newly constructed Remscheid branch.



The growing demands of our customers and the increased volume of work in the money and credit business entail increasing use of data processing systems. The extension to the Stuttgart branch, pictured on the right, also houses the E.D.P. equipment. The black and white illustration shows the positioning of the 36 m long bridge connecting the main building of the Stuttgart branch with an annexe on the Grosser Burstah; the bridge after its completion is pictured below. The computer centre and the payments transactions department are housed in this building.

Ludwigsburg (Württ) with 1 Sub-Branch	Neckarsulm	Peine	Salzgitter-Lebenstedt with 1 Sub-Branch
Ludwigshafen (Rhein) with 6 Sub-Branches	Neheim-Hüsten with 1 Sub-Branch	Pforzheim with 3 Sub-Branches	Salzgitter-Watenstedt
Lübeck with 6 Sub-Branches	Nettetal with 1 Sub-Branch	Pfullingen (Württ)	St. Georgen (Schwarzw)
Lüdenscheid	Neuburg (Donau)	Pinneberg	Schmallenberg (Sauerl)
Lüneburg	Neuenrade	Pirmasens with 1 Sub-Branch	Schopfheim
Lünen with 1 Sub-Branch	Neu-Isenburg	Plettenberg	Schorndorf (Württ)
Maikammer	Neumünster	Plochingen	Schüttorf
Mainz with 5 Sub-Branches	Neunkirchen (Kr Siegen)	Porz	Schwäbisch Gmünd with 1 Sub-Branch
Mannheim with 18 Sub-Branches	Neuss with 3 Sub-Branches	Quakenbrück	Schwäbisch Hall
Marbach	Neustadt (b Coburg)	Radolfzell	Schweinfurt
Marburg (Lahn)	Neustadt (Weinstr)	Rastatt	Schwelm
Marl (Kr Recklinghausen)	Neu-Ulm	Ratingen with 1 Sub-Branch	Schwenningen (Neckar) now: VS-Schwenningen
Mayen	Neuwied with 1 Sub-Branch	Raunheim	Schwerte (Ruhr)
Meckenheim (Rheinl)	Naviges	Ravensburg with 1 Sub-Branch	Schwetzingen
Meerbusch with 1 Sub-Branch	Nieder-Roden	Recklinghausen	Seesen
Meinerzhagen (Westf)	Nienburg (Weser)	Regensburg with 4 Sub-Branches	Sennestadt
Melle with 1 Paying Office	Norden	Reinbek (Bz Hamburg)	Siegburg
Memmingen	Norderney	Remagen	Siegen with 1 Sub-Branch
Menden (Sauerl)	Norderstedt	Remscheid	Siegertsbrunn
Meppen	Nordhorn	with 4 Sub-Branches	Sindelfingen
Mettmann	Norf ü/Neuss	Remscheid-Lennep	Singen (Hohentwiel)
Metzingen (Württ)	Nürnberg with 13 Sub-Branches	Rendsburg	Soest
Minden (Westf)	Nürtingen	Reutlingen with 1 Sub-Branch	Solingen with 2 Sub-Branches
Misburg	Oberhausen (Rheinl) with 9 Sub-Branches	Rheinbach	Solingen-Ohligs
Mönchengladbach with 4 Sub-Branches	Oberkirch (Baden)	Rheinberg (Rheinl)	Solingen-Wald
Moers with 1 Sub-Branch	Oberursel (Taunus)	Rheine (Westf) with 2 Sub-Branches	Soltau
Monheim (Rheinl)	Oelde	Rheinfelden (Baden)	Sonthofen
Mosbach (Baden)	Öhringen	Rheinhausen with 2 Sub-Branches	Spenge
Mühlacker (Württ)	Oerlinghausen	Rheinkamp-Meerbeck	Speyer
Mühldorf (Inn)	Offenbach (Main) with 3 Sub-Branches	Rheydt with 3 Sub-Branches	Sprendlingen (Hess)
Mühlheim (Main)	Offenburg (Baden)	Rinteln (Weser)	Sprockhövel (Westf)
Mülheim (Ruhr) with 1 Sub-Branch	Oldenburg (Oldbg) with 1 Sub-Branch	Rodenkirchen (Bz Köln)	Stade
Müllheim (Baden)	Olpe (Westf)	Rosenheim (Bay)	Stadtlonn
München with 41 Sub-Branches	Opladen	Rottenburg	Starnberg
Münster (Westf) with 8 Sub-Branches	Osnabrück with 5 Sub-Branches	Rottweil	Stolberg (Rheinl)
Munster	Osterholz-Scharmbeck	Rüsselsheim (Hess) with 1 Sub-Branch	Straubing
Nagold	Osterode (Harz)	Säckingen	Stuttgart with 14 Sub-Branches
	Ottobrunn	Salzgitter-Bad with 2 Sub-Branches	Stuttgart-Bad Cannstatt
	Paderborn		Sundern (Sauerl)
	Papenburg		Tailfingen
			Titisee-Neustadt
			Tönisvorst
			Traben-Trarbach

Triberg (Schwarzw)	Vreden (Westf)	Weissenthurm	Wittlich
Trier	Wahlstedt	Wenden (Braunschweig)	Wörth am Rhein
with 1 Sub-Branch	Waiblingen	Werdohl	Wolfenbüttel
Troisdorf	Waldbrol	Werl (Westf)	Wolfsburg
Tübingen	Waldkrich (Breisgau)	Wermelskirchen	with 2 Sub-Branches
with 1 Sub-Branch	Waldshut	Wernau	Wolfsburg-Fallersleben
Tuttlingen	Walsum (Niederrhein)	Werne	Wolfsburg-Vorsfelde
Übach-Palenberg	Waltrop	Wesel (Niederrhein)	Worms
Überlingen (Bodensee)	Wangen (Allgäu)	with 1 Sub-Branch	Wülfrath
Uelzen	Wanne-Eickel	Wesseling (Bz Köln)	Würselen (Kr Aachen)
Ulm (Donau)	with 1 Sub-Branch	Westerland	Würzburg
with 1 Sub-Branch	Warendorf	Wetzlar	with 2 Sub-Branches
Unna	Wasseraffingen (Württ)	Wickrath (Niers)	Wuppertal-Elberfeld
Vechta	Wattenscheid	Wiesbaden	with 15 Sub-Branches
Velbert (Rheinl)	with 1 Sub-Branch	with 6 Sub-Branches	and 1 Paying Office
Verden (Aller)	Wedel (Holst)	Wiesloch	Wuppertal-Barmen
Verl	Weener (Ems)	Wilhelmshaven	Wuppertal-Cronenberg
Viernheim (Hess)	Wegberg	with 1 Sub-Branch	Wuppertal-Ronsdorf
Viersen	Wehr (Baden)	Willich (Bz Düsseldorf)	Wyler (Kr Kleve)
with 3 Sub-Branches	Weiden (Bz Köln)	with 1 Sub-Branch	Xanten
Villingen (Schwarzw)	Weil (Rhein)	Wipperfürth	Zell (Mosel)
now: VS-Villingen	Weingarten (Württ)	Wissen (Sieg)	Zirndorf
Vohburg	Weinheim (Bergstr)	Witten	Zweibrücken
Vorsfelde	with 1 Sub-Branch	with 2 Sub-Branches	
now: Wolfsburg-Vorsfelde			

Holdings in German Banks

Berliner Disconto Bank Aktiengesellschaft, Berlin · 69 Offices

Saarländische Kreditbank Aktiengesellschaft, Saarbrücken · 6 Sub-Branches

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

Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Köln

Frankfurter Hypothekenbank, Frankfurt (Main)

Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Köln

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

Deutsche Ueberseeische Bank, Berlin – Hamburg · Seat of administration: Hamburg

Further Offices: Düsseldorf, Köln, Stuttgart

Foreign Offices of the Deutsche Ueberseeische Bank

Argentina: Buenos Aires and Rosario (Banco Alemán Transatlántico)

Brazil: São Paulo (Banco Alemão Transatlântico)

Japan: Tokyo (Deutsche Ueberseeische Bank – Deutsche Bank Group –)

Paraguay: Asunción (Banco Alemán Transatlántico)

Industriebank von Japan (Deutschland) Aktiengesellschaft, Frankfurt (Main)

(together with The Industrial Bank of Japan)

Compagnie Financière de la Deutsche Bank AG, Luxembourg

Joint institutions of the EBIC banks*

<i>Federal Republic of Germany:</i>	Europäisch-Arabisches Bank GmbH, Frankfurt (Main)
<i>Asia:</i>	Europäisch Asiatische Bank AG, Hamburg
<i>Australia:</i>	Offices of the Europäisch Asiatische Bank AG, Hamburg: Hong Kong, Jakarta, Karachi, Kuala Lumpur, Singapore
<i>Belgium:</i>	Euro-Pacific Finance Corporation Ltd., Melbourne
<i>Great Britain:</i>	Banque Européenne de Crédit (BEC), Brussels
<i>USA:</i>	European-Arab Bank (Brussels) S. A., Brussels
	European Bank's International Company S. A. (EBIC), Brussels
	European Banking Company Ltd., London
	European-American Banking Corporation, New York, Los Angeles
	European-American Bank & Trust Company, New York

UBS-DB Corporation, New York (together with the Union Bank of Switzerland)

Banco Bradesco de Investimento S. A., São Paulo

European Brazilian Bank Ltd., London

Iran Overseas Investment Bank Ltd., London

Further participations in banks in

<i>Europe:</i>	Amsterdam – Athens – Barcelona – Helsinki – Madrid
<i>Africa:</i>	Abidjan – Brazzaville – Casablanca – Cotonou – Dakar – Libreville – Lomé – N'Djamena – Rabat – Yaoundé
<i>America:</i>	Bogotá
<i>Asia:</i>	Bangkok – Bombay – Karachi – Kuala Lumpur – Makati, Rizal/Manila – Seoul – Teheran

Representative offices abroad

<i>A. R. Egypt:</i>	Cairo	<i>Lebanon:</i>	Beirut
<i>Australia:</i>	Sydney	<i>Mexico:</i>	Mexico 1, D. F.
<i>Brazil:</i>	Rio de Janeiro	<i>Republic of</i>	
<i>Canada:</i>	Toronto	<i>South Africa:</i>	Johannesburg
	(European Banks International)		(European Banks International)
<i>Chile:</i>	Santiago	<i>Soviet Union:</i>	Moscow
<i>Colombia:</i>	Bogotá D. E.	<i>Spain:</i>	Madrid
<i>France:</i>	Paris	<i>Turkey:</i>	Istanbul-Harbiye
<i>Great Britain:</i>	London	<i>Venezuela:</i>	Caracas
<i>Iran:</i>	Teheran		

* EBIC Banks:

Amsterdam-Rotterdam Bank N.V., Amsterdam · Banca Commerciale Italiana, Milan · Creditanstalt-Bankverein, Vienna · Deutsche Bank AG, Frankfurt (Main) · Midland Bank Ltd., London · Société Générale, Paris · Société Générale de Banque S.A., Brussels