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for the

## **Ordinary General Meeting**

to be held at 10 a.m. on Tuesday, May 18, 1976  
in the Messe-Kongress-Center, Rottdamer Strasse, Düsseldorf.

- 1.**  
Presentation of the established Statement of Accounts and the Report of the Board of Managing Directors for the year 1975, together with the Report of the Supervisory Board.  
  
Presentation of the Consolidated Statement of Accounts and the Report of the Group for the year 1975.
- 2.**  
Resolution on the appropriation of profits.
- 3.**  
Ratification of the acts of management of the Board of Managing Directors for the year 1975.
- 4.**  
Ratification of the acts of management of the Supervisory Board for the year 1975.
- 5.**  
Resolution on the integration of Deutsche Ueberseeische Bank into Deutsche Bank AG.
- 6.**  
Election of the Supervisory Board.
- 7.**  
Election of the auditor for the year 1976.

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

Manfred Emcke, Hamburg  
Businessman

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

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

Käthe Schmitz-Karhoff, Cologne\*  
Deutsche Bank AG

Dr. Peter von Siemens, Munich  
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

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\* *elected by the staff*

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

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

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

Rudolf von Bennigsen-Foerder, Düsseldorf  
(from May 23, 1975)  
Chairman of the Board of Managing Directors of VEBA AG

Dr. Horst Brandt, Frankfurt (Main)  
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, Munich  
Member of the Board of Managing Directors  
of Siemens AG

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

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

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

Horst Burgard

F. Wilhelm Christians

Robert Ehret

Hans Feith

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Andreas Kleffel

Hans Leibkutsch

Klaus Mertin

Hans-Otto Thierbach

Franz Heinrich Ulrich

Wilhelm Vallenthin (up to May 23, 1975)

## **Assistant General Managers**

Werner Blessing  
Dr. Siegfried Gropper  
Dr. Siegfried Jensen  
Christoph Könneker  
Hilmar Kopper  
Heinrich Kunz  
Ernst H. Plesser  
Hans-Kurt Scherer  
Dr. Winfried Werner,  
Chief Syndic  
Dr. Karl Friedrich Woeste  
Dr. Herbert Zapp

## **Managers of the Central Office**

Georg Behrendt  
Dr. Helmut Bendig  
Erich Bindert  
Michael von Brentano  
Dr. Rolf-Ernst Breuer  
Robert Dörner  
Helmut Eckermann  
Dr. Klaus Gaertner  
Dr. Peter Grasnick  
Rudolf Habicht  
Dr. Walter Hook  
Dr. Ulrich Hoppe  
Heinz Jürgens  
Gerhard Junker  
Paul Körtgen  
Ernst Georg Kummer  
Richard Lehmann  
Dr. Walter Lippens  
Dr. Theo Loevenich  
Hermann Marx  
Dr. Hans Otto Mehl  
Dr. Hans-Joachim Panten  
Hans Rosentalski  
Wilhelm Schlaus,  
Syndic  
Dr. Hans Walter Schlöter  
Dr. Ernst Schneider,  
Syndic  
Dr. Karl Schneiders  
Dr. Werner Schwillig  
Dr. Georg Siara  
Günter Sonnenburg  
Dr. Ernst Taubner  
Dr. Franz-Josef Trouvain  
Christian Vontz  
Johann Wieland

## **Managers of the Regional Head Branches**

### **Bielefeld**

Ernst Cremer  
Dr. Lothar Gruss  
Claus Hinz  
Oskar Klose  
Ulrich Stucke  
Lothar Zelz

### **Bremen**

Dr. Roland Bellstedt  
Hans-Henning von Bülow  
Peter Hartmann

### **Cologne**

Dr. Walter Barkhausen  
Dr. Franz von Bitter  
Dr. Karl-Heinz Böhringer  
Wilhelm Clemens  
Karl-Heinz Fink  
Dr. Wolfgang-Dieter Lange

### **Düsseldorf**

Wolfgang Möller  
Hans Müller-Grundschock  
Günter Sengpiel  
Friedrich Stähler  
Dr. Rüdiger Weber

### **Essen**

Dr. Herbert F. Jacobs  
Dr. Harry Leihener  
Karlheinz Pfeffer  
Dr. Theodor E. Pietzcker  
Günter M. Schwärzell  
Karl Ernst Thiemann  
Dr. Wolfgang Tillmann

### **Frankfurt**

Dr. Ulrich Klauke  
Gottfried Michelmann  
Dr. Hugo Graf von Walderdorff  
Dr. Ulrich Weiss

### **Freiburg**

Dr. Günther Dietzel  
Heinz Quester

### **Hamburg**

Christoph Könneker  
Hans-Kurt Scherer  
Dr. Hans-Dieter Bartels  
Dr. Harald P. Burchard  
Walter Friesecke  
Heinrich Garbe  
Günther Hoops  
Johann Pfeiffer

### **Hanover**

Wolfgang Büsselberg  
Dr. Heyko Linnemann  
Werner Reißmann  
Dr. Dieter Wefers  
Hans Witscher

### **Mainz**

Dr. Jan Hiemisch  
Dr. Hans Pütz

### **Mannheim**

Karlheinz Albrecht  
Dr. Fritz Lamb  
Karlheinz Reiter  
Heinz G. Rothenbücher  
Dr. Joachim Seidel

### **Munich**

Dr. Siegfried Gropper  
Dr. Bernt W. Rohrer  
Dr. Hans Schuck  
Dr. Hans Sedlmayr

### **Stuttgart**

Hellmut Ballé  
Norbert Elsen  
Dr. Nikolaus Kunkel  
Paul Leichert

### **Wuppertal**

Dr. Hans Hinrich Asmus  
Hans W. Stahl  
Dr. Gerd Weber

# Report for the Year 1975



**Deutsche Bank**  
Aktiengesellschaft



# Deutsche Bank at a glance

	1975	1974
Balance sheet total . . . . .	DM 56.8 bn.	DM 50.3 bn.
Business volume . . . . .	DM 57.0 bn.	DM 50.8 bn.
Credit volume . . . . .	DM 34.2 bn.	DM 31.0 bn.
Funds from outside sources . . . . .	DM 52.0 bn.	DM 46.5 bn.
Own funds . . . . .	DM 3,000.0 m.*	DM 2,269.0 m.

\* incl. DM 630 m. from the 1975 capital increase

Earnings on business volume . . . . .	DM 1,697.4 m.	DM 1,628.5 m.
Earnings from service transactions . . . . .	DM 514.8 m.	DM 453.0 m.
Staff and material expenditure . . . . .	DM 1,646.9 m.	DM 1,564.9 m.
Taxes . . . . .	DM 279.4 m.	DM 206.6 m.
Year's net earnings . . . . .	DM 281.0 m.	DM 234.0 m.
Allocations to published reserves . . . . .	DM 101.0 m.	DM 90.0 m.
Total dividend payment . . . . .	DM 180.0 m.	DM 144.0 m.
Dividend per share of DM 50 par value . . . . .	DM 10.—	DM 10.—

Shareholders . . . . .	194,800	168,000
Customers (excl. banks) . . . . .	4,700,000	4,600,000
Staff . . . . .	35,994	35,820
Offices . . . . .	1,130	1,121

## Group

Balance sheet total . . . . .	DM 91.5 bn.	DM 78.7 bn.
Credit volume . . . . .	DM 65.2 bn.	DM 55.8 bn.
Funds from outside sources . . . . .	DM 84.8 bn.	DM 73.3 bn.
Own funds . . . . .	DM 3,192.4 m.	DM 2,393.2 m.
Staff . . . . .	40,839	40,578
Offices . . . . .	1,280	1,269



**Sharp decline in economic activity**

In 1975, a year of worldwide recession, the Federal Republic of Germany experienced the worst economic downturn since the currency reform. Real gross national product contracted by 3.4%. The decline exceeded even pessimistic forecasts. The number of unemployed did not sink below 1 million in any month.

In the previous year, economic growth had already more or less come to a standstill – above all as a result of the necessary restrictive policy of the central bank, aimed at curbing inflation. In addition, since the autumn of 1974 the recession had led to an unexpectedly strong decline in the demand for German export products in all important industrial countries. The coincidence of these internal and external influences explains the magnitude and persistence of the cyclical downswing.

Hopes that Federal Government programmes to stimulate economic activity and an increasingly expansive monetary policy of the Deutsche Bundesbank would quickly cushion the downswing were not fulfilled. Not until the second half of the year did signs appear that the lower turning-point in the business cycle had been reached. At the end of the year, prospects of a cyclical recovery had improved.

**Price inflation curtailed**

Losses on the growth side were offset by progress made towards greater stability in the value of money. In the industrial sector, the – for recessionary reasons – intensified competition in conditions of reduced demand, together with lower raw material prices and sinking financing costs, resulted in end-75 producer prices being only 2.5% above previous year levels.

At consumer level, the annual rate of increase in the cost of living in 1975 fell to 6%, with the prices of services – particularly in the public sector – increasing at a considerably higher rate than the prices of industrial consumer goods.

On an international comparison, only Switzerland recorded a lower inflation rate than the Federal Republic of Germany at the end of 1975. The D-Mark thus remained in the group of hard currencies. However, in spite of this success, one should not forget that, in this far-reaching recession, it has not been possible to lower the rate of price increase to the level maintained in the

sixties. Thus a new cyclical upswing will be starting from an excessively high price base.

**Reduced trade balance surpluses**

For the first time, the Federal Republic of Germany had to suffer a fall in exports. Export trade lost its importance as a support for economic activity after having played this role to a particularly large extent in 1974. Compared with the year before, exports fell by almost 4% in value terms and by no less than a good 10% in volume terms. Not until the last few months of the year was there somewhat livelier ordering activity on the part of foreign customers.

Unlike exports, imports in 1975 increased by 2.6% in value terms and by 2.7% in volume terms compared with 1974. The Federal Republic was thus the only one of the larger western industrialized nations to import more in 1975 than in the previous year, despite the recession. The German foreign trade surplus sank from DM 50.8 bn. to DM 37.2 bn.; this corresponds to a fall of about 27%. The surplus on current account fell from DM 24.9 bn. to DM 9.4 bn. The Federal Republic thus contributed to the reduction of international balance of payments disequilibrium.

**Low level of investments**

In 1975, capital investment declined again by 4.8% in real terms, after having already fallen by 8.1% the year before and after stagnating in 1973. The investment bonus granted by the Federal Government – as effective as it was – could do nothing to prevent this. The share of capital investments in national product in 1975, at 21.1% (nominal), reached the lowest level for 20 years.

Nor did the correction, recognized as necessary and called for in the previous year by economic experts and Federal Government, in the distribution of income in favour of profits materialize. The increase in gross wages and salaries at 4.1% was again stronger than the growth in entrepreneurial and property income (+3.1%). The trend which has been persisting for years towards rising wage and salary ratios and correspondingly lower profit ratios was thus maintained.

Though the wage settlements concluded at the beginning of 1975 were lower than in 1974 and, for that

reason, were praised in many quarters as being in line with cyclical policy, looked at in retrospect they proved to be too high because they were based on excessively favourable forecasts of how national product would develop. With a contracting national product, the unions' endeavours to secure employees' real incomes at least had to depress entrepreneurial incomes. Sinking raw material prices and lower financing costs did little to change this. Above all, the sharp fall in capacity utilization – to about 75% on average – resulted in productivity gains in the economy as a whole remaining very small. Unit wage costs again rose considerably.

### **Slow growth in consumer demand**

In 1975, particularly in the first half of the year, uncertainty about future economic developments and concern about jobs depressed private households' propensity to purchase. Consumers raised their spending by less than the growth in their disposable incomes; they tended rather to increase their saving activity. The big exception here was the automotive industry. New passenger car registrations were almost one quarter above previous year levels.

Private consumption thus helped to support economic activity to a certain extent. However, it generated no impulses for a new upturn.

### **Public finances with high deficits**

In the cyclical downswing phase, financial policy took on a special importance and responsibility. With the aim of strengthening overall economic demand, the Federal Government had already decided in the previous year on several programmes to stimulate economic activity. These did not take effect, in part, until 1975. Independently of this deficit-spending policy, the public finance situation deteriorated drastically because tax revenues fell, for cyclical reasons, and, at the same time, spending – above all on unemployment insurance – increased strongly. Apart from the cyclical influences, the high budget deficits were to no small extent the result of structural distortions. Overall, the public finance deficit grew to roughly DM 65 bn. Thus financial policy – partly as planned, partly due to the pressure of circumstances – made a substantial contribution to cushioning the eco-

nomic downswing. The consequence of this development was that the growth rate of public debt increased at a pace hitherto unknown in the Federal Republic of Germany and unusual on an international comparison too.

The past year, more than any other, illustrated clearly what difficulties financial policy has to face in times of slacker economic activity, after extreme soundings of the scope for spending have been taken in good years and when public service commitments are based on over-optimistic growth assumptions. Suddenly, the limits to financing deficits in such a magnitude became visible. Although private savings capital formation reached record levels in 1975 and the private business sector had only relatively little recourse to the capital markets, it was not possible to cover public debtors' cash requirements throughout in the classical manner, i.e. long-term. In the first half of the year, the bond market proved to be still very productive. From mid-year, however, lenders were no longer prepared to provide sufficient long-term funds because, in view of the suddenly apparent volume of new public debt, they feared the risk of a change in interest rates. The public authorities had to alter their course and switch to shorter-term forms of financing – promissory notes, non-interest-bearing Treasury Bonds, short/medium-term notes. The Federal Government raised a large part of its loans directly with the banks. With the business sector's falling demand for credit, it was possible to meet the public sector's massive needs without forcing up interest levels.

In September, the Federal Government agreed a programme to relieve the Federal budget. In the meantime, part of it, the Budget Structure Act, has come into force. It contains, amongst other things, an increase in employment insurance contributions from 2% to 3%. Two further cabinet bills envisage increases in VAT together with Spirit Duty and Tobacco Tax with effect from 1977. However, a deficit in the magnitude of last year's is to be expected for 1976, with interest on loans outstanding accounting, on its own, for roughly 5% of total expenditure. With the given expectations for economic activity, private demand for credit and the capital market, the financing of the deficit without greater friction will probably succeed again in 1976 if the public authorities adapt themselves flexibly to market possibilities. This would suggest covering a large part of the deficit in the first half of the year, irrespective of the cash situation. Later on in the year, bottlenecks could arise if enterprises'

## Monetary and credit policy survey

### 1975

23.1. Banks' rediscount quotas raised by DM 2.5 bn. for the period up to end of March 1975.

6.2. With effect from 7.2., discount rate lowered from 6% to 5½% and lombard rate from 8% to 7½%.

6.3. With effect from 7.3., discount rate reduced from 5½% to 5% and lombard rate from 7½% to 6½%.

24.4. With effect from 25.4., lombard rate reduced from 6½% to 6%.

22.5. With effect from 23.5., discount rate lowered from 5% to 4½% and lombard rate from 6% to 5½%. Minimum reserve ratios for banks' domestic liabilities lowered by 5% of current levels with effect from 1.6. Upper limit for Bundesbank's total purchases of prime bankers' acceptances under its money market regulating arrangements raised from DM 1.1 bn. to DM 1.5 bn.

3.7. With effect from 1.7., minimum reserve ratios for banks' domestic and external liabilities reduced by 10% of current levels.

17.7. With effect from 1.8., minimum reserve ratios for external liabilities brought into line with reserve ratios for domestic liabilities. Minimum reserve ratios for banks' external liabilities now amount to: 13.55% for sight liabilities; 9.35% for time liabilities; 6.25% for savings deposits. The reserve ratios for external liabilities apply uniformly to banks of all reserve classes and without differentiation between bank and non-bank places.

23.7. Central Capital Market Committee recommends freeze on new domestic bond issues; the same applies to foreign DM-bonds, initially up to end of August, then extended to end of October.

14.8. With effect from 15.8., discount rate reduced from 4½% to 4% and lombard rate from 5½% to 5%.

4.9. Obligatory approval for payment of interest on balances held on non-residents' accounts abolished (34th Order to Amend the Foreign Trade and Payments Law).

11.9. With effect from 12.9., discount rate lowered from 4% to 3½% and lombard rate from 5% to 4½%. Banks' rediscount quotas increased by DM 3 bn. with effect from 1.10.

23.10. Central Bank Council of the Deutsche Bundesbank decides to change the open market policy which it had pursued since July 1975 on the market for Federal bonds. The Bundesbank sees: "no further reason to continue its open market purchases of securities on the scale practised so far in order to regulate the money market. This does not rule out the possibility of operations to smooth the market in future".

18.12. Decision of Central Bank Council: average increase of 8% in central bank money in 1976, compared with average for 1975, appears compatible with the objective of the Bundesbank's monetary policy. This is to be conducted in 1976 in such a way that: "the monetary conditions for a continuation of the incipient monetary upswing are fulfilled, while at the same time progress can be made towards curbing price rises".

23.12. Law terminating currency conversion announced. This ended: a) conversion of Reichsmark to Deutsche Mark and b) validation of securities carried out since 1949.

capital requirements start to increase again with a growing revival in economic activity. Apart from this, the banks cannot let the share of their lendings to public authorities in their total lendings rise indefinitely. On the contrary, they must take care to maintain balanced ratios on the assets side of their balance sheets.

Taken in total, a decisive factor for the financing of the public deficits in 1976 will again be confidence in the state's ability to consolidate its finances and to reduce the existing deficits as soon as possible to tolerable levels.

### **Bundesbank with new money stock policy**

In 1975, the Deutsche Bundesbank pursued the target of creating the monetary preconditions for a cyclical turnaround, but without jeopardizing the progress towards greater stability in the value of money. With this in mind, the Bundesbank endeavoured to reinforce the downward tendencies in interest rates and to enrich the volume of liquidity in the economy. In December 1974, it already established the limits for such an expansive monetary and credit policy. The Bundesbank thereby acknowledged, for the first time, its new concept of announcing a monetary growth target for the coming year. It fixed the tolerable expansion in the monetary base – which includes cash in circulation and the minimum reserves withheld from the banks on their domestic liabilities – at 8% through 1975. By means of this new method, the Bundesbank aims to give banks and business community a guideline indication of its monetary policy for the respective year.

The specific measures taken by the Bundesbank are shown in the table on P. 13. Since October 1974, it has reduced discount rate in seven stages from 7% to 3½% and lombard rate in eight steps from 9% to 4½%. By reducing the minimum reserve ratios, it channelled liquidity to the banks and also increased their rediscount quotas. And through its open market operations, it injected central bank money into the economy.

Despite these massive derestrictive measures of credit policy, monetary expansion remained initially within narrow limits because demand for credit stayed slack until late summer due to the persistent downtrend in economic activity. In the last months of the year, credit extended and monetary growth increased strongly as a result of public borrowing. By the end of 1975, central

bank money stock had expanded by 10% compared with end-1974 levels. On an annual average basis, this more or less corresponded to the targeted 8%. For 1976, the Deutsche Bundesbank has again announced a monetary growth target – 8% on an annual average.

After the limits on the effectiveness of a restrictive central bank policy had become clear in many cases during the previous years, particularly before the transition to flexible parities, developments in 1975 showed that there are similar limits on a central bank policy aimed at reviving economic activity. The Bundesbank can increase the banks' liquidity and thus fulfil a necessary precondition for the upswing, but cannot initiate the upswing by its own measures alone. Even the combination of an extreme, high-deficit financial policy and an expansionary monetary policy did not succeed in averting the sharp cyclical downturn.

### **On the threshold of a new cyclical upswing?**

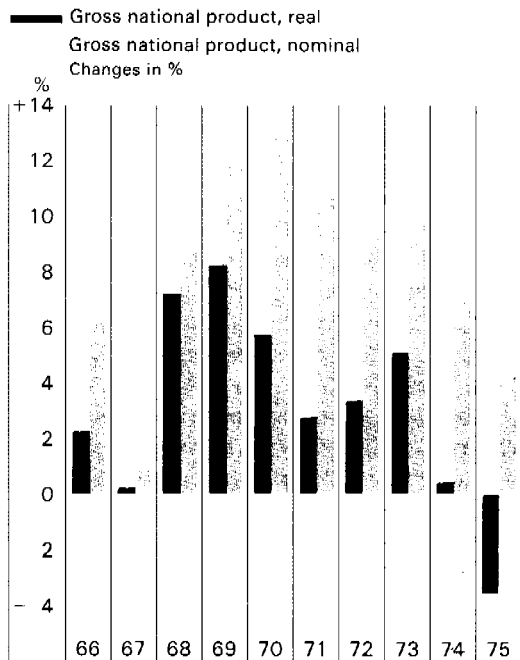
1976 will bring an economic recovery in the Federal Republic. There are a good number of signs in support of this. Thus, since autumn 1975, new orders received by the iron and steel industry have been increasing. Upward tendencies have also been recorded in the chemical industry and in parts of the electrical and textile industries. In the export sector, demand is rising again. Private consumer demand has also expanded. In general, the mood of the economy has improved.

But there are still many question marks surrounding the hopes for a lasting and strong upturn in economic activity. An "export miracle" – quick, sharp growth in foreign demand – is hardly to be expected this time. Although there are signs of a turnaround in some other EC countries as well, like France for example, other nations continue to be faced with serious economic problems and, due to their high inflation rates, can only afford to pursue a policy of economic stimulation within limits or not at all. If one takes the OECD forecast of about 6% as the basis figure for growth in the volume of world trade in 1976, German exports could increase, at best, by the same amount.

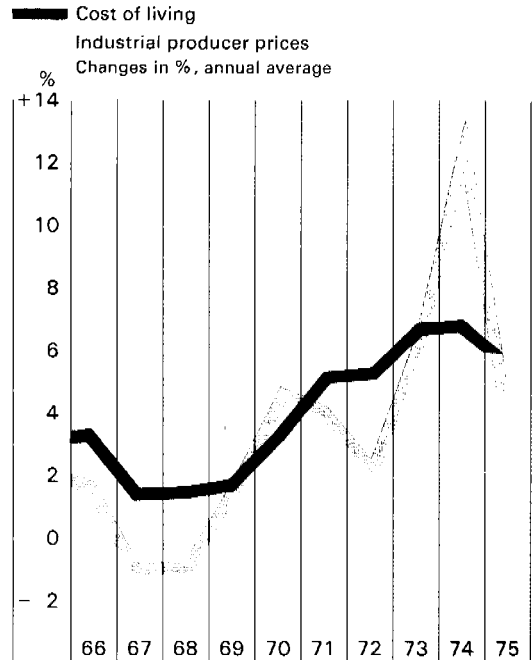
In the private consumption sector, a further rise in demand – and thus a certain reduction of the unusually high saving ratio in 1975 – may be expected to accompany the general recovery in economic activity. With a

# The four major objectives of economic policy and their realisation in the Federal Republic of Germany 1966–1975

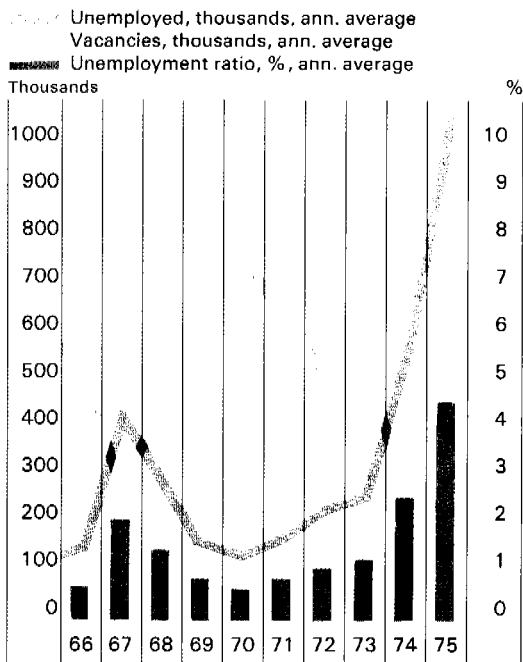
## Economic growth



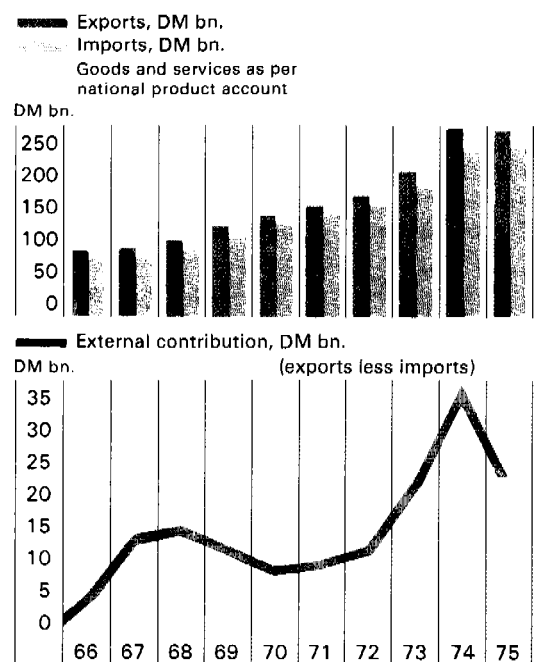
## Price stability



## Full employment



## External equilibrium



renewed cash deficit of about DM 65 bn., public spending will again prove to be a strong support for demand.

The central problem remains whether these driving forces can produce the "initial spark" to trigger off entrepreneurial investment; for without self-supporting and self-renewing investment activity, any upswing will lack staying power and strength. However, factors opposing a revival in investment are the still low level of industrial capacity utilization and the entrepreneurial profit situation which so far has seen hardly any improvement. Even if gross national product increases by a real 4% to 5%, no significant reduction in unemployment would thereby be achieved.

An expansive monetary and financial policy alone is thus not enough in present-day conditions. It must be accompanied by an economic and social policy which is conducive to improving the climate and basis for further economic growth in the Federal Republic and thus to strengthening confidence in the durability of future developments. That no dramatic upswing can be expected in 1976 is to be welcomed. Only in a restrained recovery in economic activity would there be a chance of avoiding a new upsurge in inflation. This is also an argument for not giving additional help in the form, for example, of further monetary expansion if the growth rate in 1976 should fall short of official expectations.

### Problems and tasks in the longer run

In the political discussion of the day, the worldwide recession occupied a central position as the decisive factor behind the cyclical downswing in the Federal Republic. For this reason, a good number of aberrative developments within our economy since the end of the sixties, though they have not been overlooked, have still received far too little attention.

For a long time now, wage increases have been running at a considerably higher rate than productivity gains. Between 1970 and 1975, productivity rose by an annual average of only 2.8%; however, over the same period, wages and salaries per employee escalated by an average of 12.5% in the economy as a whole. Unit wage costs (base: 1962 = 100) increased by an average 8.5% p.a. between 1970 and 1975. Thus, there was pre-programmed cost inflation which the Bundesbank then had to resist by a strict application of all the means at its disposal.

That this restrictive policy would be painful for the economy as a whole and threaten the existence of weak companies had been made clear in advance by the Bundesbank. However, with the wage increase formula currently in use – share in productivity growth plus increment for decline in value of money – inflationary tendencies are being refuelled time and time again, thereby precipitating renewed countermeasures. Today, the Federal Republic – alongside the USA – has the highest wage costs. This has meant that several branches of German industry have already had to withdraw from the field of international competition; in other cases, competitiveness would appear to be endangered if this development is not halted.

As a result of the persistent struggle for redistribution, the wage ratio has been steadily rising. Over the last six years, the share of gross income from wages and salaries in national income has grown from 66.7% to 71.6%. This has meant a massive redistribution in favour of wage and salary-earners at the expense of enterprises. In both 1974 and 1975, entrepreneurial profits were below the average levels for 1965 to 1969. Since 1969, companies' profit margins have fallen continuously.

It would seem that politicians and unions have only recently begun to realize that to continue this redistribution policy cannot be in the interests of employees because it threatens economic growth and thus job security. If, in a new upswing, there is a phase in which entrepreneurial income rises more rapidly than wages and salaries, under no circumstances should this be immediately used again as an argument for "backlog demand" on the labour side.

Largely in connection with the developments described above, capital investment's share in gross national product fell from the 26.1% still maintained in 1972 to 21.1% in 1975. That the German economy's scope for growth and also redistribution over the coming years was thereby reduced is obvious. Existing production plant is threatened by obsolescence if this trend continues. Recession-induced job losses can only be offset by new investment; for, in the meantime, rationalization has continued within the existing production apparatus. Continuous structural change which has led to the close-down of certain production activities will – if there is no new investment – result in a reduction of the number of jobs. At the same time, this shows how important it is, besides improving the investment climate, to promote research and development as strongly as possible.

Finally, the state's share in gross national product has been growing continuously since 1970 and has been used increasingly for consumption purposes. The public sector share (including social insurance expenditure) increased from 37% in 1970 to almost 45% in 1975. This growth was largely at the expense of profits since companies' taxation payments and social contributions increased. Though the fight against recession necessitated higher state spending in 1975 and though this policy will probably have to be continued, initially, in 1976, financial policy must switch back to "saving" as soon as economic activity has clearly recovered and is again self-supporting. There must be no increase in the public sector quota and state consumption must be reduced in favour of state capital spending. The return to a balanced budget – above all by limitations on the spending side – is urgently needed in the interests of price stability and of growth.

### **Unusually high saving ratios**

Never has so much been saved in the Federal Republic as in 1975 and in no previous year did private households participate so strongly in wealth formation. The uncertainty of the population regarding future economic developments and also the fall in the rate of inflation led to an increase in the propensity to save. Rising wage tariffs and tax benefits resulting from the small tax reform increased saving capacity. At roughly 17% in the first half of 1975, the saving ratio in the Federal Republic of Germany lay far above the average rate – over several years – of about 13% to 14%. Up to the end of the year, it declined again slightly but was still higher than had been usual hitherto.

Private households continued to prefer placing money in savings accounts. Net inflows into savings accounts at DM 65.3 bn. were more than twice their volume in the previous year. The lowering of interest on savings deposits in the course of the general reduction of interest rates did not have a negative effect on account-saving. Nor, in general, did savers make greater use of the possibilities to earn higher interest from placing their funds at longer term.

Term deposits with maturities of less than 4 years were reduced by almost 17% during the year. The structure of bank deposits changed considerably in 1975 as a result of this development. The share of savings depo-

sits in total customer deposits increased from roughly 45% in 1974 to about 48% in the reporting year. Here, the share of savings deposits at statutory notice in total savings deposits increased.

### **Slack business demand for credit – high level of public sector borrowing**

A pronounced change took place on the credit markets in 1975. Public sector demand – particularly in the second half of the year – took on hitherto unprecedented dimensions whilst business sector borrowing was slack throughout the year. In this sector, there was a fall in short-term credit; on the other hand, there was demand for medium and long-term loans for consolidation purposes. Finally, the banks were able to achieve above-average growth in their personal credit business.

The continuous reduction of credit interest rates – which, taken in total, was even larger than the overall reduction in discount rate – could do nothing to prevent business demand for credit from remaining very modest. Besides the persistent recession, the recent recourse of German companies to the Euromarkets played a role here.

Initially, private households, too, made only hesitant use of the cheaper and wider range of consumer credits offered by the banks. In the course of the year, particularly in the second half, this branch of business recovered strongly as the propensity to consume increased to some extent again. In addition, a greater number of mortgage loans were utilized for home-construction purposes.

The almost 10% increase in advances to domestic non-bank customers as a whole can be attributed primarily to the unusually rapid and strong expansion in public authorities' credit requirements, needed to finance their high excessive spending. Thus, credits to domestic enterprises and private persons increased by 4.6% in 1975; public authorities, on the other hand, raised 36% more credit over the same period, with the emphasis in the second half of the year. Comparing 1975 with the previous year, credits extended to public authorities rose by about 250%. Not only the Federal Government, the Länder and local authorities as well incurred considerable debt. The banks' balance sheets, particularly those of the larger institutions, reflect this development.

### **A year of the share**

In 1975, the year of recession, there was an unusually strong upturn on the German share market. An above-average savings volume, the falling rate of inflation, high liquidity levels in the banks and investment funds and the expectation of a cyclical recovery led to an average 29.4% rise in share prices as measured by the Federal Statistical Office index. The price falls over the two previous years were thus more than recovered.

About halfway through the year, the positive mood on the stock market was interrupted, for a short time only, by a "wait and see" phase. Towards the end of the year, due not least to the impression made by the first concrete signs of a cyclical improvement, a pronounced boom period set in and did not slacken off until the beginning of 1976. At the top end of this development were mechanical engineering shares, followed by the automotive industry, steel companies and the banks.

Due to the lively growth in the order volume of private and institutional investors and in the volume of banks' own-account trading, and due also to price increases, stock market turnover increased more than two-fold to over DM 27 bn.

The share as an investment security thus came to the attention of a broader section of the investing public. Further proof of this was the success achieved in the placement of the Mercedes-Automobil-Holding shares in December 1975.

With a market value of more than DM 6 bn., the new issues of domestic issuers reached the highest volume since the war. However, this gratifying development should not be allowed to hide the fact that the unsolved problem of double taxation of the share continues to make it difficult for German joint stock corporations – on an international comparison – to raise capital.

The average dividend on quoted shares fell from 13.73% at the end of 1974 to 13.67% at the end of 1975. Taken in conjunction with the rise in prices, the average dividend yield over the same period fell from 4.36% to 3.52%. However, these average figures hide considerable divergencies from branch to branch and also within individual branches.

### **Bond market: record year not without weaknesses**

In 1975, the German bond market proved to be extremely productive with a hitherto unprecedented gross

turnover of DM 76.1 bn. Net sales at DM 48.9 bn. were almost twice as high as in 1974 (DM 26.7 bn.). In the course of the year, there was an unexpectedly steep drop to a state of pronounced bond market weakness which was followed, however, by a strong recovery again at the year's end. Up to the middle of the year, issuing results rose to a record level, influenced by the measures of monetary relaxation and by the persistently high volume of savings capital formation. In July, interest rate expectations then changed, due above all to the news of the public sector's strongly expanding credit requirements. The placement climate deteriorated abruptly. By means of a massive open market policy, the Deutsche Bundesbank tried to avert the cyclically undesirable rise in effective interest rates which was threatening to develop. From July to October, it purchased bonds worth roughly DM 7.7 bn. The public authorities agreed on an issuing stop for public sector bonds and, as mentioned earlier, resorted to a greater extent to shorter-term forms of financing. It was thus possible to survive the Bundesbank's termination of its support policy in October without any setback on the bond market. The reaction was a short phase of adjustment after which the bond market steadied quickly and then even experienced a marked improvement in climate.

The record results in 1975 remained disappointing in one respect, namely that the willingness of investors to place their funds at long term tended rather to decline. Throughout the whole year, bond issues with maturities of less than 6 years prevailed. It will only be possible to reduce this liquidity preference of savers and investors if confidence in longer-term monetary and economic stability can be strengthened by further progress in the fight against inflation.

Within the separate issuing groups, marked shifts took place in 1975. Thus, strong growth was recorded primarily in the share of communal bonds – mainly at the expense of mortgage bonds. Since, at the same time, the volume of public bonds also grew, the public sector as a whole thus accounted for about two-thirds of gross sales of fixed-interest domestic bonds. As in 1974, the industrial sector showed restraint with respect to new issues in view of the still stagnating volume of investment. The share of industrial issues sank from 0.8% to 0.4% of gross sales.

The public sector's growing role as debtor is also reflected in the current volume of fixed-interest bearing securities. The public authorities' share increased from



52% at the end of 1974 to roughly 56% at the end of 1975 – total mortgage bonds outstanding declined from 26% to less than 24%.

Amongst domestic buyers, the non-banks' share of total purchases of fixed-interest securities contracted further from 48% in 1974 to roughly 34% in 1975. Whilst the banks' share, at 51.5%, remained at an almost unchanged high level, the Bundesbank's share of purchases – due to its intervention policy – leaped from roughly 1.5% in 1974 to 14.2% in 1975.

### **Investment funds – marked upswing**

The positive trend on the stock market contributed in 1975 to a high turnover of German investment companies. After a low net outflow in the previous year, German public funds recorded an inflow of DM 1.65 bn. in 1975.

High inflow and – in the case of share-holding and fixed-interest security funds - considerable increases in value due to price rises caused the total assets of all fund groups to expand to a new peak level. At the end of the year, DM 9.8 bn. were invested in share-holding funds, DM 5.5 bn. in fixed-interest security funds and DM 2.8 bn. in open-end real property investment funds. Whilst the securities funds' total assets of roughly DM 15 bn. were mostly invested, the open-end real property funds still had quite large liquid reserves.

Specialized funds, set up – amongst other things – for insurances, pension funds and within the framework of staff capital formation schemes, also recorded above-average growth in 1975. The specialized funds' total assets increased to DM 4.8 bn.

### **Staff shares: a method of capital formation**

The staff share proved last year as well to be a particularly suitable instrument of capital formation. In the meantime, the number of staff shares in German enterprises has reached about 400,000, or more than 450,000 if one takes into account the employees of Preussag, VW and VEBA who purchased shares when these companies were partially denationalized. Up to now, roughly 50 joint stock companies have issued staff shares to their employees. On average, roughly 20 to 30% of the staffs of these companies made use of the possibilities

offered to them; in our bank, the figure was more than 70% in 1975.

The individual and voluntary form of capital formation through the purchase of staff shares has thus proved to be a practical method, in contrast to the suggested methods of collective capital formation which are hampered by administrative costs and other problems.

This is an argument in favour of making this instrument of capital formation even more attractive by further tax relief measures, in particular by abolishing in future the double taxation of the share – a measure long overdue anyway – besides the other methods of capital formation, including, amongst others, the 624-DM-Law.

### **Eurobond market strongly expanding**

In 1975, the new Eurobond issue volume exceeded the equivalent of US\$ 10 bn. It was thus four times the 1974 volume and also far higher than the previous record result of 1972 (US\$ 6.5 bn.).

Several developments contributed to this dramatic upswing: worldwide downward tendencies in interest rates, normalization of the interest rate structure, decline in the inflation rates in a number of countries and the strengthening of the dollar price on the foreign exchange markets in the second half of the year.

The falling interest rates were the incentive for potential issuers to make greater use of the Eurobond market after they had mostly preferred cheaper Eurocredits in the previous year – in spite of the interest rate risk inherent in the roll-over system. Important for investors was the fact that short-term interest rates declined considerably more strongly than long-term rates and that Eurobond issues thus became more attractive. In the course of the year, the interest rate level for foreign DM bonds sank, parallel to the development in the domestic sector, from 9½% to 8%. In the case of US\$ bonds, the decline was less pronounced – from 9½% to 9%. As on the domestic market, however, investors continued to prefer relatively short maturities. For this reason, it was only possible to offer the majority of new bond issues with maturities of between 5 and 10 years.

In the first half of the year, more than 50% of all new bond issues were denominated in D-Mark. The dollar receded temporarily as a bond issue currency. The deteriorating situation on the domestic German bond market in the third quarter then led to the decision to impose a

three-month freeze on new foreign DM bond issues. A strong increase in dollar-denominated bond issues provided compensation on the market. Throughout the year as a whole, DM and dollar bonds each accounted for 30% of the market. At 17.6%, the share of Swiss franc-denominated bond issues was slightly up on the 1974 figure. In the second half of the year, the Canadian dollar also gained, for the first time, a certain degree of importance as a bond issue currency. Roughly 5% of total volume was issued in this currency.

In the first few months of the new year, the market was even more absorptive. In January and February alone, new issues worth the equivalent of roughly US\$ 2.6 bn. were placed, with the interest rate for 5-year dollar bonds of first-class borrowers falling to 8½%. In the case of a number of other issues, it was possible to use the strength of the market to extend the maturities at constant interest rates. There are a good number of signs that this gratifying development will continue for the time being.

#### **New trends on the Eurocredit market**

The Eurocredit market recovered in 1975 from the unrest and uncertainty which had prevailed in the previous year. Attention to creditworthiness and awareness of risks and proportions grew stronger and terms and conditions stabilized generally at a sensible-looking level. Market volume continued to grow though it was markedly more restrained than in the past. Inflows of funds from the OPEC-countries, the Euromarket's main source during the two previous years, contracted as a result of these countries' falling balance of payments surpluses.

On the debtor side, a notable change took place. The share of the western industrialized nations, that had financed a considerable percentage of their balance of payments deficits via the Eurocredit market after the beginning of the oil crisis, declined drastically. As mentioned above, some of these countries resorted to long-term financing via the Eurobond market.

On the other hand, the developing countries – including several OPEC-states as well – made considerably more use of the Euromarket to offset sharp increases in their balance of payments deficits. The state-trading nations of the Eastern bloc also developed into a significant debtor group. At more than 12%, their share of total market volume almost tripled in 1975 compared with the previous year.

1976 began well for the Eurocredit markets and all indications are that they will again demonstrate their efficiency. However, it cannot be overlooked that, on the Euromarket as a whole, a number of countries have reached the limits of their borrowing capacity. This narrows the radius of action of the banks active on the market.

#### **World economy – turnaround after severe recession**

In 1975, the world economy suffered the worst downturn since the great crisis at the end of the 20's. The most important industrialized nations were hit almost simultaneously by the recession. Production fell markedly below previous year levels; everywhere, unemployment figures surged upwards. For the first time since the war, world trade volume contracted sharply. Not until the second half of the year did the cyclical downtrend in most industrialized countries bottom out. Signs of a recovery appeared first in the USA. A turnaround set in slowly and has also begun to emerge in Europe during the current year.

In spite of the pronounced recession, only a number of countries succeeded in curtailing the rates of price increase satisfactorily. Within the OECD, the inflation rate still remained in the two-figure bracket on average. However, the recession did help to make sure that the dangers and harmful effects of inflation were more clearly recognized throughout the world than hitherto. In particular, awareness of the link between inflation and unemployment has probably become more pronounced in all quarters. At the same time, due not least to the examples of Switzerland and the Federal Republic, the conviction has gained ground – after years of doubt – that monetary policy represents an effective weapon with which to combat inflation. In a number of countries, control of the money supply has become the decisive factor in stabilization policy.

A further positive feature of the past year was that, through international cooperation, it was possible to avoid a relapse into national protectionism. In spite of extremely difficult conditions in certain countries, there were no incisive restrictions on international trade flows.

The upward tendencies in most industrialized countries justify expectations of a revival in world trade as well in 1976. This will probably take place at a moderate tempo, since – as in the Federal Republic – there has so

far, in many cases, been a lack of strong stimulants abroad as well. In addition, there are also financing problems in several of our customer countries, especially in developing countries. From the point of view of price stability, a slow upward movement in the world economy is only to be welcomed. It would offer an opportunity to prevent renewed stimulation of inflationary forces. The expansive economic and credit policies pursued in the recent past by governments and central banks have led to an ample supply of liquid funds in many countries. At the same time, budgetary deficits have risen dramatically. In 1976 and the following years, the main task will be to correct this situation without abrupt measures.

#### **Relaxed balance of payments situation in the industrialized countries**

It was "thanks" mainly to the recession that the balance of payments situation in the industrialized nations eased considerably in 1975. The volume of imports declined, due – amongst other things – to large savings in energy and oil consumption and, in value terms, the low raw material prices were an additional factor. At the same time, exports to the OPEC-states and the state-trading nations increased to an unexpected degree.

Particularly conspicuous was the turnaround in the American balance of trade, resulting in a record surplus. The big European deficit-countries, especially Italy and the United Kingdom, were able to reduce their high balance of payments deficits substantially and the overall deficit of the OECD countries fell to only about US\$ 5 bn., compared with US\$ 33 bn. in 1974. Without a consistent policy – including primarily the energy conservation measures agreed a long time ago – on the part of the deficit countries, the danger does of course appear to be great that, in a cyclical recovery, the unsatisfactory situation of 1974 could quickly develop again.

#### **OPEC-countries with lower surpluses**

The balance of payments surpluses of the OPEC-countries fell from US\$ 55 bn. in 1974 to a good US\$ 30 bn. in 1975. While oil export revenues – with reduced volumes and higher prices – stayed more or less constant at previous year levels, these countries' imports increased by about two-thirds.

It turned out that the surpluses the OPEC-countries

could expect – even after the first revision of the original, unsound figures – had still been overestimated. The more recent forecasts agree that by the end of the seventies the OPEC-countries' overall balance on current account will no longer be showing a surplus and subsequently could well move into deficit. However, this overall picture hides extreme differences in the foreseeable developments in individual oil states. These differences are also important for their investment policies. Saudi Arabia, Kuwait and several smaller Arab Gulf countries will earn considerable balance of payments surpluses in the long run, whilst the remaining OPEC-states – in all probability – will see a turnaround in their position over the next few years. In order to maintain the dynamic development of their economies, which has now been initiated, these countries will have to resort to their accumulated monetary reserves and also to borrow internationally. This sharp differentiation already began to appear in 1975. Five of the thirteen OPEC-states failed to earn surpluses. Eight of them borrowed on the Euromarkets. In this way, a kind of "intra-OPEC recycling" developed.

In the year under review, the OPEC-countries with high surpluses diversified their investments more strongly by currency and maturity. Oil funds were invested increasingly in bonds on international and partly also on national capital markets. Broadly diversified share purchases also increased.

Direct investments in the form of real property purchases and participations in industrial countries, on the other hand, remained within narrow limits. At the same time, the OPEC-states contributed, in a constructive manner, to official recycling efforts. They extended bilateral credits to industrialized and developing countries and made contributions to the official international institutions for development aid. Thus, on the whole, it was possible to re-inject the oil countries' surpluses into the world economy without disturbing the international financing and exchange rate structure. Even though, as mentioned before, "the recession helped" here, seen in retrospect, the fears current at the time regarding the difficulties of recycling have today proved to be exaggerated.

#### **Necessity of the North-South dialogue**

Recession and oil price rises but also the steady increase in the prices of industrial goods have severely hit

the "Fourth World" countries. They are the real victims of the series of crises we have had since autumn 1973. The balance of payments deficit of the developing countries without oil resources of their own rose from US\$ 28 bn. in 1974 to more than US\$ 35 bn. in 1975. Even with the possible increase of their export revenues as economic activity picks up in the industrialized countries, the deficit of these countries will probably still exceed US\$ 30 bn. in 1976. Many of them have already reached the limits of their borrowing capacity. Even where developing countries which are basically still creditworthy are concerned, international banks are coming up against limits which they have established with regard to the magnitude and distribution of country risks. The financial plight of the non-oil developing countries is thus one of the key problems of the international financial situation.

This problem cannot be solved via the private credit and capital markets, even if these continue, in future, to channel large sums – in part within the framework of industrial countries' export financing – into the developing countries. On the contrary, additional public aid, from industrialized and OPEC nations, is necessary – whether in the form of bilateral assistance or via the multilateral institutions.

However, obstacles preventing the increase in development aid, which is recognized by all to be necessary, are arising due to the fact that several industrialized nations are themselves having to combat substantial balance of payments problems; almost all of them have serious budgetary problems. As far as the OPEC-countries are concerned, though they have continuously expanded their aid to developing nations, their capacity to do this will decrease proportionately as their balance of payments surpluses contract.

As a result of the Jamaica decisions, the IMF credit facilities available to developing countries were also increased. The task remains to provide these countries with a more reliable basis for their future development by means of further, sensibly coordinated measures. In this process, they must also make their own contribution through the productive utilization of the funds, a stability-oriented – and thus export-promoting – economic policy and a clear, open-minded attitude towards foreign direct investments.

In 1975, the official "North-South dialogue" began with the Paris Conferences. These negotiations are intended to serve the purpose of completing the transition

from continuous verbal confrontation to fruitful cooperation. Here, the aim cannot be the radical reorganization of the world economic order by the introduction of elements strongly oriented towards the centrally planned type of economy; this would tend to weaken rather than reinforce the industrialized countries' ability to provide aid. On the contrary, parallel to state aid, the international market mechanism must be strengthened by the removal of obstacles to trade so as to enable the developing countries to adjust to structural changes in the world economy largely on the strength of their own efforts, i. e. to reduce their dependence on the industrial countries. The increased financial aid of the industrial and oil countries should be oriented primarily towards this end. At the same time, the industrial countries must underpin the necessary structural change within their own economies so as to improve the sales prospects for the developing countries' export goods. The indexation of raw material prices, on the other hand, would not be constructive.

### **Pragmatic reform of the international monetary system**

Work on the reorganization of the international monetary order made good progress last year. At the annual meeting of the IMF in 1975, there was already more or less unanimous agreement on important basic questions. At the summit of Rambouillet, the remaining differences of opinion between France and the USA on the question of the exchange rate system were then resolved. The basis for a partial reform of the IMF was thus created and final agreement was reached at the meeting of the Interim Committee in Jamaica in January 1976.

Following Jamaica, the lengthy discussions on the pros and cons of floating exchange rates can be considered closed. Floating has been "legalized", i. e. the monetary constitution has been adapted to real conditions. The IMF's Articles of Agreement are to be amended in such a way that each country is free to choose its exchange rate regime. However, the possibility is envisaged that, with 85% of the votes, the Fund can introduce a system of fixed but adjustable parities. It is certainly to be welcomed that this option is to be expressly written into the Articles; but, for the time being, it will only have theoretical importance. As long as balance of payments disequilibria and inflationary tendencies in the world are not lastingly reduced, there can be no question of a return to fixed parities.



**Our bank at the  
technical fairs  
in Moscow and Peking**

At two large technical exhibitions organised by the Federal Republic in Moscow and Peking in 1975 German industry gave a display of the standard of its technology. Deutsche Bank was represented at both with an information stand, which included a large coin collection and a pictorial display on the bank.

At such exhibitions we aim to be available to help German customers right from the moment business contacts are established, and to give the host country a picture of the range of services offered by Deutsche Bank.

The exhibition in Moscow opened its doors on March 13, 1975. In just under



two weeks 150,000 to 180,000 people visited our stand.

Technogerma in Peking, the largest technical exhibition so far held abroad by the Federal Republic, brought together 358 companies from the Federal Republic from September 5-18, 1975 for the first time since World War II. Here too, spectators showed extremely lively interest in the Deutsche Bank stand. In Moscow the Soviet Deputy Prime Minister Novikov (picture below) and in Peking the acting Chinese Minister for Foreign Trade Yao Yi-Lin (picture above), both of whom were accompanied by the Federal Minister for Economic Affairs, Dr. Hans Friderichs, and welcomed by Dr. Leibkutsch, Member of our Board of Managing Directors, were especially interested in the bank's coin collection.



«Дойче банк»

Efforts to smooth exchange rate movements as far as possible within the floating arrangement and to avoid erratic price fluctuations are to be intensified. The United States also undertook in Rambouillet to participate actively in this strengthened and improved intervention policy. Nevertheless, it must be noted that, for a number of reasons, the central banks' – and not least the American Federal Reserve's – scope for intervention will remain limited and that therefore significant exchange rate fluctuations may occur in the future. Above all, it cannot be the task of intervention policy to prevent any new and fundamental disequilibria that may arise between individual countries from duly affecting exchange rate relationships.

The Jamaica decisions also take due account of the plight of the developing countries. The IMF will sell one sixth of its gold stocks on the free market and use the proceeds to extend balance of payments aid on favourable conditions via a new Trust Fund to developing countries with a low per capita income. In future, it is to be left to the central banks' discretion whether they buy or sell gold on the free market; but the central banks of the Group of Ten have agreed not to increase their total gold stocks over the next two years.

Also favourable to the developing countries was the 33.6% increase in IMF quotas agreed in Jamaica, since this meant a corresponding rise in the volume of credit available to them. This enlargement of the quotas was accompanied by a revision of the country shares in favour of OPEC and at the expense of the industrial nations. With the doubling of the oil countries' quotas, due recognition has been accorded to the greater importance of these states in the world economy.

On the whole, in spite of a good number of questions that remained unresolved – primarily the question of better control of international liquidity and a stronger compulsion to exercise discipline – the world monetary system was successfully adjusted to the changed requirements and circumstances in the reporting year. That this system has many pragmatic features may be considered an unqualified advantage.

But even after this partial reform of the monetary system, the prime task will still be to preserve and further expand, over and above the written rules and regulations, the willingness to extend meaningful mutual aid and to participate in fair international cooperation.

### **New test for the European joint float**

In the course of the year under review, it became clearer than hitherto that in the timetable established years ago with great enthusiasm for an economic and monetary union to be created by 1980, the "hard facts" of European political and economic reality had been underestimated. The "Report on European Union" presented by the Belgian Prime Minister Tindemans confirmed this.

There were a number of encouraging developments. The membership of the United Kingdom in the European Community was confirmed by a referendum and France returned in mid-1975 to the European "snake". The French government was encouraged to take this step by the improvement in the balance of payments and its progress in the fight against inflation. In retrospect, however, the central rate chosen for the French franc proved to be too high.

At the beginning of 1976, the devaluation of the Spanish peseta and the drop in the lira triggered off speculations, amongst other things, about the parity structure within the "snake". These speculations intensified after the pound sterling had also declined markedly. The French franc, above all, came under persistent pressure; even massive concerted central bank interventions could not steady it. After considerable foreign exchange losses, France decided to withdraw from the joint European currency float again, as a result of negotiations with its EC partners. Even after this, tensions and nervousness within the "snake" persisted; in particular, they were concentrated on the Belgian franc and the Danish krone. Outside the "snake", pressure on the lira intensified.

These developments again show clearly that, in the long run, stable exchange rate relationships can only be maintained by a close coordination of economic policies by the countries involved and, above all, by achieving a minimum degree of harmony in the development of prices. They also show how easily, especially in the floating rate system, changes in the valuation of some important currencies can lead to obstinate expectations of corrections to other exchange rates too.

## Net product of the bank – and its distribution

Receipts from the bank's lendings, services and capital investments – as shown in the profit and loss account – amounted to DM 4,320 m. in 1975. Against these revenues were costs amounting to DM 2,443 m.

These may be set out as follows:

	in millions of DM
Receipts as per profit and loss account	4,320
Interest and commission paid to the bank's customers, incl. credit institutions	1,875
Expenditure to cover costs of premises, furnishings and office equipment, etc.	568
Resulting in a net product of	1,877

Through its activities in 1975 the bank was thus able to contribute a sum of DM 1,877 m. to the national income – 6% more than the year before.

A total of DM 1,315 m., i. e. 70% of the earnings, accrued to about 35,900 employees and to retired members of staff. The share of the earnings accruing to the staff can be broken down as follows:

	1975	1974
	in millions of DM	
Wages and salaries	812	732
Profit-sharing and bonuses	152	148
Capital formation	27	18
Compulsory social security contributions	125	107
Retirement pensions and other benefits	187	266
Other social expenditure	12	10
	1,315	1,281

The central, regional and local authorities claimed DM 279.4 m., or 14.9%, in the form of taxes.

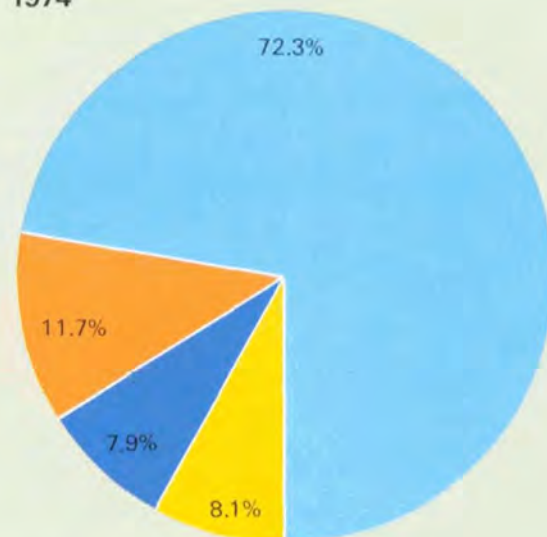
Approximately 194,800 shareholders of the bank will be receiving a total dividend of DM 180 m. on the increased capital following a corresponding resolution of the Annual General Meeting in May 1976.

The company retained DM 102.8 m. in the form of published reserves and special items including reserves.

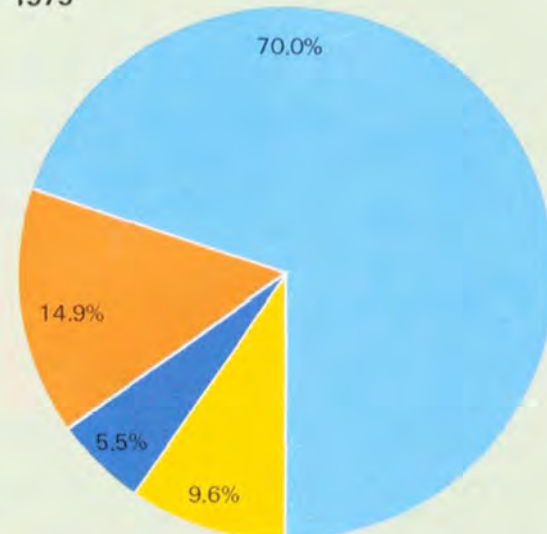
The state claimed over two-thirds of the growth of DM 106.5 m. in the bank's net product; the staff received DM 33.8 m. more and the shareholders will be receiving DM 36.0 m. more than the year before. The remaining sum retained by the company as allocations to the published reserves and special items including reserves contracted on the other hand by DM 36.1 m.

The following changes against the previous year took place in the percentage distribution of net product among the various groups: the state's share increased markedly; the share accruing to the staff has contracted, above all as the allocation to the pension reserve was considerably less than in 1974; the profit distributed to the shareholders has risen, while the share retained by the company has fallen.

1974



1975





### **Further balance sheet growth – sharp increase in own funds**

The Deutsche Bank's balance sheet volume increased in 1975 by DM 6.5 bn. (12.9%) to DM 56.8 bn. Growth in the business volume was slightly lower (12.1%) owing to the reduction in endorsement liabilities. Up to the end of August the business volume was still below the level as at the end of December 1974. It only started to expand strongly during the second half-year in response to public borrowing and the slow onset of economic recovery. Overall growth of the balance sheet and business volume was markedly steeper than the year before.

The balance sheet total of the Group as a whole amounted to DM 91.5 bn. at the end of the year. The increase of DM 12.8 bn. is a reflection above all of the further growth of our Luxembourg subsidiary's international business and the development of our two mortgage banks.

The bank's own funds rose by DM 630 m. following the rights issue in May. Despite the heavy strain on the capital market at that time, the transaction was carried through smoothly. The bank's shareholders subscribed for over 80% of the shares themselves. The markdown on the rights issue, amounting to DM 29.–, had already been recovered in the price by the beginning of July.

### **Good result while interest margin declines**

The bank's operating result excluding own account trading was 9.4% higher than the year before. The interest margin, which had returned to normal in 1974 after contracting sharply in 1973, sank during the year as we reduced our lending rates by more than the fall in our refinancing costs on average over the year. However, the effect of this on earnings was virtually balanced out by the increased volume of lending, especially the growth in our programmed credits and our long-term loans to corporate customers. In 1975, staff and material costs were again more than covered by net interest earnings – a result that we had achieved in 1974 for the first time in three years.

The improvement in our operating result in 1975, a year of recession, was due above all to the extremely favourable development in stock market and issuing business, which led to a substantial rise in commission income. With the profits on own account security

dealings, we were able to achieve a record result in the securities business. Profits on transactions for own account in foreign exchange and precious metals, on the other hand, contracted this year.

At 5.2%, the rise in staff and material costs was markedly lower than in the previous year.

In the case of staff costs, expenditure on wages and salaries rose by more than 10%, but there was, on the other hand, a substantial drop in pension costs, as the bank had already carried out the greater part of the possible special allocation to the provision for pensions in 1974.

The extraordinary items were not burdened in 1975 by depreciation on securities, which had required substantial sums in 1974. In 1974 there had also been the special outlay in connection with the Herstatt case.

As in the previous year, we allowed for all visible risks through value adjustments and the formation of provisions. Winding-up losses were again very low in 1975.

All in all, there was a marked improvement in the year's performance against the previous year.

It will not be easy this year to maintain the present interest margin. In view of rising staff costs it will be all the more important to stabilise the operating result by expanding the bank's volume of business.

At the same time we shall, of course, continue to make full use of all possibilities for restraining the growth of administrative costs. With our technical centre at Eschborn (Taunus) now in service, a good deal of progress has been made in rationalising our operational procedures. This will also make itself felt more and more in the improvement of our customer service.

### **Interest rates decline further in conditions of ample liquidity**

The coincidence of an increasingly expansive Bundesbank monetary and credit policy with an exceptionally high propensity to save and a low level of business demand for credit had an important influence on the bank's business policy in 1975. Our main task was to lower our refinancing costs as far as possible and to pass this reduction on to our credit customers in the lending rates.

By shaping interest rates accordingly, customers' term deposits in particular were reduced by DM 1.8 bn.



These had already been cut back by almost the same amount the year before. It was only in the second half-year that we again made somewhat heavier use of this source of refinancing. Interest rates on savings deposits also declined; the interest rate on savings deposits with a statutory period of notice (standard savings interest rate), for example, was lowered from 5.5% to 4%. A switch from term to savings deposits only took place on a small scale. The growth of savings deposits was due first and foremost to a genuine increase in our customers' saving activity. Savings deposits accounted for about 36% of the bank's inflow of funds in 1975. Customers' sight deposits rose by almost 25%; this also helped to lower the cost of money.

The bank's own bond issues gained in importance. These serve as a source of funds for matching our credit customers' longer-term borrowing requirements on

fixed conditions. Their current volume rose in 1975 by DM 692 m. This growth accounted for 7.9% of total incoming funds.

Our aim in systematically lowering the lending rates has been to reduce our customers' interest burden and, in so doing, to support the Bundesbank's economic policy by stimulating industry's willingness to invest. Towards the end of 1975 our lending rates – especially at the short end – were reduced to a level that had not been reached for some years. Still, it was seen that, given unfavourable sales and earnings expectations, lower interest rates by themselves are not enough to encourage investment. By autumn no expansion had taken place in the volume of lendings despite the steady easing of credit conditions. A turn only came in the last few months, above all as a result of public borrowing, so that by year's end 36.8% of incoming funds had been placed

#### Financing position 1975 amounts in millions of DM

##### Use of funds

Growth of credit volume 3,242

Increase in liquid funds and investments 2,517

Repayment of customers' term deposits 1,792

Other dispositions 1,251

##### Source of funds

Banks' deposits 1,370

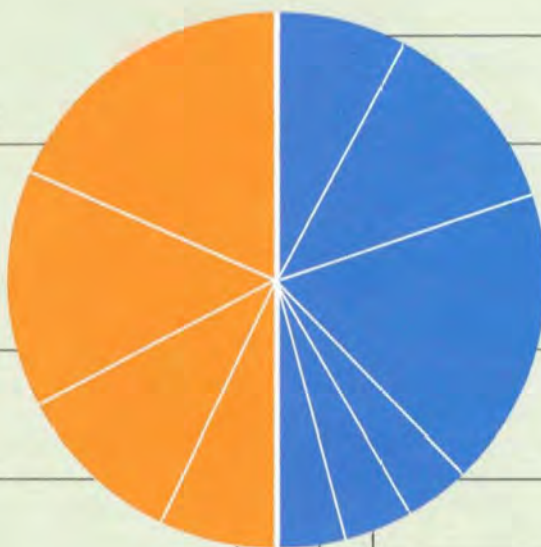
Non-bank customers' sight deposits 2,113

Savings deposits 3,169

Bonds 692

Other borrowings 727

Increase in own funds 731



in new credits. At the same time the bank also reduced its refinancing volume with the Bundesbank; at DM 124.8 m., endorsement liabilities on rediscounted bills fell to their lowest level for years as per the end of December.

### **Record savings volume**

In 1975, the growth in savings deposits reached an all-time high. They rose by DM 3.2 bn. to DM 16.6 bn. (+23.6%). In 1974 the increase had been only just under half this amount. Savings deposits have more than doubled in only five years. Our private customers' saving activity is therefore gaining steadily in importance as a source of finance for our lending business.

As in 1974, our customers showed preference throughout the year for more liquid deposits on savings accounts with a statutory period of notice. These deposits rose by 27.5%, thus increasing considerably more sharply than longer-term savings deposits (19.7%).

The number of savings accounts increased by 4.1% to 4.7 million. At the end of the year the average savings balance was DM 3,502, as against DM 2,952 the year before.

There was growing interest – especially in the first half of the year – for the savings certificates that we have been offering for the past three years. In 1975 savings certificates worth a total of DM 308 m. were sold.

Our savings customers made greater use than last year of their savings balances to purchase securities. Net withdrawals from savings accounts in respect of purchases and sales reached a record high of DM 1.5 bn. At DM 5.0 bn., the total volume of our customers' new savings in the form of increased savings deposits, savings certificates and purchases of securities from savings balances (net) was DM 2.2 bn., or 76.3%, higher than the year before.

The savings plans under the "Erfolgssystem 100" scheme contributed DM 580 m. to the overall result. At the end of the year 1.32 m. contracts, representing a total contract sum of DM 3.8 bn., were held with the bank. The cash savings plan with bonus met with a good response especially among those savers who, after the introduction of income limits, were no longer eligible for state savings premiums. 63,000 new savings contracts of this kind were concluded.

### **eurocheque system expands further**

The eurocheque system was further improved in 1975. Thirty-five countries are now members of the eurocheque-system. A total of thirteen countries issue their own cheque cards, six of which use the standard eurocheque customary in the Federal Republic of Germany and the standard cheque card. German bank customers can now draw cheques in five different countries in the local currencies too, and can therefore pay direct for purchases, settle hotel bills, etc. Other countries will shortly be joining this standardised system.

The German eurocheque Clearing Centre (Deutsche eurocheque-Verrechnungszentrale – DEV), formed by the German banking system as a whole, was established so as to ensure a rational and cost-saving clearing of the eurocheques drawn in foreign currencies. The institution commenced operations in May 1975.

The Federal German Post Office also joined the eurocheque-system with effect from January 1, 1976. Holders of cheque cards of German and also of foreign credit institutions belonging to the system can now cash guaranteed eurocheques at about 15,000 post offices.

In 1975 the number of eurocheque cards issued by us rose to 733,000 (+7.2%).

### **Structural changes on the lending side due to recession**

Over the year the volume of credit varied greatly. In the first half-year it contracted by DM 369 m. The degree to which credit lines already extended to our customers were utilised fell to an all-time low. In the last quarter lendings rose by DM 3.6 bn. At the end of the year they were 10.5% above the previous year's level.

An important reason for the slack demand for credit at home – besides the recession – was also the fact that a large part of the existing credit needs were met on the Euromarkets, where, throughout the year, interest rates were markedly lower than in the domestic market. For Deutsche Bank this meant a shift in borrowings to our subsidiary in Luxembourg, Compagnie Financière de la Deutsche Bank AG. As a result, the volume of industrial credits expanded within the Group as a whole, despite stagnation at home.

In contrast to the business sector, private households took advantage of the steady decline in our interest rates and made increasing use of consumer credits.

In the second half-year we participated in a number of transactions to meet the public sector's high borrowing requirements. All financings were medium-term and helped to prevent the excessive strains that were looming on the capital markets. The share of these credits in total advances thus rose markedly, but did not exceed the tolerable limits.

With regard to the individual types of credit, short and medium-term claims on customers contracted, while discounts rose by DM 1.1 bn. and long-term credits by as much as DM 2 bn. Our corporate customers took advantage of the favourable interest level to consolidate their financial structures by taking up long-term credits. Above all the fixed-interest credits we offered with maturities of four to five years met with a good response.

### **Lively demand for Personal Loans**

There had been a gradual recovery in demand for consumer credits already in the second half of 1974. In 1975, in complete contrast to the cyclical trend and to the general credit pattern, demand jumped almost from month to month. Consumers were generally encouraged by the cuts in interest rates. We feel that the growth in our bank's programmed credits, which far exceeded the average for the banks as a whole, reflects the success of our interest policy and our advertising, which we intensified appreciably during the year under report. We were thereby able to regain market shares that we had lost during the period up to mid-1974 when, in following the Bundesbank's request, we had stopped all our advertising for consumer credits for economic policy reasons. The factual style of our advertising, aimed at providing the customer with genuine information, has now been adopted generally for consumer credit advertising.

The volume of Small Personal Loans (PKK) and Personal Loans for Specified Purchases (PAD) expanded by 45.7% against the previous year. The total amount lent out under these programmed credits amounted to almost DM 2 bn. The credits were used primarily for financing car purchases, but also increasingly for buying furniture and household goods. By year's end about 425,000 customers had utilised the PKK/PAD credit programmes.

At the beginning of 1975 the bank raised the ceiling for Personal Overdraft Credits (PDK) from DM 3,000 to DM

6,000 and thus brought it into line with customers' requirements. In contrast to previous years, there was again stronger demand for overdraft credits for bridging short-term money needs.

Customers showed keen interest in Personal Mortgage Loans (PHD). These were used first and foremost for renovations and extensions as well as for the partial financing of own homes. The volume of PHD loans outstanding at the end of the year amounted to DM 2.2 bn. (+ 22.5%). At the end of 1975, programmed credits accounted for roughly 20% of total claims on customers. The year before the figure had been 15.8%.

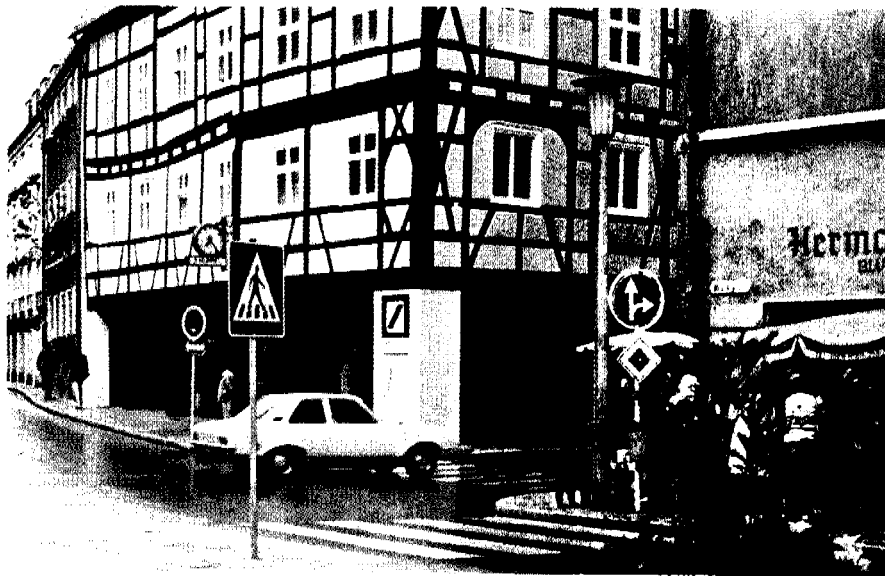
### **Single-source building financing**

In 1975 we combined the various forms of building finance under the name "Deutsche Bank BauKreditSystem". This system now offers the customer complete building financing from one source, eliminates paperwork and is founded on the close cooperation with our mortgage banks and associated building and loan associations. "Tailor-made building finance" can be provided by combining the individual financing elements so as to meet the customer's personal requirements. Other favourable sources of funds (e.g. home construction savings contracts and public funds) can be incorporated flexibly in the overall financing.

In the year under review there was strong demand for building loans especially for financing own homes. Preference was given to financing methods with mortgages covering around 70% of the total costs, long maturities and a low repayment burden. There was strong interest for the new preliminary bank loan, which has been specially tailored to meet this need, in conjunction with home construction savings contracts.

### **A peak year in the securities business**

The favourable development on the stock exchange and capital market contributed to the exceptional growth in our customers' turnover in the securities business. In the bond sector, our non-bank customers' turnover rose overall by roughly 50%. Growth was stronger in the first than in the second half of the year. Bank customers' turnover in bonds increased even more sharply than in the non-bank sector. Sales of our own bonds



### Our contribution to Architectural Heritage Year

1975 was declared European Architectural Heritage Year by the Council of Europe. It selected five towns as model towns for active conservation in the Federal Republic; one of them was Alsfeld in Upper Hesse. One of the oldest houses in Alsfeld is "Bücking House", built in 1515, in the market square (picture above right), in which Deutsche Bank has had a branch since 1967.

Architectural conservation has demanded our bank's attention for a long time, since, with our network of branches spread throughout the entire Federal Territory, we have in many cases found a domicile in old buildings. We have always tried to find harmonious solutions

which suit local conditions. Some examples are the buildings in Munich, Nördlingen and Wiesbaden. The Marienplatz sub-branch in Munich (picture bottom left) goes back to a house built in 1769, whose façade has been renovated in the old style. In Nördlingen (picture top left) Deutsche Bank has had a branch in the former old "meat bank" in the market square, now restored, since July 1975. And at the Wiesbaden branch (centre picture) in Wilhelmstrasse, the Biedermeier (c. 1800) façade has been reconstructed using old stone, and raised one storey preserving the unity of style.

Deutsche Bank is also involved financially in numerous restoration projects. One example is the building of historical interest in Limburg which is shown below right.



with maturities of 4 to 7 years reached a total volume of over DM 1.2 bn. by the end of 1975.

Turnover in shares for non-bank customers more than doubled. The Deutsche Bank's DM 630 m. rights issue in spring 1975 and the placement at the end of the year of the Mercedes-Automobil-Holding AG shares, also representing a market value of over DM 600 m., were both carried through successfully within a few days. They were the two largest share issues ever to be placed on the German capital market.

Falling interest rates, high liquidity, the steadier foreign exchange markets and, most importantly, the growing expectations of a recovery in business activity led to unusually favourable results on virtually all the foreign stock exchanges too in 1975. Prices rose by 30–40% at most centres. Our order volume for American listed securities almost trebled compared with the previous year. There was also a sharp increase in turnover for our customers on the other international stock exchanges.

The number of safe-custody accounts we maintain for our non-bank customers rose in 1975 by more than 27,000 (3%) to more than 800,000, representing a total value of DM 47.3 bn. Roughly 61% of these accounts had a market value of less than DM 10,000.

The open-end property fund "grundbesitz-invest" of our affiliate, the Deutsche Grundbesitz-Investmentgesellschaft mbH, sold investment units worth more than DM 45 m. and thus showed a marked improvement over the previous year. With assets of roughly DM 711 m., "grundbesitz-invest" is West Germany's largest property fund.

There was also an absorptive market for closed-end property funds. Our affiliated company, the Deutsche Grundbesitz-Anlagegesellschaft mbH, set up two closed-end funds with an aggregate certificate capital of DM 88.3 m.

In 1975 we played a leading part in setting up the first fund incorporating foreign property assets to meet customers' demand for an internationally diversified investment medium in the real estate sector. DM 16.1 m. worth of Canada-Grundbesitz units were oversubscribed right away. The investors have a 50% interest in an office and commercial building in Calgary, Province of Alberta.

The Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), Frankfurt (Main), in which we participate with other banks and private bankers, recorded an inflow of DM 464.2 m. from the sale of new units in 1975, which was significantly more than the year before. The aggregate

assets of the eight DWS funds offered to the general public rose in 1975 by about DM 0.8 bn. to DM 3.62 bn. Measured in terms of the total assets of all the security funds belonging to the Bundesverband Deutscher Investment-Gesellschaften, DWS manages every fourth "investment Mark".

In 1975 the funds distributed a total of DM 312.3 m. The re-investment ratio was about 60%, compared with 36% the year before.

INVESTA, the largest and oldest DWS share fund, fared well as regards both sales and price performance. DM 325.6 m. worth of savings flowed to the fund. The value of the INVESTA certificate, including dividends, appreciated in the course of the year by 34.6%.

The DWS bond fund INRENTA followed in second place in terms of new sales with an inflow of funds amounting to DM 78.2 m. The fund's assets rose in 1975 by DM 135.4 m. to DM 1.5 bn. On a sectoral comparison, INRENTA thus ranks with INVESTA as one of the largest German security funds.

The Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt (Main) – whose capital is wholly owned by Deutsche Bank – was entrusted with funds totalling DM 1.6 bn. at the end of 1975. There was further growth in the number of special funds set up and managed by DEGEF for insurance companies, company pension and welfare funds, associations, professional organisations and other institutional investors; in some cases substantial new resources were injected into the existing funds.

The staff funds set up by DEGEF for individual enterprises also expanded in terms of volume in the past business year. For any enterprise – regardless of its legal form – staff funds are a way of introducing employees to saving by investment in securities as a form of individual wealth formation. The recent suggestion by the "Arbeitskreis zur Förderung der Aktie" (Working Group for the Promotion of Share Dealings) in Düsseldorf that participation in staff funds should be encouraged in the same way as issues of staff shares is therefore to be welcomed.

### **Lively issuing business on the domestic market**

The bank's issuing business expanded substantially in 1975. Numerous domestic issuers took advantage of the

favourable development on the stock market to issue new shares. At a nominal volume of more than DM 3 bn. and a market value of almost DM 6 bn. the best issuing result since the war was recorded in this sector. In line with its market position and placing power, the bank took part in virtually every issue project. It participated in the syndicate management of almost 60 capital increases and capital adjustments of domestic issuers. Special mention may be made of the capital increases of Lufthansa, Mannesmann, Siemens and VEW.

The bond market proved to be extremely absorptive. The bank participated in the placement of 20 domestic – for the most part public – issues.

#### **Daimler-Benz shares placed successfully through holding company**

In January 1975 the Friedrich Flick KG offered a 29% equity holding of Daimler-Benz AG, Stuttgart, for sale to the bank. With the agreement of the Daimler-Benz AG and after consultations with the Federal Government the bank purchased the shares with effect from January 1, 1976.

Over 25% of the equity of Daimler-Benz AG (nom. DM 300 m.) was placed with the newly established Mercedes-Automobil-Holding AG – nominal capital DM 300 m. Mercedes shares worth a nominal DM 75 m. were taken over by each of the sub-holding companies, STERN and STELLA, whose shares are held by long-term investors. Mercedes shares worth a further nom. DM 100 m. were offered for sale by the bank in December 1975 and placed with more than 50,000 domestic and foreign investors. Apart from the direct voting rights in Daimler-Benz AG, these Mercedes shareholders are on a par with the Daimler shareholders. The remaining Mercedes shares currently held by the bank will be placed among the general public in the form of a convertible bond issue already announced for May 1976; this convertible loan stock will be offered for subscription to the shareholders of Deutsche Bank and to the non-block shareholders of Mercedes-Automobil-Holding AG.

With this placement concept the bank has realised its aim – declared at the beginning of 1975 – to dispose of the Daimler-Benz shares taken over from the Flick Group in an appropriate manner, i.e. above all so as to preserve the independence of the Daimler-Benz AG.

#### **Foreign business continues to expand**

In 1975 we were able to strengthen our business relations with our international customers. Against the background of declining exports and a slight rise in imports in the Federal Republic, we succeeded in expanding our turnover in connection with the financial settlement of our customers' export and import business and were able to increase our market share.

In contrast to the domestic lending business, cash and "per aval" credits to foreign banks and non-bank customers showed strong growth. Business relations were established with many new important names. Our presence abroad was expanded.

We again made substantial funds available from domestic liquidity for long-term export financing.

The volume of credit extended by the AKA Ausfuhrkredit-Gesellschaft mbH also expanded further in 1975. The AKA Ceiling A, which is made available directly by the shareholders, was raised to DM 4 bn. There was a particularly sharp rise in demand for the financial credits extended to foreign importers for specific purchases under Ceiling C. To take account of this development the ceiling was raised in two stages to its present level of DM 1.5 bn.

#### **Growing importance of the Eurocredit business**

As in the past, we channelled our international credit business where Euro-financings were concerned through our subsidiary in Luxembourg, the Compagnie Financière de la Deutsche Bank AG (CFDB). The CFDB managed a growing volume of larger syndicated Eurocredits.

Particularly noteworthy were the credits managed by us for the Ekofisk consortium – which is engaged in gas and oil exploration and transportation in the North Sea – for the International Investment Bank in Moscow (in connection with the construction of a natural gas pipeline from Siberia to Europe) and for the United Mexican States. The CFDB also acted as co-manager in the credits for Iraq, Iran and the French state-owned Electricité de France.

In expanding our Eurocredit business we adhered to our previous principles of cautious risk limitation and kept a constant check on our exposure in individual countries as well as our overall engagement.



### **Expansive international issuing business**

Not only was the previous year's decline in international issuing business recovered in 1975, but the volume achieved was actually an all-time record. As a result, the bank was able to maintain its position among the leading international issuing houses which it has now held for eight years. Activity in the dollar sector was intensified. In total, our bank managed or co-managed 76 Eurobond issues, 49 of which were denominated in D-Mark. Special mention may be made of the fact that the Kingdom of Norway entrusted part of its borrowing on the European capital market to our bank. Two bond issues, each for DM 100 m., and one for US\$ 50 m., were successfully floated under our management. The bank again managed two dollar issues for a total of US\$ 150 m. for Ontario Hydro, the central energy supply company of the Province of Ontario. The World Bank raised a total of DM 650 m. under our management.

The European Economic Community resolved in March 1976 to raise US\$ 1.3 bn. Our bank was entrusted, as lead manager, with the execution of its proposed financing concept for US\$ 1 bn.: this consists of a 6-year dollar issue for US\$ 300 m., a 7-year DM 500 m. issue and a private placement of medium-term notes for US\$ 500 m. This is supplemented by a roll-over credit with a 5-year lifetime arranged through a syndicate led by the European Banking Co., an EBIC bank. The funds are to be loaned by the Community, subject to certain economic policy conditions, to Italy (US\$ 1 bn.) and Ireland (US\$ 0.3 bn.).

### **1975: Foreign exchange business back to normal**

In 1975 the foreign exchange markets remained free of critical disruptions; nevertheless, there were substantial parity changes in individual currencies. Short-term and for the most part totally unpredictable fluctuations made business still difficult for everyone concerned. As a result there was continued strong demand among our customers for forward exchange cover which we were generally able to meet.

Our turnover in the foreign exchange sector contracted by about 7%. Profits on foreign exchange dealings fell considerably short of the 1974 result, although in that year this sector had benefited from special factors.

The downward trend in the gold price dampened our customers' interest in investments in this area. The fact that our turnover in gold still expanded noticeably may be attributed to the growth in our business with industry and the wholesale trade at home and abroad.

The announced taxation of transactions in gold coins will hamper the sale of gold coins to a wider public and will cause part of the business to shift abroad.

### **London – representative office becomes a full branch**

In the year under review, preparations were made for two important business policy decisions of the bank in the international sector: the conversion of our London representative office into a full branch and the integration of the Deutsche Ueberseeische Bank, in which we have a 97.4% interest. Both of these steps underline our efforts to intensify our international business.

Where the bank has not relied solely on links with correspondent banks, it has maintained its presence abroad so far in three ways: through representative offices at a number of major centres, through its subsidiary, the Deutsche Ueberseeische Bank, which has branches above all in South America (Argentina, Brazil, Paraguay), Tokyo and Luxembourg, and through participations in a number of syndicate banks, the joint ventures established within the EBIC Group being by far the most important. The EBIC banks will remain a vital part of our presence abroad, especially in the USA and South-East Asia; their development is commented on in greater detail below. However, in addition, it has proved necessary, not least to the end of strengthening the EBIC Group as a whole vis-à-vis its competitors, for us – as an international bank – to operate under our own name in major international financial centres. The conversion of our London representative office into a branch, which became effective on January 15, 1976, is to be seen in this light. The Deutsche Bank is thus represented once again by a branch in the City of London, where the "Deutsche Bank London Agency" had operated with great success in the period from 1873 to 1914. The main emphasis of our future activities in London will be on the international lending business.

The integration of the Deutsche Ueberseeische Bank into the Deutsche Bank, which is to be resolved upon at the annual general meetings this year of the Deutsche Bank and the Deutsche Ueberseeische Bank,

is also intended to serve our aim of conducting our international business more strongly in our own name in future. The customers of the Deutsche Ueberseeische Bank will be able to use the comprehensive services of the Deutsche Bank.

After integration, Deutsche Ueberseeische Bank's very successful Tokyo branch will become a Deutsche Bank branch. The South American branches of the Deutsche Ueberseeische Bank, on the other hand, will continue to operate under their traditional names "Banco Alemán Transatlántico" and "Banco Alemão Transatlántico".

#### **Development of our associated banks**

The Banco Comercial Transatlántico, Barcelona, an important part of whose customers is traditionally made up of German companies' Spanish subsidiaries, has continued to expand. In the year under report it increased the number of its branches by 7 to 74. Outside Catalonia, the bank's branch network covers Madrid and a number of other important centres in Spain, especially on the East coast.

Our cooperation with the Banco Bradesco de Investimento S.A., São Paulo, in which we participate with other EBIC partners – the Deutsche Bank also holds one seat on the bank's board of directors – continued to be a success. Through this bank in particular, which belongs to the group headed by Brazil's largest private bank, we were able to intensify our services to German investors. This is done in close collaboration with the São Paulo branch of the Deutsche Ueberseeische Bank.

The European Brazilian Bank Limited, London, in which – besides Banco do Brasil S.A. and the Bank of America N. T. & S. A. as main shareholders – other international credit institutions, including our bank, participate, was able to continue expanding its business. Here the emphasis was on granting and placing medium-term loans for infrastructural and industrial projects in Brazil. To meet the expansion of the bank's business volume new funds were injected by the shareholders.

The International Mexican Bank Ltd., whose shareholders include – besides Banco Nacional de México S.A. – a bank from the USA, Switzerland, France and Japan as well as our institution, completed its first full business year in 1975. During the short period it has been in existence, this institution has succeeded in mak-

ing a name for itself through the financing projects it has carried out in connection with the expansion of the Mexican economy. The second half of the capital of £stg. 5 m. was paid up to take account of the growth in business volume.

The UBS-DB Corporation, New York, in which the Schweizerische Bankgesellschaft and our bank each hold a 50% interest, was able to expand the volume of both its security trading and issuing business. It participated in the underwriting of 316 new issues. The bank devoted special attention to advising German companies on financing projects in the USA.

In 1975, the Foreign Trade Bank of Iran, Tehran – our interest 11.8% – played an active role in financing Iran's strongly expanded foreign trade and was thus able to achieve substantial growth in its business. In order to bring the bank's own funds into line with the growth of the balance sheet volume, the capital was raised in the ratio of one for two to Rials 1,050 m. (roughly DM 39 m.). We participated in this capital increase.

With the acceleration in the pace of Iran's economic development, the Industrial and Mining Development Bank of Iran, Tehran, Iran's largest development bank, raised longer-term funds not only with public international institutions (e.g. the World Bank) but also in the private international financial markets. Under our co-management a Euromarket credit for US\$ 100 m. was placed in autumn and a US\$ 30 m. bond issue in February this year.

The capital of the Iran Overseas Investment Bank Ltd., London, in which Bank Melli Iran and the Industrial Mining Development Bank of Iran now each have a 25% holding and our bank a 6.3% interest, was raised from £stg. 5 m. to £stg. 8 m. The institution was able to make a successful start in the international financial markets.

In the year under review a particularly important new name was added to our foreign interests with the Al-Bank Al-Saudi Al-Alami Ltd. (Saudi International Bank) in London. With a 5% shareholding we participate along with a number of other international institutions in this merchant bank, whose principal shareholder is the Saudi Arabian Monetary Agency (SAMA). The bank's activities encompass the whole spectrum of operations conducted by similar London institutions. The intention underlying this new venture is to integrate Saudi Arabia more closely into the international financial markets. Another major aim is to train young Saudi-Arabian bank staff.

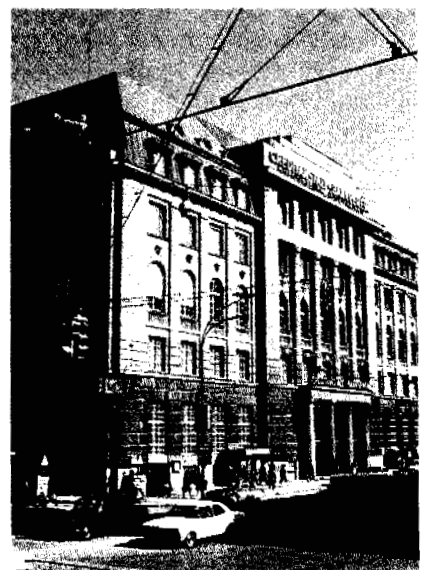
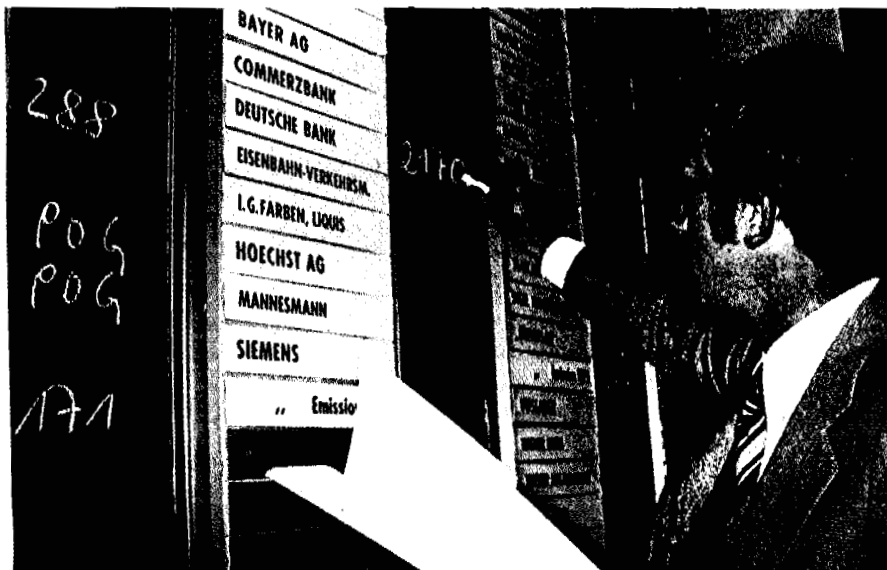




**Deutsche Bank share on the Vienna stock exchange and three Swiss ex-  
changes**



The capital of Deutsche Bank is widely spread among 194,800 shareholders. More than one fifth of the share capital is held by foreign investors in almost 100 countries. On the German stock exchanges the DB share has been a favourite in terms of turnover for years, and in 1975 it was right at the top of the turnover list. It is now also increasingly being included in official trading on the major foreign stock exchanges. On the Paris bourse DB shares have been quoted since February 1974. Since October 2, 1975 our shares have been admitted to trading and to official listing on the Vienna stock exchange, and since December 17, 1975 on three Swiss stock exchanges, in Zürich, Basle and Gene-

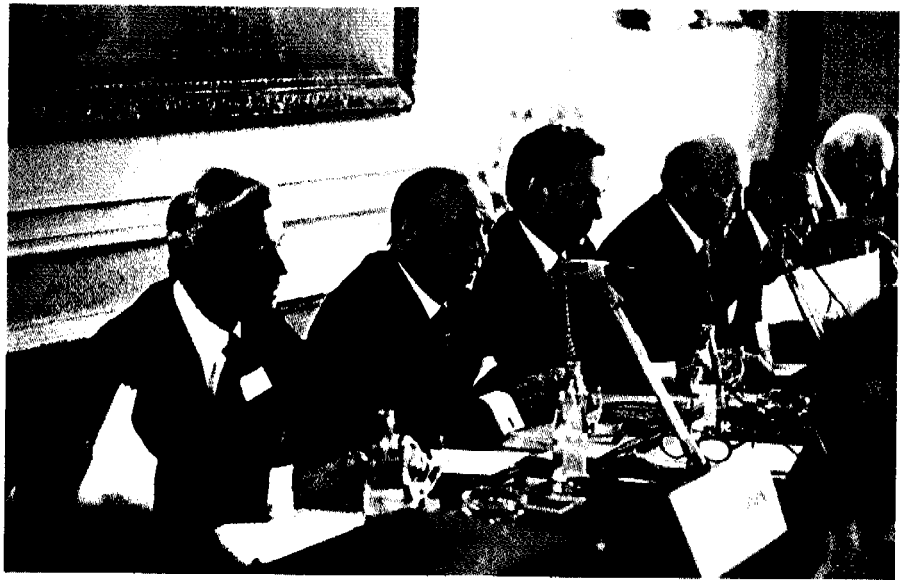




va. In summer 1976 Deutsche Bank will probably appear in the quotation list of the London stock exchange.

This international spread of quotations is in line with the continuous expansion of our international business. It is becoming easier for foreign investors to purchase German shares on their own country's stock exchanges.

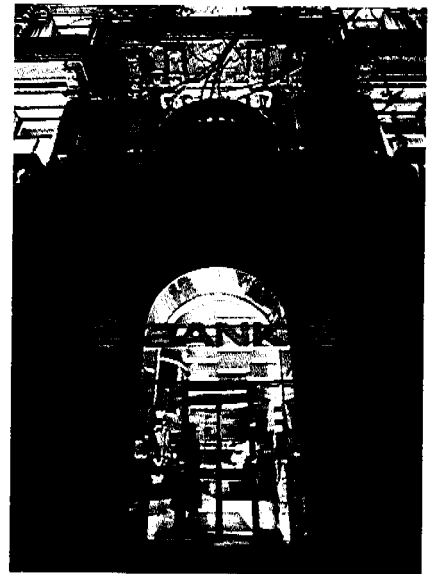
The picture at the top of the left-hand page shows Members of our Board of Managing Directors visiting the Vienna stock exchange together with Dr. Heinrich Treichl, Managing Director of Creditanstalt-Bankverein. This bank – our EBIC partner in Austria – prepared the introduction of our shares in Vienna. The DB share was quoted for the first time on the Floor of the Vienna stock exchange at 2,170 Schillings.



The traditionally close ties between the Swiss and German capital markets and the strong interest of Swiss investors in German shares were the deciding factors for the introduction of our shares in Switzerland, in which we were helped by the Swiss Credit Bank.

The top right-hand picture shows Members of our Board of Managing Directors, Dr. Christians, Franz Heinrich Ulrich and Dr. Guth (fourth from left) and Managing Director Gut of the Swiss Credit Bank (third from left) at a press conference in Zürich.

The first quotation of the DB share in Zürich was 336 Swiss Francs. The Deutsche Bank is one of the 137 foreign shares officially traded on the almost 100-year-old Zürich stock exchange.



Unternehmen	Preis	Wert
Royal Dutch	26 1/2	26
Sodac	101	101
Solvay		9
Unilever		
AEG	116 1/2	117
BASF	86	88
Demag	148 1/2	153
Deutsche Bank		
Degussa		336
Bayer		246
Hoechst	125	126
Mannesmann	144 1/2	146
RWE Stamm	303	308
Schering	135 1/2	136
Siemens	383	
Thyssen	283 1/2	286
W	97 1/2	98
		136

### **EBIC: successful cooperation between banks**

The friendly cooperation of this group of European banks, all of which occupy a prominent position within the banking system of their own countries, has continued now for over a decade. During this period, in which European integration has gone through encouraging and disappointing phases, EBIC cooperation has strengthened and proved a success. The EBIC banks – Amsterdam-Rotterdam Bank N.V., Amsterdam; Banca Commerciale Italiana S.p.A., Milan; Creditanstalt-Bankverein, Vienna; Midland Bank Ltd., London; Société Générale de Banque S.A., Brussels; Société Générale, Paris and Deutsche Bank AG – have all contributed to the strengthening of the EBIC Group by virtue of their own successful development. The Group's service potential is reflected by, amongst other things, the aggregate balance sheet total of US\$ 132 bn. (end of 1974) compared with US\$ 107 bn. (end of 1973). The EBIC banks operate more than 9,800 offices throughout the world. The number of employees amounted to 197,000.

The European Advisory Council, which deals with principles of EBIC business policy, is made up of the following members:

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

Sir Archibald Forbes (until 8. 6. 1975)  
Lord Armstrong of Sanderstead (from 9. 9. 1975)

M. G. Wilcox  
Midland Bank Limited

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

M. Lauré  
J. Richard  
Société Générale (France).

EBICLEASE, a contact service supplementing export financing provided by the EBIC banks since 1974 in the cross-frontier leasing business, developed encouragingly in 1975. The EBICREDIT system was continued.

Internally, the partner banks intensified the exchange of experience on banking problems within various specialised groups. Greater attention was paid to the joint training of young managerial staff for the international business. These "EBIC MEN" are becoming more and more the connecting link between the partner banks. They are also of course particularly well-suited candidates for filling vacant posts in the joint ventures.

### **Growing importance of the EBIC joint ventures**

The EBIC banks see the concept underlying their cooperation confirmed above all by the successful development of their joint ventures. These institutions supplement the individual EBIC banks' international business in both a regional and functional sense.

During the past business year the most important joint ventures, the two New York institutions – the European-American Banking Corporation and the European-American Bank & Trust Company – were able to integrate those parts of the former Franklin National Bank's business taken over in the autumn of 1974. The new business with private American individuals, which was made possible through the branches acquired in New York and Long Island, started off well. There was a noticeable rise in the current account and savings deposits of these customers as well as in lendings in this area in 1975. The banks continued to operate successfully in their traditional activities, such as international business with correspondent banks, credit business with American and international companies and all-round banking services for European companies' American subsidiaries. The deposits and amounts due to customers increased during the past business year by 15% to US\$ 3,695 m. Lendings rose by 12% over the same period. The management made allowance for possible loan losses through appropriate value adjustments.

The two institutions, which, with 3,650 employees, rank together among the larger New York banks, achieved a combined balance sheet total of US\$ 4,523 m. at the end of 1975.

The Banque Européenne de Crédit (BEC), Brussels, which is engaged in the Eurocredit business, continued



### Inauguration in Jakarta

On October 23, 1975 the European Asian Bank (Euras), Hamburg, a joint venture of EBIC, had its big day. A new branch building (picture centre left) was officially opened in Jakarta, the capital of the Republic of Indonesia. Eurasbank, which was founded in 1972 and achieved a balance sheet total of approx. DM 900 m. in 1975, is primarily intended to promote trade and financial relations between Europe and Asia, in order to make use of the great growth potential of the S.E. Asian economic area. It now has five full-service branches in Jakarta, Hong Kong, Karachi, Kuala Lumpur and Singapore.

Dr. Guth, Member of our Board of Managing Directors, who is Chairman of the Advisory Council of Eurasbank, was able to welcome not only important guests from the political and economic life of Indonesia at the opening of the new building in Jakarta (cf. picture centre right). He also spoke to about forty leading economic correspondents from six European countries, who had been invited by the EBIC banks. Eurasbank's female members of staff presented a most colourful picture in their magnificent regional costumes from all parts of the island state (picture top left).

The journalists had the opportunity to spend over a week getting to know Indonesia, the fifth largest country in the world, and also the important financial centre of Singapore. In Indonesia the Governor of the central bank and the Ministers of Finance, Economic Affairs and Trade gave an interview for the international press (bottom picture). In Singapore the European journalists were able to talk with the Prime Minister.



to develop well. The balance sheet total rose by 21% to Belg. frs. 71.4 bn. (US\$ 1,770 m.). Credits extended in the medium and long-term sector increased by 25% to Belg. frs. 52.4 bn. (US\$ 1,298 m.), Belg. frs. 45.8 bn. (US\$ 1,135 m.) of which were utilised at the balance sheet date. In the past business year the bank was able to expand its credit business substantially with public and semipublic institutions in various countries and thus managed to compensate for the slacker demand for credit among private investors caused by the worldwide recession. In 1975, BEC consolidated its position as a leading syndicate bank in the medium and long-term Eurocredit business. The bank managed or co-managed 18 international syndicate loans, representing a total volume of US\$ 700 m. It participated in a further 45 syndicate loans. In February 1976 BEC increased its capital by Belg. frs. 814.7 m. (roughly US\$ 20.6 m.) to Belg. frs. 2,240 m. (approx. US\$ 55.5 m.)

The European Banking Company Ltd., London, the EBIC Group's merchant bank that was established in 1973, was able to expand its activities markedly during its second full business year in view of the productive international capital market. The bank acted as manager for the first time in four issues totalling US\$ 71.1 m. It co-managed 11 issues, representing a volume of US\$ 287.9 m., compared with 5 issues up to the end of 1974. It participated as underwriter in 122 issues. In the international syndicated Eurocredit sector, the bank managed five syndicated credits for a total of US\$ 40.1 m. and acted as co-manager of six credits for a total volume of US\$ 304 m. In its function as merchant bank, the institution was intent on further expanding its services in the field of financial consulting. The balance sheet total rose by 33% to £stg. 227 m. (US\$ 459.3 m.).

The Europäisch Asiatische Bank AG (Eurasbank), Hamburg, which was established in 1972 and operates branches in Hong Kong, Jakarta, Karachi, Kuala Lumpur and Singapore, has proved to be an increasingly efficient international commercial bank as well as a competent intermediary for EBIC bank customers in the expanding East-Asian economic region. In 1975 the bank was able to expand its business relations with Asian customers. In the past business year the balance sheet total increased by 35% to DM 896 m. The business vol-

ume exceeded the DM 1 bn. mark for the first time. In October 1975 the bank opened a regional office in Manila.

The fact that a municipal sub-branch opened by the Hong Kong branch in 1974 for Chinese customers started to earn profits in 1975 may be seen as an indication of future business prospects. In view of the further strong expansion in business volume that is expected, the EBIC banks raised Eurasbank's capital in March 1976 from DM 28 m. to DM 56 m. Including reserves, the bank now has own funds amounting to about DM 95 m.

In the Australian-Pacific region, EBIC is represented by the Euro-Pacific Finance Corporation Ltd. (EPFC), Melbourne, with offices in Sydney and Port Vila (New Hebrides). The company, which is engaged primarily in medium and long-term industrial financing, but is also active in the merchant banking sector, held a credit portfolio totalling Austr. \$ 154 m. (DM 507.4 m.) at the end of the 1974/75 business year, Austr. \$ 42 m. (DM 138.4 m.) of which was refinanced on the international credit markets. The balance sheet total rose by 21% to Austr. \$ 163 m. (DM 537.1 m.).

With the strong expansion in European-Arab business relations, the Europäisch-Arabische Bank GmbH, Frankfurt (Main) and the European Arab Bank (Brussels) S.A., Brussels, recorded above-average growth in their business. Both institutions are subsidiaries of the European Arab Holding S.A., Luxembourg, which was established in 1972 by the EBIC banks and 14 leading Arab banks. The Europäisch-Arabische Bank GmbH, Frankfurt (Main), was able to expand its business volume, especially in connection with the handling of German exports to Arab countries, by 41% to DM 509 m. The European Arab Bank (Brussels) S.A. in Brussels, whose activities are centred on syndicated Eurobusiness with predominantly Arab customers, increased its balance sheet total by 33% to US\$ 340 m. It is planned to set up another subsidiary in London. The question of a direct business presence in the Arab region is under consideration. In view of the expanded business volume the EBIC banks and their Arab partners have decided to raise the holding company's capital from Lux. frs. 1 bn. to Lux. frs. 2 bn. (c. US\$ 50.6 m.).

## Olympic documents in Munich

On January 15, 1976, shortly before the 12th Winter Olympic Games started in Innsbruck, a new stamp exhibition entitled "Winter Olympic Games from 1924 to 1976" was opened at our Munich branch. This touring exhibition has over 20 display boards showing stamps, pictures and documents on the winter sports competitions of past years. It is thus an addition to our series of collections displayed earlier on other major sporting events, such as the 1972 Olympics in Munich or the 10th Football World Cup in 1974.

Exhibitions of this kind are part of the wide spectrum of our bank's public relations work. Interest in these special displays, which are shown in many towns, is great, not only in special circles. They also attract a good response from the general public.

Munich gave renewed proof of this. Dr. van Hooven of our Board of Managing Directors (middle picture) was able to welcome the most successful German skiers and figure skaters of the past forty years (top picture) before numerous guests. The former champions include Christl Cranz, gold medallist at the 1936 Games in Garmisch-Partenkirchen and 12 times world champion, Heidi Biebl, winner of the Olympic downhill, Manfred Schnelldorfer, Olympic winner in figure skating, Ernst Baier, who together with Maxi Herber was winner of the figure skating (pairs) at the 1936 Olympics, and Franz Vogler, bronze medallist in the downhill. From Austria, the Deputy Secretary General of the 12th Winter Olympic Games, Franz Wieser, conveyed greetings from Innsbruck.





### Only slight increase in numbers

At the end of 1975 the bank employed 35,994 members of staff. That was only 174 (0.5%) more than a year earlier. The target we had set for 1975, not to increase our staff any further, was thus largely fulfilled. With 12.1% growth in the volume of business and 9 more branches in our network, this again shows the results of our constant efforts to rationalise.

During the year under review there was a further decline in the number of staff who left us. The rate of turnover which can be influenced by personnel policy fell from 3% to 2%.

At the end of last year we were taking care of 8,166 retired members of staff and widows, and 138 orphans. The number of retired employees will rise further in the coming years owing to the higher numbers of staff in this age group.

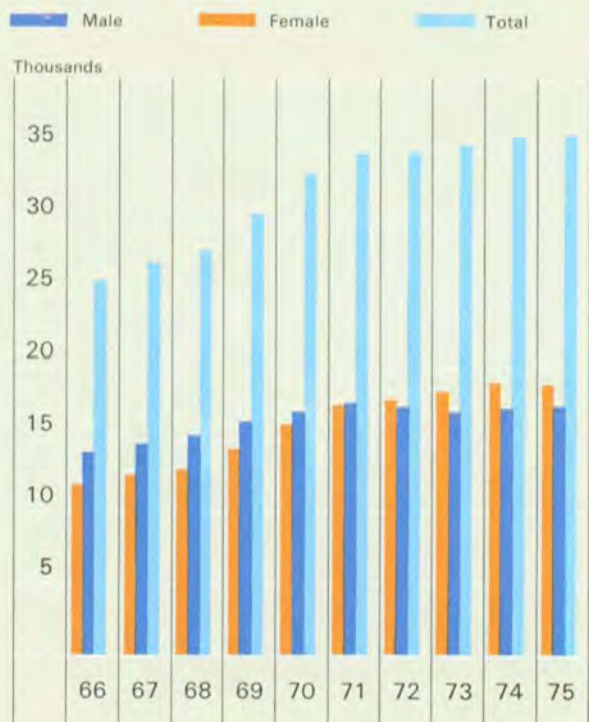
### Training opportunities increased

Being aware of our responsibility to the economy as a whole, we took on a markedly greater number of apprentices in 1975 than in the previous year. We engaged 1,447 apprentices, which was 341 more than in 1974. 37.5% of them had passed the "Abitur" examination. This year, too, we shall make training vacancies available to approximately the same number of young people. This policy is oriented towards the longer term and we intend to pursue it despite cyclical fluctuations. At the same time we try to employ all apprentices who complete their training successfully as regular members of staff.

As it is our general policy to fill more senior positions from our own staff, there are many opportunities for promotion open to young employees who have completed their apprenticeship and are suitably qualified. This applies also to entrants with a university background once

### Growth in number of staff from 1966 to 1975

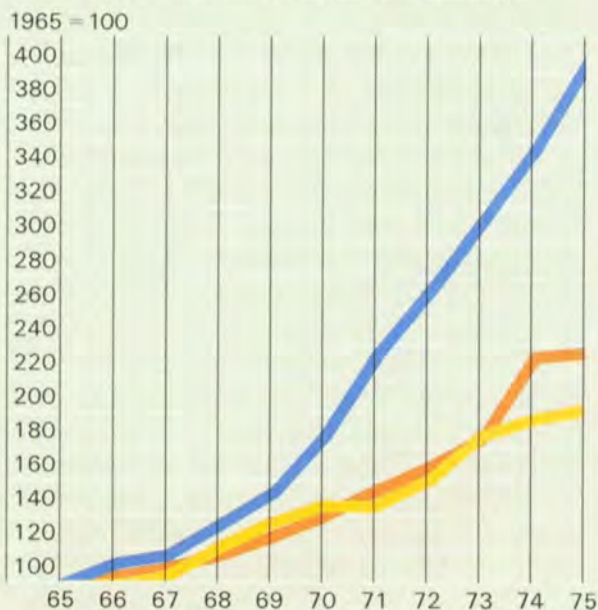
including part-time employees and apprentices



### Growth of expenditure on staff

- Staff expenses per employee\*
- Compulsory social security contributions per employee\*
- Volume of business per employee\*

\*Apprentices counted as 0.3, part-time staff as 0.5



they have finished their basic all-round banking training. In 1975 we took on 60 young graduates.

### Rising staff costs

Although the rise in the number of employees was slight, expenditure on salaries and social security contributions increased by 11.1% to DM 1,127.5 m. during the year under review. This was due mainly to the overproportional increase in social security contributions again and to the general pay rises. The agreed-scale salaries were increased by 6.5% from March 1, 1975; we also raised the salaries of those not covered by the salary scale. In addition, our contribution for employees participating in the state capital formation scheme was increased from September 1, 1975, by DM 13 to DM 52 per

month. This means that the full amount which can be saved in accordance with the 624-DM-Law is now contributed by the bank.

The scope of social security provided for by law has grown steadily in the past years. Only a small proportion of the expenditure is, however, borne by the state. Employee and employer are sometimes required to pay equal amounts. In many cases the employer has to bear the costs alone. For our bank compulsory social security contributions came to DM 125 m. in the past year. In addition there were the bank's voluntary contributions which we improved further. From January 1, 1975, for example, the basic holiday allowance was doubled. The bank pensions and orphans' allowances were also increased with effect from July 1. Altogether voluntary social benefits – including expenditure on retirement pensions – totalled DM 187 m. last year. Overall staff costs (salaries, compulsory social security contributions,

### Training system within the bank

Functional grades	Fields of work = Fields of training – key functions as broad training aims –		Training levels
<b>Manager</b>	<b>Entrepreneurial field of work</b> <b>Executive management</b>		<b>Management training</b> Management training II
	Fields of work Services Corporate customers, Private customers/Sub-branches, Investment, Credit business, International business	Internal fields of work Personnel, Internal organisation and administration, Accounting/Planning	<b>Further training</b>
<b>Head clerk</b>	<b>Management</b>		Management training I
<b>Specialised clerk</b>	<b>Problem-solving</b>		Advanced specialised training programme
<b>Qualified clerk</b> Clerk	<b>Processing / Administration</b>		Specialised training
<b>New entrants</b>	Acquisition of basic knowledge required for banking profession <b>Learning</b>		<b>Basic training</b> Vocational training Trainee programmes Training of entrants from other jobs



expenditure on retirement pensions and other benefits) rose by 2.6% to DM 1,314.5 m.

### Second staff share scheme

For the second time we offered staff shares to the employees and retired members of staff of our bank and our domestic subsidiaries. The operation was once again very successful. The subscription level surpassed the good results of the previous year, partly due to the favourable price at which the shares were offered. About three quarters of the 38,024 employees entitled to purchase the shares took advantage of the offer; more than half of the retired members of our staff made use of the opportunity. The overall participation rate was 70.5%, which was 6.1 percentage points higher than in the previous year. 5,100 members of staff purchased the

shares for the first time. There are now 35,000 holders of staff shares.

By buying staff shares our staff have given proof of their interest in participating in broadly-based capital formation. Individual responsibility and power of disposal, earnings opportunities and risk are understood to be basic elements of ownership.

### Results of the staff share scheme in 1975

	Entitled to subscribe	Purchase orders No.	in %	Number of shares purchased
Deutsche Bank AG				
Employees	34,395	25,942	75.4	49,591
Retired members of staff	8,055	4,327	53.7	8,650
Domestic subsidiaries				
Employees	3,629	2,433	67.0	4,664
Retired members of staff	972	486	50.0	971
Deutsche Bank Group	47,051	33,188	70.5	63,876
Comparative figures from 1974:	44,489	28,675	64.4	55,106

### Staff structure by function

Position: 1. 1. 76

Management	2.7%
Head clerks	4.0%
Specialised clerks	9.6%
Qualified clerks	14.7%
Clerks	38.6%
Secretarial staff	6.0%
Other clerical staff	19.2%
Technical and other non-clerical staff	5.2%
Total	100%

### Staff development and information

Our staff planning system, which helps indicate the staff we will require in the years to come, has been developed further. It should be regarded as an essential element of our corporate planning. The conclusions reached have a direct effect on our training and staff development activities.

In selecting and promoting our staff we have for years been using a standardised assessment procedure. A comprehensive survey has enabled the practical application to be improved.

To provide our employees with more information on the bank we have compiled a new brochure entitled "Was ich als Mitarbeiter der Deutschen Bank gern mal wissen möchte" (What I would like to know as an employee of the Deutsche Bank). It was well received by our staff. A "Staff Recruiting Manual" was drawn up in conjunction with the Advertising and Public Relations Department, and will ensure that the public is presented with one single image of our bank in this field as well.

## Move to Eschborn

At the beginning of December 1975 several departments of the Frankfurt (Main) Central Office moved into the upper storeys of our new bank building in Eschborn. Then in February 1976 they were followed by the sections primarily engaged in handling domestic and foreign payments business, which were previously part of the Frankfurt Central Office or branch, and have now been combined in an independently organised unit "Taunus-Zentrum Eschborn (TZE)".

The lack of suitable building sites in the centre of Frankfurt led to the Taunus-Zentrum Eschborn being constructed on the outskirts of the city. The new building, erected in about 4 years, stands along with the Eschborn Central

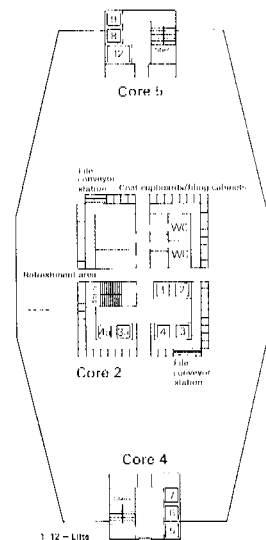
Printing Office and the kindergarten/keep-fit centre on a site of about 30,000 sq.m. The 22-storey middle wing towers up about 95 m. The building, which is divided into three wings up to the second storey, is 122 m. long and 90 m. wide, i.e. bigger than a football pitch. There is a total of about 40,000 sq.m. office space (actual office area in the basement 1,200 sq.m., ground floor c. 4,600 sq.m., 1st floor c. 3,800 sq.m., 3rd-18th floor 1,600 sq.m. each), adequate space for roughly 3,000 members of staff.

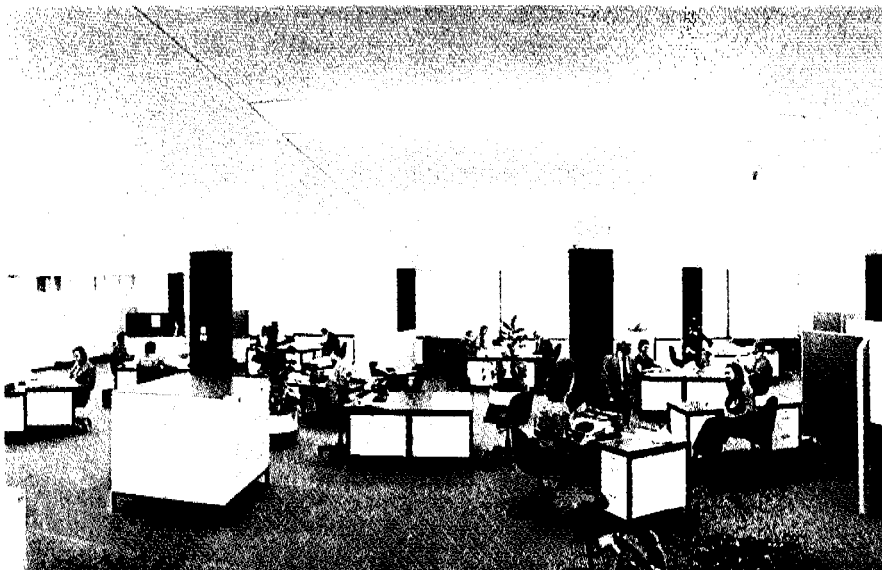
It is an "office block with a heart"; special attention was devoted to the well-being of our staff in its construction. There is a refreshment area with comfortable seats and hot and cold drink dispensers on each floor. Meals can be had in the centre's restaurant which seats about

500. The cafeteria offers hot and cold drinks, cake, biscuits or savoury rolls. A self-service store with articles for everyday needs, the kindergarten for up to 100 children and the keep-fit centre are further attractions in Eschborn. Provision was also made for our members of staff who come to work by car; parking space is available for about 950 vehicles.

The new building meets the most modern technical standards. For instance, an automatically controlled high-pressure air-conditioning system ensures a constant pleasant temperature. There are 13 lifts for people and 4 for goods; files and documents are transported inside the building by a modern box-type conveyor system.

On the ground floor there is also a branch of Deutsche Bank.





### **Intensive vocational and further training**

Internal vocational and further training involves high costs for all large enterprises. This investment in training is necessary to ensure that the company's long-term aims can be achieved too.

The bank endeavours to offer its staff a carefully coordinated programme of vocational and further training. In 1975 it spent approximately DM 46 m. in doing so, which corresponds to 4.6% of current salary expenditures during the same period. About DM 27.5 m., or 60% of the costs, went towards vocational training.

Continual expansion of our range of services and changes of an organisational/technical and legal nature make it necessary for us to provide our clerks and specialised members of staff with selectively designed further training. Last year we concentrated on the corporate and private customer sectors. It is important to have both customer counsellors with all-round training and well-versed administrative staff. We have therefore examined the training programmes for these sectors and have modified them to meet the new organisational requirements.

Among the sectors to which we devote special attention are management and socio-political training. For managerial staff at all levels – from supervisors and sub-branch managers to the managers of our regional head offices and central offices – we offer coordinated management seminars tailored to suit the different tasks. Thorough instruction in problems concerning personnel management, based on practical cases, and in current questions of business and social policy is essential. We want well-informed, cooperatively thinking bank employees. Special seminars and language courses were also held jointly with our EBIC partners. We hope that they will help strengthen the idea of European cooperation among the partner banks.

In 1975 a total of 14,554 members of staff took part in the 783 courses held centrally and throughout the bank. This included 646 seminars, attended by 12,187 mem-

bers of staff, devoted to special and advanced training; management training, with special emphasis on personnel and team management, was the subject of 137 seminars attended by 2,367 managerial and specialised staff.

650 lecturers were involved in this training. They were on the whole members of the bank's own staff. This number does not include either those members of staff actually employed in training or the numerous colleagues who each day provide a valuable contribution to training through instruction on the job.

### **Cooperation with the Staff Councils**

At all the branches and among those representing the bank as a whole there was intensive cooperation and frequent exchanges of views with the Staff Councils in 1975 as well. In our bank there are at present 233 Staff Councils with a total of 1,009 members, who were newly elected for a regular term of office in April 1975.

The management met together with the Management Committee of the Staff Council of the entire bank on average once a month to discuss personnel and social matters. Economic questions were also discussed frankly at frequent meetings with the Economic Committee. We work together with the Staff Councils at a local level in an equally fair manner.

We are most grateful to the members of the Staff Councils, the Staff Council of the whole bank and the Economic Committee for their constructive cooperation in a spirit of mutual trust.

### **Thanks to all the staff**

The good results for the 1975 business year would not have been possible without the successful activity and combined effort of everyone in the bank. We wish to express our thanks to all the members of staff for the part they played.

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

Rolf Arnecke, Braunschweig	Rolf Hülsen, Krefeld	Heinrich Sarres, Wesel
Wilfriede Arnold, Frankfurt (Main)	Hans-Wolfgang Kahl, Mannheim	Willi Sarstedt, Gummersbach
Manfred Badenbach, Ingolstadt	Rudolf Keller, Frankfurt (Main)	Emmy Seidel, Remscheid
Paul Baumgardt, Düsseldorf	Horst Kinne, Nuremberg	Nikolaus Senzel, Frankfurt (Main)
Johann Bentz, Aalen	Wilhelm Klein, Frankfurt (Main)	Dorothea Six, Siegen
Bernhard Bläcker, Rheine	Günter Knöss, Frankfurt (Main)	Annemarie Smelhaus, Frankfurt (Main)
Franziska Blos, Munich	Wilhelm Kupitz, Neheim-Hüsten	Johann Schlösser, Düsseldorf
Walter Bonfert, Hanover	Hans-Joachim Leyendecker, Duisburg	Irmgard Schmidt, Frankfurt (Main)
Mathias Bröggen, Stuttgart	Jörg Lichey, Düsseldorf	Karl Schmidt, Frankfurt (Main)
Richard Broihan, Wolfenbüttel	Elfriede Lipsmeier, Düsseldorf	Ruth Schmidt, Hamburg
Rosemarie Buballa, Stuttgart	Martha Lotz, Wuppertal	Georg Schmitz, Cologne
Doris Dadischek, Frankfurt (Main)	Matthäus Mair, Freiburg	Paul Schwere, Frankfurt (Main)
Hans Dickhoff, Goch	Karl Manske, Augsburg	Erich Schwiegel, Cologne
Bruno Dotter, Villingen-Schwenningen	Wolfgang Mauritz, Hamburg	Käthe Stangneth, Hamburg
Ernst Elter, Cologne	Emil Melchior, Trier	Günter Steffenhagen, Düsseldorf
Fritz Ernstberger, Frankfurt (Main)	Josef Mertens, Essen	Ludwig Stienen, Osterode
Wilhelm Fischer, Eschwege	Eike Neumann, Munich	Erich Völkner, Villingen
Adolf Fogger, Munich	Ernst Ogrzewalla, Frankfurt (Main)	Eugen Wägerle, Stuttgart
Walter Fromme, Cologne	Hans Paetow, Hamburg	Karl Wagner, Recklinghausen
Ernst Gast, Wuppertal	Bernd Pehl, Leverkusen	Leonore Weber, Düsseldorf
Rolf Greven, Barmen	Christa Petermann, Wiesbaden	Ernst Weisshoff, Bremen
Hanswalter Grossmann, Frankfurt (Main)	Dagmar Pfautsch, Lübeck	Franz Weitprächtiger, Bad Cannstatt
Rudolf Hahn, Hanover	Erika Quanz, Frankfurt (Main)	Friedrich Welter, Düsseldorf
Günther Heinick, Frankfurt (Main)	Hans Quiske, Cologne	Heinrich Wilden, Düsseldorf
Gerhard Höfer, Stuttgart	Renate Rahtz, Hanover	Luise Wippel, Frankfurt (Main)
Hanns Hösl, Munich	Engelbert Rauck, Frankfurt (Main)	
Marion Hübner, Düsseldorf	Gisela Rosenberger, Hamburg	

We mourn the passing away of 259 retired employees of our bank.

We shall always honour their memory.



## Who owns the Deutsche Bank?

194,800 shareholders – DM 900 m. share capital

105,100 employed persons\* and pensioners



25.4% of share capital



40,700 housewives



23.4% of share capital



23,300 self-employed persons



13.6% of share capital



19,800 other persons not self-employed and those who have not stated their profession



7.2% of share capital



3,300 investment funds, insurance companies, pension funds etc.



21.4% of share capital



2,600 commercial and industrial enterprises



9.0% of share capital



\* including 35,000 holders of staff shares

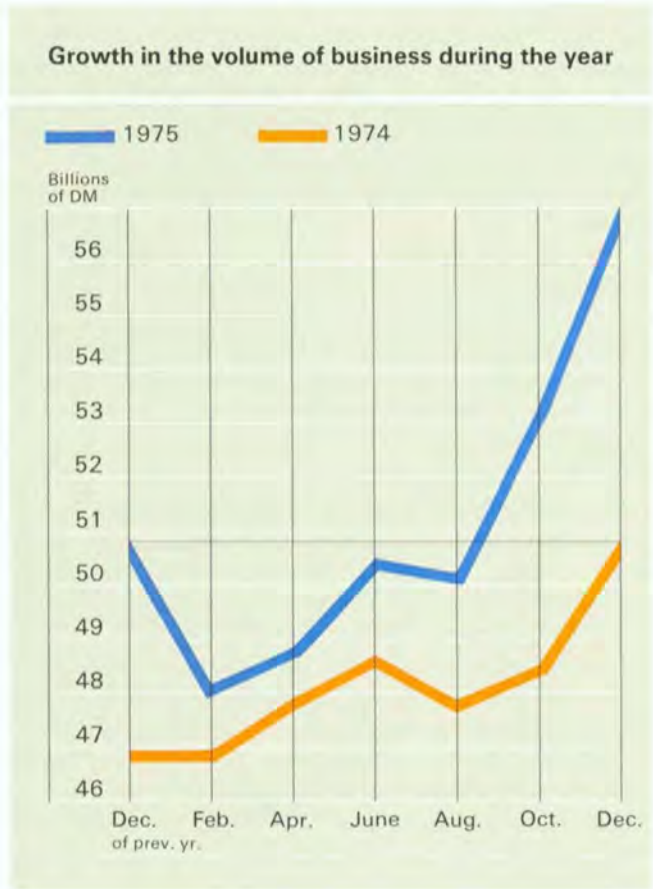
Position: end of January 1976

Balance Sheet

Volume of business

In 1975 the bank's *balance sheet total* rose by DM 6.5 bn. (+ 12.9%) to DM 56.8 bn.; the *volume of business* (balance sheet total and endorsement liabilities) increased by DM 6.1 bn. (+ 12.1%) to DM 57.0 bn. Funds from outside sources were up DM 5.6 bn. = 11.9% and the bank's own funds DM 731 m. = 32.2%. The volume of credit expanded by DM 3.2 bn. = 10.5%.

The diagram below shows the development during the course of the two years.



As compared with December 31, 1974, the main balance sheet items show the following changes:

Assets	in millions of DM
Cash reserve	447.6
Cheques, items received for collection	74.2
Bills discounted	1,537.1
Claims on credit institutions	2,207.5
Treasury bills and discountable	
Treasury bonds	146.6
Bonds and debt instruments	561.1
Securities, so far as they have not to be included in other items	406.7
Claims on customers	1,708.5
with agreed life, or subject to agreed period of notice, of	
a) less than four years	287.7
b) four years or longer	1,996.2
Investments in subsidiaries and associated companies	122.0
Land and buildings, office furniture and equipment	89.4
Sundry assets	100.1
Balance sheet total	6,505.6

Liabilities	in millions of DM
Liabilities to credit institutions	1,369.8
Banking liabilities to other creditors	3,490.2
including: term deposits	1,792.2
savings deposits	3,169.1
Debt instruments	691.9
Provisions for special purposes	158.2
Own funds (capital and published reserves)	731.0
Sundry liabilities	28.5
Disposable profit	36.0
Balance sheet total	6,505.6

During the year under review turnover on the accounts of our customers (not including banks) rose once again; the *volume of turnover* was DM 1,905 bn. as compared with DM 1,775 bn. in 1974 (+ 7.3%).

## Liquidity

The bank had liquid funds of DM 17.4 bn. as against liabilities of DM 52.1 bn. The *cash liquidity ratio* (ratio of cash reserve to liabilities) was 9.1% (11.1% in the previous year) and the *total liquidity ratio* (ratio of total liquid funds to liabilities) 33.5% (30.6% in the preceding year).

The liquid funds and total liabilities are made up as follows:

	December 31, 1975      1974 – in millions of DM –	
<i>Cash reserve</i>		
Cash in hand .....	309.6	294.0
Balances with the Deutsche Bundesbank .....	4,406.5	4,856.8
Balances on postal cheque accounts .....	19.4	32.3
	<u>4,735.5</u>	<u>5,183.1</u>
<i>Other liquid funds</i>		
Cheques, items received for collection .....	481.1	406.9
Bills rediscountable at the Deutsche Bundesbank .....	5,819.3	4,251.0
Claims on credit institutions payable on demand .....	4,644.2	3,368.6
Treasury bills and discountable Treasury bonds .....	146.6	—
Bonds and debt instruments eligible as collateral for Bundesbank advances .....	1,595.3	1,003.2
<i>Total liquid funds</i> .....	<u>17,422.0</u>	<u>14,212.8</u>
<i>Liabilities</i>		
Liabilities to credit institutions .....	13,400.5	12,030.7
Banking liabilities to other creditors .....	37,394.9	33,904.7
Debt instruments .....	1,220.2	528.3
Own acceptances in circulation .....	21.0	34.0
Sundry liabilities .....	24.5	21.7
	<u>52,061.1</u>	<u>46,519.4</u>

The fall in the cash liquidity ratio reflects mainly the effect of the cuts in the minimum reserve requirements in June, July and August 1975. On average for the year, balances equivalent to 11.4% of the relevant liabilities (14.5% in the previous year) had to be maintained interest-free at the Deutsche Bundesbank.

The *principles* concerning capital resources and liquidity laid down by the Federal Banking Supervisory Office in accordance with §§ 10 and 11 of the Banking Law were observed at all times.

## Securities

*Bonds and debt instruments* rose by DM 561.1 m. to DM 2.0 bn. DM 1.6 bn. = 79% of these were eligible as collateral at the Deutsche Bundesbank.

*Shares and investment fund certificates* increased by DM 406.7 m. The holdings of DM 1,529.9 m. shown in the balance sheet include DM 904.2 m. in respect of shares representing more than 10% of a company's capital.

In accordance with § 20 Stock Corporation Act share holdings of more than 25% which are not shown under investments in subsidiaries and associated companies (cf. p. 55) were reported to the following companies:

Bayerische Elektrizitäts-Werke, Munich  
Bergmann-Elektricitäts-Werke Aktiengesellschaft, Berlin  
Daimler-Benz Aktiengesellschaft, Stuttgart  
Hapag-Lloyd Aktiengesellschaft, Hamburg  
Philipp Holzmann Aktiengesellschaft, Frankfurt (Main)  
Karstadt Aktiengesellschaft, Essen  
Pittler Maschinenfabrik Aktiengesellschaft, Langen (Hess)  
Schitag Schwäbische Treuhand-Aktiengesellschaft, Stuttgart  
Süddeutsche Zucker-Aktiengesellschaft, Mannheim

In 1975 the bank sold its holding in Schuhfabrik Manz Aktiengesellschaft, Bamberg, and part of its holding of over 25% in Didier-Werke Aktiengesellschaft, Wiesbaden.

All securities were valued, as is our customary practice, according to the minimum value principle.

We report on p. 33 on the placing of the Daimler-Benz shares taken over from the –VG– Verwaltungsgesellschaft für industrielle Unternehmungen Friedrich Flick GmbH, Düsseldorf, as of the end of 1975/ beginning of 1976, and on the Mercedes-Automobil-Holding Aktiengesellschaft, Frankfurt (Main), established in this connection.

The 32,591 *own shares* shown at DM 9.0 m. at the end of 1974 and a further 31,285 Deutsche Bank shares purchased at an average price of DM 303.12 in 1975 were made available to the staff of the bank and its domestic Group members at DM 141.– per share.



<i>Volume of credit</i>	End of 1975	End of 1974	Change
	– in millions of DM –		
Claims on customers			
short and medium-term	14,859.5	15,147.2	– 287.7 = 1.9%
long-term	10,142.9	8,146.7	+ 1,996.2 = 24.5%
	25,002.4	23,293.9	+ 1,708.5 = 7.3%
Discounts	6,622.5	5,488.0	+ 1,134.5 = 20.7%
Lendings to credit institutions	2,579.7	2,180.5	+ 399.2 = 18.3%
Total volume of credit	34,204.6	30,962.4	+ 3,242.2 = 10.5%

As securities which have to be reported under § 71 subpara. 1 No. 1 Stock Corporation Act we and our associated companies purchased 1,896,310 Deutsche Bank shares at current market prices, at an average price of DM 304.83, and sold them again for an average price of DM 306.40. The sales proceeds remained in the working funds. As at the end of 1975 the bank held none of its own shares.

As at December 31, 1975, 99,074 Deutsche Bank shares were pledged to the bank and its associated companies as credit securities.

#### Total credit extended

During the first three quarters of the year the volume of credit was at times not inconsiderably lower than at the end of 1974. The growth of DM 3.2 bn. = 10.5% up to DM 34.2 bn. at the end of 1975 took place in the last quarter.

Whereas there was a drop in credit extended to business and industry owing to the cyclical situation, lending to public authorities was up and there was a strong increase in private customers' demand for Personal Loans.

*Discounts* rose by DM 1.1 bn. = 20.7% to DM 6.6 bn.

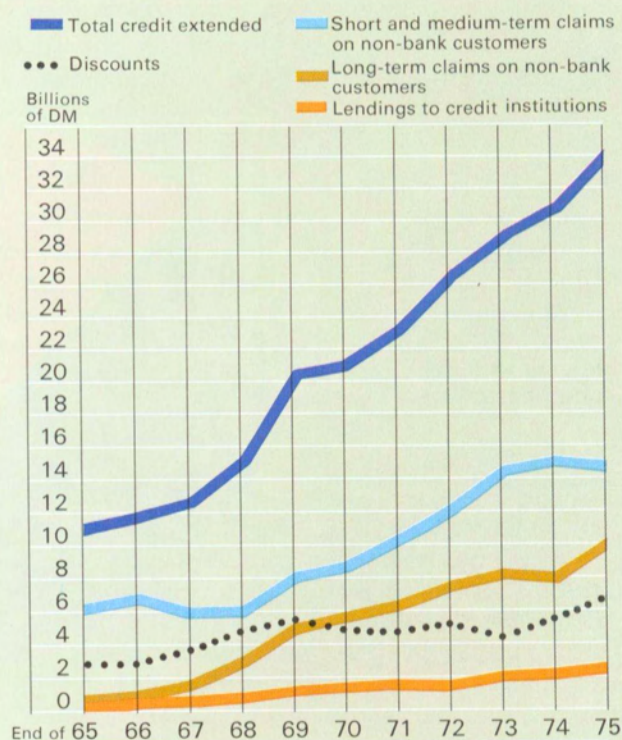
The *claims on credit institutions* amounting to DM 13.3 bn. include loans for DM 2.6 bn. The remaining claims represent clearing balances and funds invested. Claims on foreign credit institutions accounted for DM 8.7 bn.

*Claims on customers* rose by DM 1.7 bn. = 7.3% to DM 25.0 bn. The expansion was entirely in the long-term sector (+ DM 2.0 bn. = 24.5%); short and medium-term lending showed a slight decline (DM 0.3 bn. = 1.9%).

The graph below shows the development of the volume of credit during the past ten years.

A breakdown by *sector of industry* of the *credits* granted to our non-bank customers is given in the dia-

Volume of credit 1965–1975



gram below in accordance with the categories used in the Deutsche Bundesbank's statistics on borrowers.

The credits taken up by about 1.1 million customers are shown divided up according to size in the table on the right.

*Programmed Personal Credits* rose by DM 1.2 bn. = 33.3% to DM 4.9 bn.; they made up 19.6% of total claims on non-bank customers as compared with 15.8% at the end of 1974. The Small Personal Loans (PKK) and Loans for Specified Purchases (PAD) increased by 45.7% to DM 2.0 bn.; Personal Mortgage Loans (PHD) rose by DM 408 m. (+ 22.5%) to DM 2.2 bn.

DM 4.7 bn. = 47% of the long-term claims on customers, totalling DM 10.1 bn., are due within four years.

Funds amounting to DM 989.2 m. taken up for specific purposes mainly from the Kreditanstalt für Wiederauf-

Number of credits				End of 1975	
		up to DM 10,000		883,074	= 82.5%
from	DM 10,000	to DM 100,000		165,335	= 15.5%
from	DM 100,000	to DM 1,000,000		18,678	= 1.7%
more than	DM 1,000,000			3,313	= 0.3%
				1,070,400	= 100.0%

bau were passed on to the borrowers on the terms fixed by the lenders.

In addition to the cash, acceptance and discount credits included in the volume of credit, there were also on balance-sheet date *rights of recourse arising from guarantees and letters of credit* totalling DM 11.9 bn., which was an increase of DM 2.9 bn. = 32.4% over the previous year.

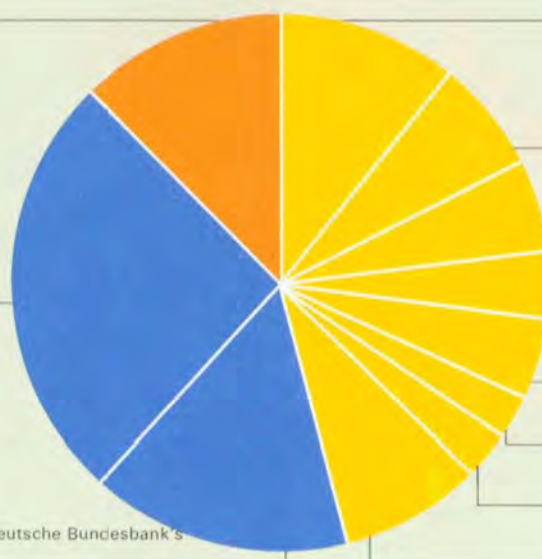
#### Breakdown of lendings to customers by branch as at December 31, 1975

12.5%  
**Trade**

25.8%  
**Private and  
other borrowers**

15.8%  
**Programmed credits**

(Installment credits as defined in the Deutsche Bundesbank's statistics of borrowers = 10.9%)





Adequate allowance was made for discernible risks in lending business with individual adjustments and provisions. The prescribed overall adjustment has also been made to provide for latent risks.

### **Investments in subsidiaries and associated companies**

This item in the balance sheet is made up of participations in credit institutions which represent the bank's interests regionally or internationally, or supplement its business significantly, and participations in administrative companies which, as independent auxiliary operations, relieve the bank of administrative work not of a typical banking nature. In line with the principles we have followed for many years, the inclusion in the balance sheet in these cases emphasises the bank's declared intention of exerting entrepreneurial influence on the individual companies. As business responsibility goes hand-in-hand with such interests, we bear a proportionate share in ensuring that these firms are able to fulfil their liabilities.

The item also includes smaller participations in the capital of foreign banks and finance companies, especially in developing countries, to which we make capital and advice available – in many cases together with other German or international banks.

Holdings which do not fall into the categories indicated above, and are hence not intended as participations, e. g. the blocks of shares listed on p. 52, are shown in the balance sheet under "Securities" or – if they are not documented in security form – under "Sundry assets".

The balance sheet item "Investments in subsidiaries and associated companies" rose during the 1975 business year from DM 1,051.0 m. to DM 1,173.0 m. The increase of DM 122.0 m. is 99% attributable to credit institutions, and is the balance of additions of DM 128.3 m., DM 6.0 m. deductions and DM 0.3 m. depreciation.

*Additions* mainly concern:

#### *Capital increases*

Berliner Disconto Bank AG, Berlin  
Deutsche Ueberseeische Bank, Berlin – Hamburg  
Saarländische Kreditbank AG, Saarbrücken  
Schiffshypothekenbank zu Lübeck, Kiel  
Banco Comercial Transatlántico, Barcelona  
Compagnie Financière de la Deutsche Bank AG,  
Luxembourg

European Brazilian Bank Ltd., London  
Foreign Trade Bank of Iran, Tehran  
Industrial and Mining Development Bank of Iran, Tehran

#### *Purchases*

Deutsche Centralbodenkredit-AG, Berlin – Cologne  
Deutsche Ueberseeische Bank, Berlin – Hamburg  
Frankfurter Hypothekenbank, Frankfurt (Main)

#### *New establishments*

Deutsche Wagnisfinanzierungs-Gesellschaft mbH,  
Frankfurt (Main)  
Al-Bank Al-Saudi Al-Alami Ltd., London  
European Asian Finance (HK) Ltd., Hong Kong

Now that the Süddeutsche Bank GmbH, Frankfurt (Main), carries on banking business the book value of DM 3.0 m. has been transferred from "Sundry assets" to "Investments in subsidiaries and associated companies".

The *deductions* refer to the reduction in our share in the Liquiditäts-Konsortialbank GmbH, Frankfurt (Main), following a redistribution of quotas, and the sale of our share in The Industrial Finance Corporation of Thailand, Bangkok.

The *depreciation* on foreign participations covers the discernible loss in value.

A list of the bank's investments is given on pp. 101–103.

Information on the bank's relations with its associated companies is given in the Report of the Group.

We report on the proposed integration of the Deutsche Ueberseeische Bank into the Deutsche Bank AG on pp. 34–35.

### **Fixed assets**

*Land and buildings* are shown in the balance sheet at DM 642.8 m. DM 4.4 m. of the additions of DM 133.5 m. was the cost of purchasing new land and DM 129.1 m. was for new buildings and renovation. The administration building in Eschborn has been completed and is now occupied. New bank buildings are also ready for occupation in Neuwied and Rheine. Deductions amounted to DM 0.9 m. Depreciation has been included at DM 26.7 m., DM 3.6 m. of this for extraordinary wear and tear. A further DM 37.9 m. was shown as special depreciation in

accordance with § 6b of the Income Tax Law; DM 32.6 m. of this was taken from existing reserves while DM 5.3 m. came from capital gains on sales during the year under review.

The balance sheet value of *office furniture and equipment* has risen to DM 190.6 m., taking into account additions of DM 63.5 m. and depreciation of DM 42.1 m. The additions and depreciation include items of minor value purchased in 1975 amounting to DM 14.1 m.

#### Other asset items

*Equalisation and covering claims* on public authorities fell from DM 402.1 m. to DM 387.9 m. The equalisation claims amount to DM 349.6 m. following additions of DM 6.1 m. and scheduled and irregular redemptions of DM 10.5 m. Following normal redemptions of DM 9.8 m. the

covering claims under § 252 of the Equalisation of Burdens Law and § 19 of the Old Savings Law still amount to DM 38.3 m.

The item *sundry assets* consists primarily of share rights not documented by securities and which do not represent longer-term participations. Of our interests in private limited holding companies those worthy of special mention are listed below.

The bank's indirect share in the third companies indicated exceeds 25% of the capital of the company concerned in only one case.

The item in the balance sheet also comprises gold and silver holdings, including DM 87.6 m. held as cover for registered gold and silver certificates issued, down-payments towards building costs and movables, and reimbursement claims for savings premiums.

The *transitory items* on the assets side show expenditure in respect of expenses in later accounting periods.

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#### *Holding company*

---

#### *holds over 25% of:*

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Allgemeine Verwaltungsgesellschaft für  
Industriebeteiligungen mbH, Munich  
– our share 33⅓% –

Metallgesellschaft AG, Frankfurt (Main)

Corona Beteiligungsgesellschaft mbH, Frankfurt (Main)  
– our share 33⅓% –

Continental Gummi-Werke AG, Hanover  
Phoenix Gummiwerke AG, Hamburg

Deutsche Gesellschaft für Anlageverwaltung mbH,  
Frankfurt (Main)  
– our share 75% –

Horten AG, Düsseldorf-Niederkassel

Energie-Verwaltungsgesellschaft mbH, Düsseldorf  
– our share 25% –

Vereinigte Elektrizitätswerke Westfalen AG, Dortmund

Groga Beteiligungsgesellschaft mbH, Frankfurt (Main)  
– our share 50% –

Leonische Drahtwerke AG, Nuremberg

Kistra Beteiligungsgesellschaft mbH, Frankfurt (Main)  
– our share 75% –

Hutschenreuther AG, Selb (Bay)

Rossmas Beteiligungsgesellschaft mbH, Frankfurt (Main)  
– our share 60% –

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Bavaria Filmkunst GmbH, Munich  
Didier-Werke AG, Wiesbaden

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### Funds from outside sources

	End of 1975	End of 1974
	– in millions of DM –	
Liabilities towards credit institutions		
demand deposits	5,076.7 = 9.8%	4,752.4 = 10.2%
term deposits	7,800.6 = 15.0%	6,732.7 = 14.5%
customers' drawings on credits opened at other institutions	523.2 = 1.0%	545.6 = 1.2%
	13,400.5 = 25.8%	12,030.7 = 25.9%
Liabilities towards non-bank customers		
demand deposits	11,658.7 = 22.4%	9,545.4 = 20.6%
term deposits	9,123.2 = 17.6%	10,915.4 = 23.5%
savings deposits	16,613.0 = 31.9%	13,443.9 = 28.9%
	37,394.9 = 71.9%	33,904.7 = 73.0%
Debt instruments	1,220.2 = 2.3%	528.3 = 1.1%
Total funds from outside sources	52,015.6 = 100.0%	46,463.7 = 100.0%

### Funds from outside sources

Funds from outside sources reached DM 52.0 bn. as at the end of 1975; c. DM 12 bn. of this amount consisted of liabilities towards foreign banks and customers. The increase of DM 5.6 bn. = 11.9% was spread over non-bank customers' deposits (DM 3.5 bn.), bank deposits (DM 1.4 bn.) and Deutsche Bank bonds (DM 0.7 bn.).

DM 1.1 bn. of the increase in *bank deposits* was in the form of term deposits, mainly from abroad.

The development of *non-bank customers' deposits* during the last ten years is illustrated by the graph on the right.

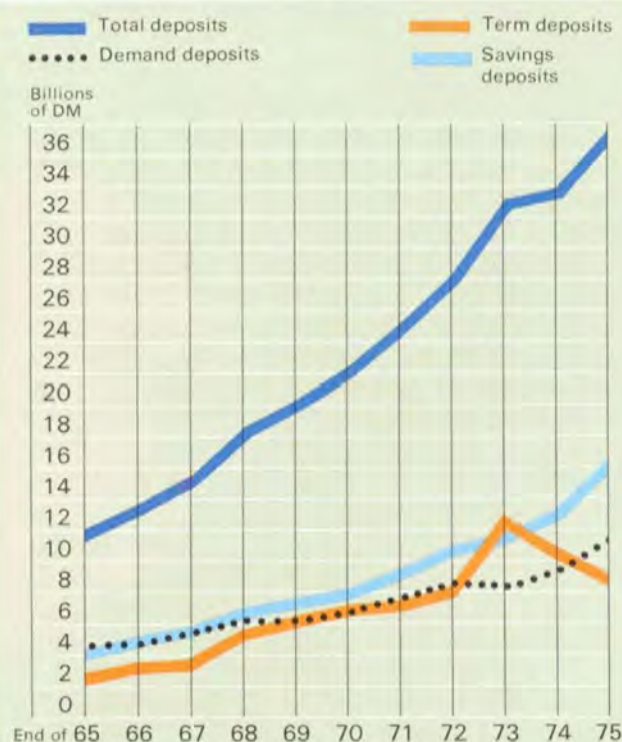
Non-bank customers' demand deposits rose during 1975 by DM 2.1 bn. (= 22.1%) to DM 11.6 bn. Their term deposits were further reduced by DM 1.8 bn. = 16.4% to DM 9.1 bn.

*Savings deposits* showed exceptionally favourable growth last year with an increase of DM 3.2 bn. to DM 16.6 bn.; at 23.6% the rate of growth was above the average for all banks.

Customers again this year preferred savings deposits with a legal period of notice as a more liquid form of investment; DM 1,820 m., or 57.4%, of the increase (previous year 56.9% = DM 847 m.) was in this category of deposit.

The diagram on the following page gives a breakdown of savings deposits according to groups of savers.

### Non-bank customers' deposits 1965–1975



In addition to the high growth in savings deposits, which was more than twice as large as in the preceding year, and trebled sales of savings certificates (DM 308 m.) – the holdings on savings certificate accounts are included in the balance sheet under non-bank customers' term deposits at DM 426 m. – 22% more securities were purchased with funds from savings accounts (DM 1.5 bn. net of sales). Together these give a total amount saved of DM 5.0 bn. as compared with DM 2.8 bn. in the 1974 business year (+76.3%). The diagram on the following page illustrates the proportion and volume of the different forms of saving over the past 5 years.

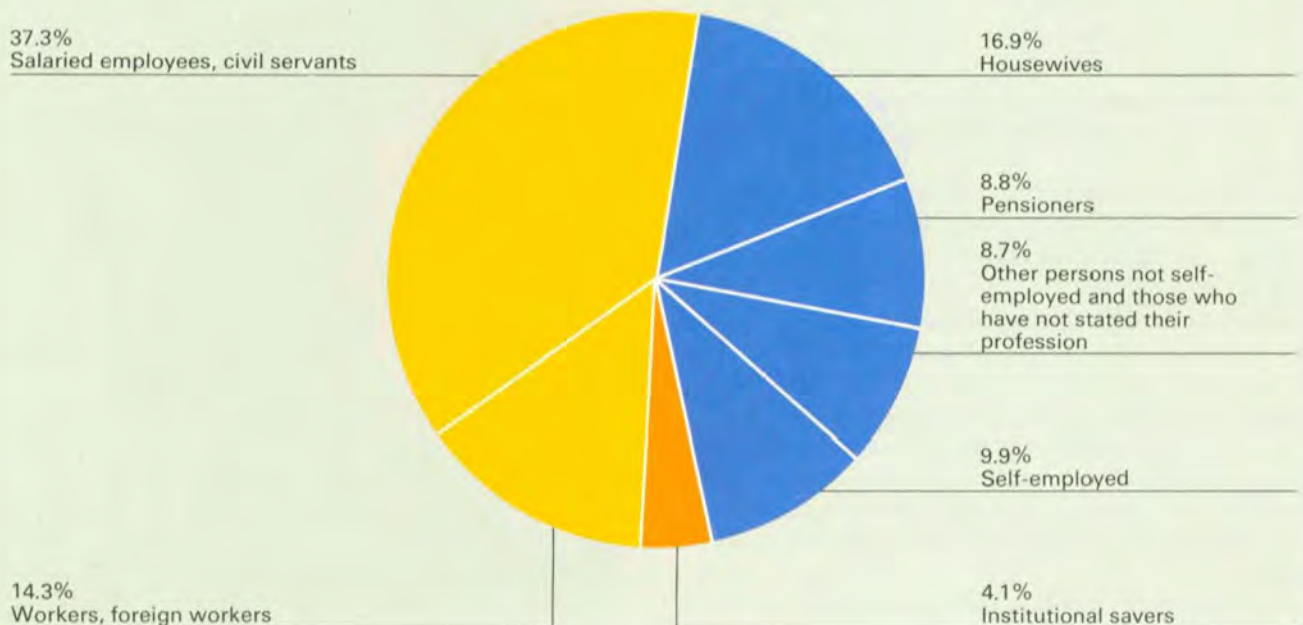
In order to refinance our customers' increased demand for fixed-rate credits at appropriate interest rates and maturities, a further DM 691.9 m. *Deutsche Bank bonds* was issued during the year under review. The total volume in circulation had risen to DM 1.2 bn. by the end of 1975.

### Provisions for special purposes

Provisions for special purposes are shown at DM 1,131.1 m. after DM 972.9 m. in the previous year. The actuarially computed value of the *provisions for pensions* is DM 741.6 m. The DM 84.1 m. allocation required includes the remaining DM 29 m. of the total increase of DM 94 m. necessary for the changeover from current value to partial value as required by law; DM 65 m. had already been allocated in 1974.

*Other provisions* amount to DM 389.5 m., largely made up of provisions for taxes, the portion of the overall adjustment which cannot be offset against assets, and provisions for contingent liabilities.

**Breakdown of savings deposits according to groups of savers  
as at December 31, 1975**





### Other liability items

The item *sundry liabilities* shows liabilities which do not fall within the scope of banking business as such, e.g. wage and church tax, and contributions to social security.

*Special items including reserves* are now entered at a total of DM 48.8 m. The special item under the tax law regarding developing countries now amounts to DM 7.3 m. after DM 0.2 m. were released and an allocation of DM 1.8 m. The reserves under § 6b Income Tax Law from the previous year, amounting to DM 32.6 m., were dissolved and used, together with capital gains from sales of DM 5.3 m. accrued during the year under review, for special depreciation on land and buildings in accordance with § 6b Income Tax Law. The special item in accordance with the tax regulation on overall adjustments is shown unchanged at DM 41.5 m.

*Transitory items* on the liabilities side show income received in respect of future accounting periods.

### Comments

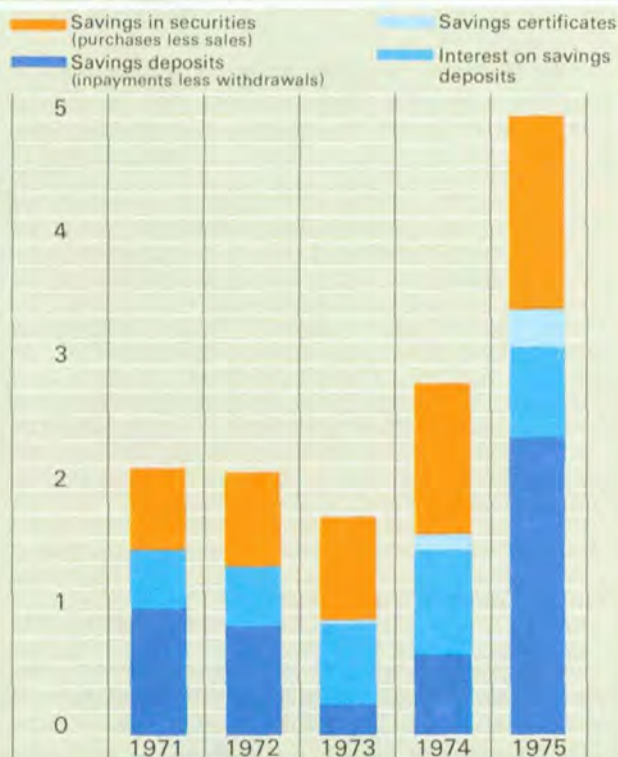
*Endorsement liabilities on rediscounted bills of exchange* have been reduced from DM 501.9 m. to DM 124.8 m. Bills totalling a further DM 137.1 m. were in the process of collection as at balance sheet date.

*Liabilities arising from guarantees of various kinds and warranty contracts* rose by DM 2.9 bn., as compared with the end of 1974, to DM 11.9 bn. Three quarters of this volume was due to foreign business.

*The obligations to repurchase items assigned en pension*, shown at a total repurchase price of DM 1.6 bn., include transactions with banks amounting to DM 1.4 bn. The items assigned en pension are DM 0.5 bn. bonds and debt instruments, and DM 1.1 bn. notes and registered debt instruments.

*Liabilities for possible calls* on shares not fully paid up in public and private limited companies were DM 24.6 m. as at December 31, 1975. The participation in the Liquiditäts-Konsortialbank GmbH is coupled with an obligation to pay further capital of up to DM 44.6 m. and a contingent liability to meet the capital obligations of other partners also belonging to the Bundesverband deutscher Banken e. V.

**Total annual savings**  
in billions of DM



## Profit and Loss Account

### Earnings on the volume of business

The earnings on the volume of business were influenced again in 1975 by the Deutsche Bundesbank's credit policy measures, including several cuts in the discount rate by a total of  $2\frac{1}{2}$  percentage points, and reductions in the minimum reserves. The fall in interest receipts from lending and money market transactions by DM 722.3 m. = 18.2% as compared with 1974 and in interest expenditure by DM 746.9 m. = 28.7% reflects the continuing decline in the level of interest rates. Since the policy followed in our terms and conditions was aimed at relieving the burden on our customers, interest rates for short and medium-term credits fell more quickly than the discount rate. The fall in the cost of money was largely due to cheaper term deposits. Current receipts from securities, debt register claims and investments in subsidiaries and associated companies rose mainly as a result of a DM 44.3 m. increase in the holdings. But they also include higher income from raised dividends. Total receipts from shares and participations rose by DM 15.5 m. to DM 157.6 m.; the majority of them enjoy concessions granted on holdings of over 25%.

The *interest surplus* of DM 1,697.4 m. achieved during the year under review was DM 68.9 m. = 4.2% higher than that of the previous year. Since the average volume of business grew by 5%, the interest margin narrowed slightly against the preceding year.

Earnings on the volume of business – which, as in the previous year, more than covered staff and material expenditure – developed as follows:

	1975	1974
	– in millions of DM –	
Interest and similar receipts from lending and money market transactions . . . . .	3,257.3	3,979.6
Current receipts from securities, debt register claims, and investments in subsidiaries and associated companies . . . . .	297.7	253.4
	3,555.0	4,233.0
Interest and similar expenses . . . . .	1,857.6	2,604.5
<i>Earnings on the volume of business (interest surplus)</i> . . . . .	1,697.4	1,628.5

### Earnings on services

The DM 67.5 m. increase in *commissions and other receipts from service transactions* is primarily the result of the gratifying improvement in receipts from securities business; turnover in shares and fixed-interest securities was strongly expanded. Receipts from international business also increased, although, in line with the development of the volume of foreign trade, growth was considerably lower than in the preceding year. As the increase made in charges during 1974 was in effect throughout the whole year and the number of transactions was greater, commissions on payments business continued to rise. They are, however, still considerably lower than the handling costs.

Services produced a surplus of DM 514.8 m. after deduction of the *expenditure on commissions* amounting to DM 17.4 m. Compared with the results for the preceding year this represents an increase of DM 61.8 m. = 13.6%.

### Other receipts

The other receipts from ordinary and extraordinary business contained in this item amounted to DM 170.2 m. (1974: DM 211.9 m.). The decline is due to the drop in earnings from foreign exchange and gold dealings.

After receipts from claims written off, from adjustments released and provisions for possible loan losses and earnings on securities sales have been offset to the extent permissible, *depreciation and adjustments on claims and securities and allocations to provisions for possible loan losses* are shown at DM 49.1 m. (1974: DM 117.5 m.). The decrease from the previous year is largely due to the insignificant amount of depreciation and at the same time much higher earnings on securities. We have made even higher provisions for risks in lending business than in the preceding year.

### Staff and material expenditure

*Staff expenses* (salaries and wages, compulsory social security contributions, expenditure on retirement pensions and other benefits) rose by a total of DM 33.7 m. = 2.6% to DM 1,314.5 m., which meant considerably smaller growth than in the previous year (+ DM 287.7



m.). This was due to the increase in agreed-scale salaries being lower than in the previous year and to the smaller allocation to pension reserves. Also the expansion in the average number of staff employed throughout the year was kept down to 491 = 1.5% (1974: +2.6%).

The salaries of employees paid according to the agreed salary scale rose by 6.5% from March 1, 1975. From September 1, 1975, the contribution paid by the bank towards the state capital formation scheme was improved from DM 468.— to DM 624.— p.a. per employee. Hence the overall increase for the salary agreement year was 6.90% (+13.09% in the compared year). Salaries and benefits paid to those not covered by the agreed-salary scale were also increased.

Salaries and wages hence rose by DM 94.5 m. = 10.4% and compulsory social security contributions by DM 18.0 m. = 16.8%. Expenditure on retirement pensions and other benefits fell on the other hand by DM 78.8 m. = 29.6%.

*Material expenditure for the banking business* continued to rise in 1975; growth amounted to DM 48.3 m. = 17.0%. In addition to the general increase in prices, there were higher expenses for postal charges and for the maintenance and renting of bank premises. Further rationalisation also meant that rental fees for data processing systems increased.

Our efforts to expand business through publicity campaigns were continued in 1975. The additional costs involved also contributed to the increase in material expenditure.

## Depreciation

*Depreciation on land and buildings, and on office furniture and equipment* amounted to DM 106.7 m. (1974: DM 56.4 m.). Depreciation in accordance with § 6b Income Tax Law accounted for DM 37.9 m. as compared with DM 0.8 m. in the preceding year.

*Depreciation on investments in subsidiaries and associated companies* refers to value adjustments on foreign participations.

## Taxes

The improvement in the operating result, i. e. the surplus on all current business, and the decline in the

amount required to cover extraordinary expenditure brought a marked increase in the overall result. This meant an increase of DM 64.9 m. to DM 260.0 m. in expenditure for *taxes on income, earnings and property*. The *other taxes* (DM 19.4 m.) include DM 6.3 m. company tax on the 1975 capital increase. Altogether, taxes are shown at DM 279.4 m. (1974: DM 206.6 m.).

## Other expenses

Total emoluments of the Board of Managing Directors amount to DM 8,313,298.40. Former members of the Board of Managing Directors or their surviving dependents received payments aggregating DM 2,064,400.—.

The Supervisory Board received fixed remuneration of DM 297,120.—; the Supervisory Board payments which vary according to the annual dividend paid amounted to DM 770,660.—. Members of the Advisory Board received DM 308,720.— and the members of the Regional Advisory Councils DM 1,713,050.—.

## Proposed appropriation of profits

The profit and loss account shows:

<i>Receipts</i> .....	DM 4,320,203,769.28
<i>Expenses</i> .....	DM 4,039,203,769.28
<i>Year's net earnings</i> .....	DM 281,000,000.—
<i>Allocations to published reserves</i> .....	DM 101,000,000.—
<i>Disposable profit</i> .....	DM 180,000,000.—

It will be proposed to the shareholders that a dividend of DM 10.— per share of DM 50.— par value, i.e. DM 180.0 m., be paid on the capital of DM 900 m. Since the shares created through the rights issue in 1975 (DM 180 m.) are entitled to payment of the full dividend the amount to be distributed is DM 36.0 m. = 25% higher than in the preceding year.

## Capital and reserves

Following the resolution taken by the Annual General Meeting on May 23, 1975, the bank increased the *share capital* by DM 180 m. to DM 900 m. The premium on the new shares totalling DM 450 m. was allocated to the statutory reserve fund.

We have allocated DM 101.0 m. of the *year's net earnings* (1974: DM 90 m.) to the published reserves: DM 1.1 m. of this amount was from the conversion account which was finally confirmed in November 1975.

As compared with December 31, 1974, the bank's *own funds* were thus raised by DM 731.0 m.; they thus total

DM 3 bn. made up as follows:

<i>Capital</i> .. . . .	DM 900.0 m.
<i>Published reserves</i>	
<i>a) statutory reserve fund</i> .. . . .	DM 1,085.0 m.
<i>b) other reserves</i> .. . . .	DM 1,015.0 m.
<i>Total</i> .. . . .	<u>DM 3,000.0 m.</u>

Frankfurt (Main), March 1976

The Board of Managing Directors

*[Handwritten signatures of the Board of Managing Directors]*

## Growth of Capital and Reserves

	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 and from the net earnings 1952–1956		109,500,000.—	109,500,000.—
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.—
December 31, 1973	720,000,000.—	1,459,000,000.—	2,179,000,000.—
Allocation from the net earnings 1974		90,000,000.—	90,000,000.—
December 31, 1974	720,000,000.—	1,549,000,000.—	2,269,000,000.—
Capital increase: 1975 (1 for 4 at 350)	180,000,000.—	450,000,000.—	630,000,000.—
Allocation from the net earnings 1975		101,000,000.—	101,000,000.—
December 31, 1975	900,000,000.—	2,100,000,000.—	3,000,000,000.—

## Development of Reserves

Published reserves as per opening balance sheet of 1. 1. 1952*)	40,500,000.—
Allocation from net earnings and from the Conversion Account*)	1,025,500,000.—
Premium from capital increases	1,034,000,000.—
<b>Total published reserves</b>	<b>2,100,000,000.—</b>

\*) Allocations from the Conversion Account total DM 41,766,357.28.

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. The development of the balance sheet and the earnings account was followed constantly. The discussions covered, amongst other things, developments on the share and bond markets, the international monetary situation, policy regarding credit and conditions, the further development of the services offered, and the continued expansion 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 were likewise discussed by the Supervisory Board.

It was the task of the Credit Committee of the Supervisory Board to examine credit engagements, and it called for reports to be given at its meetings of all major loans or those entailing increased risks in order to discuss them 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 accounts and have found these to be in conformity with the books, which were properly kept, and with legal requirements. We accept the Report of the Auditors.

Furthermore, we have ourselves examined the Statement of Accounts as of December 31, 1975, the proposed appropriation of profits and the Report of the Board of Managing Directors. We do not raise any objections.

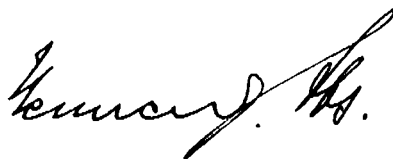
The Consolidated Annual Statement of Accounts, the Report of the Group and the Report of the Auditors of the Consolidated Annual Accounts have been submitted to the Supervisory Board.

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 meeting of the Supervisory Board on January 27, 1976, we appointed Dr. Eckart van Hooven, hitherto Deputy Member of the Board of Managing Directors, as a full Member of the Board of Managing Directors.

Frankfurt (Main), April 1976

The Supervisory Board

A handwritten signature in black ink, appearing to read 'Kunze', followed by a large, stylized flourish or initial.

Chairman

## Annual Balance Sheet

as of December 31, 1975

## Profit and Loss Account

for the period from  
January 1 to December 31, 1975

## The Growth of the Balance Sheet

from January 1, 1952  
until December 31, 1975

	DM	DM	31. 12. 1974 in 1,000 DM
Cash in hand		309,656,738.03	294,015
Balances with the Deutsche Bundesbank		4,406,488,636.88	4,856,792
Balances on postal cheque accounts		19,391,594.27	32,308
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection		481,147,664.47	406,867
Bills discounted		6,278,823,574.30	4,741,709
including:			
a) rediscountable at the Deutsche Bundesbank	DM 5,819,286,071.50		
b) own drawings	DM 17,171,332.64		
Claims on credit institutions			
a) payable on demand	4,644,171,793.02		3,368,617
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,742,999,004.51		2,124,934
bb) at least three months, but less than four years	5,866,719,566.94		4,855,532
bc) four years or longer	1,019,680,749.44		716,982
Treasury bills and discountable Treasury bonds		13,273,571,113.91	11,066,065
a) of the Federal Republic and the Länder	146,583,333.33		
b) others	—		
Bonds and debt instruments		146,583,333.33	—
a) with a life of up to four years			
aa) of the Federal Republic and the Länder	DM 480,811,898.54		
ab) of credit institutions	DM 379,181,753.72		
ac) others	DM 10,962.50	860,004,614.76	556,668
including:			
eligible as collateral for Bundesbank advances	DM 859,947,356.48		
b) with a life of more than four years			
ba) of the Federal Republic and the Länder	DM 99,642,187.31		
bb) of credit institutions	DM 811,090,169.47		
bc) others	DM 256,418,147.01	1,167,150,503.79	909,307
including:			
eligible as collateral for Bundesbank advances	DM 735,385,793.25	2,027,155,118.55	1,465,975
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,496,694,805.82		1,099,824
b) other securities	33,202,679.80		23,375
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 904,227,114.47	1,529,897,485.62	1,123,199
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	14,859,490,957.32		15,147,235
b) four years or longer	10,142,896,661.91		8,146,668
including:			
ba) secured by mortgages on real estate	DM 913,439,109.86	25,002,387,619.23	23,293,903
bb) communal loans	DM 244,052,183.28		
due in less than four years	DM 4,747,460,000. —		
Equalisation and covering claims on Federal and Länder authorities under the Currency Reform Laws		387,928,514.28	402,137
Loans on a trust basis at third party risk		71,766,811.62	61,257
Investments in subsidiaries and associated companies		1,172,978,200. —	1,051,005
including: in credit institutions	DM 1,016,966,500. —		
Land and buildings		642,786,500. —	574,754
Office furniture and equipment		190,555,200. —	169,234
Own shares		—	8,984
Sundry assets		890,595,320.41	779,539
Transitory items		7,009,349.24	5,311
<b>Total assets</b>		<b>56,838,722,774.14</b>	<b>50,333,054</b>

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

a) claims on associated companies	2,520,740,335.80	2,236,629
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)	405,382,720.25	371,035

## Liabilities

	DM	DM	DM	31. 12. 1974 in 1,000 DM
<b>Liabilities to credit institutions</b>				
a) payable on demand		5,076,670,453.93		4,752,449
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	1,847,685,020.81			
bb) at least three months, but less than four years	4,865,751,067.51			
bc) four years or longer	1,087,215,079.51	7,800,651,167.83		6,732,693
including: due in less than four years	DM 656,226,717.58			
c) customers' drawings on credits opened at other institutions		523,175,657.87		545,546
			13,400,497,279.63	12,030,688
<b>Banking liabilities to other creditors</b>				
a) payable on demand		11,658,682,459.90		9,545,395
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	6,733,118,092.04			
bb) at least three months, but less than four years	1,884,376,618.23			
bc) four years or longer	505,723,047.44	9,123,217,757.71		10,915,444
including: due in less than four years	DM 456,146,309.41			
c) savings deposits				
ca) subject to legal period of notice	8,437,617,169.29			
cb) others	8,180,401,370.18	16,613,018,539.47		13,443,883
			37,394,918,757.08	33,904,722
<b>Debt instruments with a life of</b>				
a) up to four years		110,289,000.—		
b) more than four years		1,109,901,000.—		528,280
including: due in less than four years	DM 550,000,000.—		1,220,190,000.—	528,280
<b>Own acceptances and promissory notes in circulation</b>			21,037,884.54	33,987
<b>Loans on a trust basis at third party risk</b>			71,766,811.62	61,257
<b>Provisions for special purposes</b>				
a) for pensions		741,588,700.—		657,457
b) others		389,565,478.91		315,431
			1,131,154,178.91	972,888
<b>Sundry liabilities</b>			24,319,586.46	21,634
<b>Franz Urbig and Oscar Schlitter Endowment</b>				
assets of the Endowment		1,646,266.82		1,512
less investments in securities		1,505,238.93		1,400
			141,027.89	112
<b>Transitory items</b>			345,919,064.74	286,716
<b>Special items including reserves</b>				
a) in accordance with the Tax Law regarding Developing Countries		1,278,183.27		5,691
b) in accordance with Article 6b of the Income Tax Law		—		32,579
c) in accordance with the tax regulation regarding overall adjustments		41,500,000.—		41,500
			48,778,183.27	79,770
<b>Capital</b>			900,000,000.—	720,000
<b>Published reserves</b>				
a) statutory reserve fund	634,000,000.—			
premium from capital increase 1975	450,000,000.—			
allocation from the year's net earnings 1975	1,000,000.—	1,085,000,000.—		634,000
b) other reserves (voluntary reserve fund)	915,000,000.—			
allocation from the year's net earnings 1975	100,000,000.—	1,015,000,000.—		915,000
			2,100,000,000.—	1,549,000
<b>Disposable profit</b>			180,000,000.—	144,000
<b>Total liabilities</b>			56,838,722,774.14	50,333,054
<b>Endorsement liabilities on rediscounted bills of exchange</b>			124,815,074.39	501,910
<b>Liabilities arising from guarantees of various kinds and warranty contracts</b>			11,926,500,393.01	9,007,163
<b>Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side</b>			1,617,959,115.23	1,172,266
<b>Savings premiums under the Savings Premium Law</b>			478,375,920.20	418,194

# Expenses

# Profit and Loss Account

	DM	DM	1974 in 1,000 DM
Interest and similar expenses		1,857,628,979.19	2,604,441
Commissions and similar expenses in respect of service transactions		17,430,474.93	11,770
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		49,070,328.30	117,502
Salaries and wages		1,002,541,077.04	907,926
Social security contributions		125,020,286.99	107,023
Expenditure on retirement pensions and other benefits		187,018,898.71	265,810
Material expenditure for the banking business		332,345,497.18	284,116
Depreciation and adjustments on land and buildings, and on office furniture and equipment		106,717,278.23	56,434
Depreciation and adjustments on investments in subsidiaries and associated companies		285,022.45	4,211
Taxes			
a) on income, earnings and property	260,040,378.93		195,066
b) others	<u>19,363,833.58</u>		<u>11,517</u>
		279,404,212.51	206,583
Expenditure arising from assumption of losses			118
Allocations to special items including reserves		1,784,881.03	48,901
Other expenses		79,956,832.72	81,448
Year's net earnings		281,000,000.00	234,000
<b>Total expenses</b>		<b>4,320,203,769.28</b>	<b>4,930,283</b>

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 75,957,406.03 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 110%, 121%, 133%, 148% and 162% of the above-mentioned amount.

Frankfurt (Main), March 1976

**Deutsche Bank Aktiengesellschaft**

The Board of Managing Directors

*Burgard      Christians      Ehret      Feith*

*Guth      Herrhausen      van Hooven      Kleffel*

*Leibkutsch      Mertin      Thierbach      Ulrich*



## Receipts

DM	DM	1974 DM
	281,000,000.—	234,000,000.—
1,000,000.—		
<u>100,000,000.—</u>	<u>101,000,000.—</u>	<u>90,000,000.—</u>
	180,000,000.—	144,000,000.—

*Fandré*  
Wirtschaftsprüfer  
(Chartered Accountant)

# The Growth of the Balance Sheet until December 31, 1975

— in millions of DM —

	31. 12. 1975	31. 12. 1974	31. 12. 1973	31. 12. 1972	31. 12. 1971
<b>Assets</b>					
Cash, balances with Deutsche Bundesbank and on postal cheque accounts	4,735	5,183	6,428	5,138	3,717
Bills discounted	6,279	4,742	3,457	3,743	3,877
Claims on credit institutions	13,274	11,066	8,143	5,911	5,450
Treasury bills and discountable Treasury bonds	147	—	—	249	725
Bonds and debt instruments	2,027	1,466	1,258	1,272	1,058
Securities, so far as they have not to be included in other items	1,530	1,123	1,106	1,148	1,147
Claims on customers	25,002	23,294	22,746	19,823	16,824
with agreed life, or subject to agreed period of notice, of					
a) less than four years	14,859	15,147	14,452	12,082	10,283
b) four years and longer	10,143	8,147	8,294	7,741	6,541
Equalisation and covering claims on Federal and L�nder authorities	388	402	422	443	462
Loans on a trust basis	72	61	64	105	71
Investments in subsidiaries and associated companies	1,173	1,051	900	773	590
Land and buildings	643	575	457	389	332
Office furniture and equipment	191	169	159	142	123
Other assets	1,378	1,201	1,124	1,098	812
Balance sheet total	56,839	50,333	46,264	40,234	35,188
<b>Liabilities</b>					
Liabilities to credit institutions	13,401	12,031	9,553	8,901	7,391
Banking liabilities to other creditors	37,395	33,905	33,091	28,182	25,213
including: term deposits	9,123	10,915	12,752	8,450	7,750
savings deposits	16,613	13,444	11,957	11,048	9,667
Debt instruments	1,220	528	200	—	—
Own acceptances in circulation	21	34	33	96	33
Loans on a trust basis	72	61	64	105	71
Provisions for special purposes	1,131	973	696	666	558
a) for pensions	742	658	485	433	387
b) others	389	315	211	233	171
Capital	900	720	720	640	560
Published reserves	2,100	1,549	1,459	1,274	1,064
a) statutory reserve fund	1,085	634	634	474	314
b) other reserves (voluntary reserve fund)	1,015	915	825	800	750
Other liabilities	419	388	318	262	197
Disposable profit	180	144	130	108	101
Balance sheet total	56,839	50,333	46,264	40,234	35,188
Endorsement liabilities on rediscounted bills of exchange	125	502	715	1,432	780
Liabilities arising from guarantees of various kinds and warranty contracts	11,927	9,007	6,081	4,406	4,387
Year's net earnings	281	234	155	158	141
Allocations to published reserves	101	90	25	50	40
Disposable profit	180	144	130	108	101
Dividend in DM per share	10.—	10.—	9.—	9.—	9.—
Dividend in %	(20%)	(20%)	(18%)	(18%)	(18%)

\*) 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. 1970	31. 12. 1969	31. 12. 1968	31. 12. 1967	31. 12. 1966	31. 12. 1965	31. 12. 1960	31. 12. 1956	1. 1. 1952
2,763	1,673	1,931	1,379	1,859	1,609	1,388	699	417
4,095	4,186	4,532	3,777	2,890	2,711	2,109	1,897	598
4,303	3,462	2,843	2,329	1,760	1,285	983	686	347
408	—	1,878	1,704	705	203	482	54	64
1,482	1,635	1,303	851	561	657	557	333	3
1,325	1,307	1,250	1,038	1,094	1,064	706	352	60
14,785	13,411	9,310	7,857	7,975	7,206	4,128	2,805	1,690
8,893	8,190	6,043	6,004	6,915	6,235	3,696	2,396	1,458
5,892	5,221	3,267	1,853	1,060	971	432	409	232
481	499	512	519	514	511	501	476	417
52	43	45	198	171	153	65	87	46
534	340	320	191	154	146	80	54	9
345	276	263	241	226	206	154	118	61
101	88	82	75	70	—	—	—	20
758	816	574	262	173	103	69	60	26
31,432	27,736	24,843	20,421	18,152	15,854	11,222	7,621	3,758

6,776	5,132	4,267	3,018	2,565	2,153	1,744	1,810	589
22,397	20,326	18,628	15,633	13,777	12,096	8,475	5,092	2,652
7,331	6,393	5,489	3,778	3,607	2,818	2,551	1,652	731
8,187	7,647	6,835	5,983	5,295	4,444	2,200	964	197
—	—	—	—	—	—	—	—	—
70	170	8	4	142	133	51	15	119
52	43	45	198	171	153	65	87	46
522	484	430	382	380	366	281	209	188
364	346	319	301	244	221	146	127	76
158	138	111	81	136	145	135	82	112
480	480	480	400	400	350	250	200	100
880	850	820	650	600	500	300	150	41
170	170	170	50	50	50	50	25	25
710	680	650	600	550	450	250	125	16
169	131	79	56	53	47	16	33	23
86	120	86	80	64	56	40	25	—
31,432	27,736	24,843	20,421	18,152	15,854	11,222	7,621	3,758

640	1,332	151	74	90	417	167	317	794
4,185	3,144	2,353	2,066	1,894	1,856	1,473	816	461
116	150	136	130	164*)	126**)	90	50	
30	30	50	50	100	70	50	25	
86	120	86	80	64	56	40	25	
9.—	12.50	9.—	10.—	8.—				
(18%)	(18% + 7%)	(18%)	(16 + 4%)	(16%)	16%	16%	12%	

# Report of the Group for 1975



**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, 1975:

	Proportion of capital held
Berliner Disconto Bank Aktiengesellschaft, Berlin	100 %
Compagnie Financière de la Deutsche Bank AG, Luxembourg	99.9%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Cologne	74.9%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	100 %
Deutsche Kreditbank für Baufinanzierung AG, Cologne	75 %
Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne	75 %
Deutsche Ueberseeische Bank, Berlin-Hamburg	97.4%
Frankfurter Hypothekenbank, Frankfurt (Main)	87.3%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Gefa-Leasing GmbH, Wuppertal	100 %
Saarländische Kreditbank Aktiengesellschaft, Saarbrücken	68.9%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	100 %
Matura Vermögensverwaltung mbH, Düsseldorf	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)	100 %
Elektro-Export-Gesellschaft mbH, Nuremberg	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)	100 %

Because of their small importance for the consolidated statements the following members of the Group have not been included; the balance sheet totals as of December 31, 1975, were altogether DM 178 m., equal to 1.9‰ of the Group's balance sheet total.

"Alwa" Gesellschaft für Vermögensverwaltung mbH,  
Hamburg  
Beteiligungsgesellschaft für Flugzeugleasing mbH,  
Frankfurt (Main)  
Burstah Verwaltungsgesellschaft mbH, Hamburg  
Castolin Grundstücksgesellschaft mbH, Cologne  
CGT Canada Grundbesitz Treuhand GmbH,  
Frankfurt (Main)  
Deutsche Beteiligungsgesellschaft mbH,  
Frankfurt (Main)  
Deutsche Canada-Grundbesitzverwaltungsgesellschaft  
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, Cologne

DIL Deutsche Gesellschaft für Immobilien-Mietkauf  
mbH, Cologne  
DIL Grundstücksgesellschaft für Verwaltungs- und  
Lagergebäude mbH, Cologne  
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,  
Cologne  
Grundstücksgesellschaft Otto-Hahn-Strasse mbH,  
Cologne  
Hochhaus und Hotel Riesenfürstenhof  
Aufbaugesellschaft mbH, Frankfurt (Main)  
Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin  
IZI Bielefeld Informations-Zentrum Immobilien GmbH,  
Bielefeld  
IZI Dortmund Informations-Zentrum Immobilien  
GmbH, Dortmund  
Jubiläumstiftung der Deutschen Ueberseeischen  
Bank GmbH Unterstützungskasse, Hamburg

Heinz Langer Versicherungsdienst GmbH, Stuttgart  
 Nordhamburgische Bauträgergesellschaft mbH,  
 Hamburg  
 Nordwestdeutscher Wohnungsbauträger GmbH,  
 Brunswick  
 Peina Grundstücksverwaltungsgesellschaft mbH,  
 Cologne  
 Saarländische Immobilien-Gesellschaft mbH,  
 Saarbrücken  
 SB-Bauträger GmbH, Frankfurt (Main)  
 SB-Bauträger GmbH & Co. Urbis Verwaltungs-KG,  
 Frankfurt (Main)  
 SB-Bauträger GmbH & Co. Urbis Hochhaus-KG,  
 Frankfurt (Main)  
 Schisa Grundstücksverwaltungsgesellschaft mbH,  
 Cologne  
 Süddeutsche Bank GmbH, Frankfurt (Main)  
 Tauernallee Grundstücksgesellschaft mbH, Berlin  
 Terraingesellschaft Gross-Berlin GmbH, Berlin  
 Franz Urbig- und Oscar Schlitter-Stiftung GmbH,  
 Düsseldorf

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

Deutsche Eisenbahn Consulting GmbH,  
 Frankfurt (Main)  
 Deutsche Gesellschaft für Anlageverwaltung mbH,  
 Frankfurt (Main)  
 Exportkreditbank AG, Berlin  
 Kistra Beteiligungsgesellschaft mbH, Frankfurt (Main)  
 Rossmann Beteiligungsgesellschaft mbH,  
 Frankfurt (Main)

There are no business transactions capable of materially affecting the Deutsche Bank's situation to be noted in connection with these companies. The Deutsche Bank only maintains those business relations with these companies which are normal with bank customers.

With regard to the companies included in the consolidated statement of accounts we report as follows:

The *Berliner Disconto Bank AG, Berlin*, operating 70 branches in West Berlin, conducts all the banking operations of an all-round bank.

In the year under review the balance sheet total rose by 11.1% to DM 3.7 bn. DM 17.5 m. out of the 1975 capi-

tal increase was added to the bank's own funds. DM 12.0 m. out of the net earnings of DM 25.9 m. was allocated to the published reserves. The Annual General Meeting decided to pay a dividend of DM 9.6 m. (16%) and to use DM 3.0 m. to further strengthen the bank's own funds. Capital and published reserves then amounted to DM 188.0 m.

Berliner Disconto Bank AG has leased the banking premises in Otto-Suhr-Allee 6/16, Berlin 10, from Trinitas Vermögensverwaltung GmbH, Frankfurt (Main).

*Compagnie Financière de la Deutsche Bank AG, Luxembourg*, on September 30, 1975, ended its fifth financial year successfully again. The balance sheet total rose by 65.1% to the equivalent of DM 9.1 bn. This development was mainly due to credit business, which almost doubled, largely owing to the renewed heavy demand from the Federal Republic of Germany, and at DM 6.2 bn. had a 68% share in balance sheet total.

Once again, the syndication of large international credits formed the major part of the bank's activities in the credit sector, with state bodies, central banks and multinational concerns accounting for an increasing proportion of the borrowers. After the general confidence crisis on the Euromarket was overcome, the bank's activities in the money-dealing sector revived again.

The bank has made allowance for the strong expansion of business by increasing the capital in October 1975 from LF 900 m. (approx. DM 60 m.) to LF 1,500 m. (approx. DM 100 m.). In addition, LF 570 m. (approx. DM 37 m.) of the profit has been allocated to the reserves to strengthen the bank's own funds even further. Capital and published reserves now amount to LF 2,649 m. (approx. DM 170 m.).

*Deutsche Centralbodenkredit-AG, Berlin-Cologne*, operates as a mortgage bank in the Federal Republic and West Berlin. Its business activities comprise especially the granting of mortgage and communal loans as well as the issuing of mortgage and communal bonds. The bank was able in 1975 to expand its lending and borrowing business still more strongly than in the previous year. Owing to the public authorities' unusually heavy demand for credit to cover the deficits, the bulk of new business was accounted for by communal loans with commitments of DM 1,324 m. (1974: DM 739 m.). There was also a further increase in mortgage business in spite of the well-known difficulties in the house-build-

# Deutsche Bank AG, Frankfurt (Main)

Capital and published reserves DM 3 bn.

Included in the Group statement were:

## Commercial banks

Berliner Disconto  
Bank AG  
Berlin

Capital DM 60.0 m.  
Participation 100%

Saarländische  
Kreditbank AG  
Saarbrücken

Capital DM 25.0 m.  
Participation 68.9%

## Mortgage banks

Deutsche Central-  
bodenkredit-AG  
Berlin – Cologne

Capital DM 48.0 m.  
Participation 74.9%

Frankfurter  
Hypothekenbank  
Frankfurt (Main)

Capital DM 63.4 m.  
Participation 87.3%

## Specialised banks

Compagnie Financière  
de la Deutsche Bank AG  
Luxembourg

Capital LF 1,500 m.  
Participation 99.9%

Deutsche Gesellschaft  
für Fondsverwaltung  
mbH Frankfurt (Main)

Capital DM 1.6 m.  
Participation 100%

Deutsche Kreditbank  
für Baufinanzierung AG  
Cologne

Capital DM 42.0 m.  
Participation 75%

Deutsche Ueber-  
seesische Bank  
Berlin – Hamburg

Capital DM 60.0 m.  
Participation 97.4%

Gefa Gesellschaft für  
Absatzfinanz. mbH  
Wuppertal

Capital DM 30.0 m.  
Participation 100%

## Managing companies

Hessische Immobilien-  
Verwaltungs-GmbH  
Frankfurt (Main)

Capital DM 1.0 m.  
Participation 100%

Matura Vermögens-  
verwaltung mbH  
Düsseldorf

Capital DM 0.3 m.  
Participation 100%

Süddt. Vermögens-  
verwaltung GmbH  
Frankfurt (Main)

Capital DM 2.0 m.  
Participation 100%

Trinitas Vermögens-  
verwaltung GmbH  
Frankfurt (Main)

Capital DM 1.0 m.  
Participation 100%

ing sector. Commitments totalled DM 862 m. as against DM 645 m. a year ago. The balance sheet total rose by DM 1.8 bn. (or 23.1%) to DM 9.4 bn. (1974: + DM 1.2 bn. or 17.8%). Out of the net earnings of DM 30.7 m. DM 15.0 m. was allocated to the published reserves. At the Annual General Meeting it will be proposed to transfer another DM 5.0 m. out of the disposable profit to the statutory reserves. The bank's own funds (capital and published reserves) will then total DM 231.7 m.

An unchanged dividend of DM 10 per share of DM 50 par value is planned for the 1975 financial year.

*Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt (Main)*, manages individual investment funds (special funds) for institutional investors, such as insurance companies, company pension and welfare trusts, professional old-age pension schemes and those organised by associations and other institutional investors. It looks after staff funds as well. The number and total assets of the special funds continued to rise in the past financial year. The assets of 71 funds totalled DM 1.6 bn. as at the end of 1975 (1974: DM 1.0 bn.). The Shareholders' Meeting resolved to increase the capital by DM 0.4 m. to DM 2.0 m. from the reserves and to make a distribution again of 8 % on this higher capital for the 1974/75 financial year.

The business opportunities of *Deutsche Kreditbank für Baufinanzierung AG, Cologne*, were influenced by structural changes in the house-building sector in the past year as well. The bank hence concentrated its activities on the financing of builders' minor projects or private construction.

The balance sheet total rose by 11.5% to DM 1,750 m. The bank's own funds at the end of 1975 were still shown unchanged at DM 60.7 m. The year's net earnings were used to increase the undisclosed reserves without payment of a dividend.

Its wholly-owned subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, engages in the financing of real property, especially factory buildings, warehouses, department stores and administrative buildings against leasing receipts. Despite the cyclical decline, which continued throughout 1975, this company had a further satisfactory course of business.

*Deutsche Gesellschaft für Immobilien-Leasing mbH* holds all the shares of *DIL Deutsche Gesellschaft für Bauplanung und -beratung mbH, Cologne*, *DIL Deutsche*

*Gesellschaft für Immobilien-Mietkauf mbH, Cologne*, *DIL Grundstücksgesellschaft für Verwaltungs- und Lagergebäude mbH, Cologne*, *Grundstücksgesellschaft Grafenberger Allee mbH, Cologne*, *Grundstücksgesellschaft Otto-Hahn-Strasse mbH, Cologne*, *Schisa Grundstücksverwaltungsgesellschaft mbH, Cologne*. It has also a controlling interest in *Castolin Grundstücksgesellschaft mbH, Cologne*, *Peina Grundstücksverwaltungsgesellschaft mbH, Cologne*, and *Société d'Exploitation Foncière Rebus S.A., Luxembourg*.

*Deutsche Ueberseeische Bank, Berlin – Hamburg*, in cooperation with Deutsche Bank AG and other banks of the Group, is chiefly engaged in financing foreign trade transactions. Besides the central office in Hamburg and the branch in Berlin, the bank operates three other branches in the Federal Republic. Abroad it maintains legally dependent branches in Buenos Aires (Argentina) (with a sub-branch in Rosario, Province of Santa Fe, and ten small municipal branches in the greater Buenos Aires area), São Paulo (Brazil), Asunción (Paraguay), as well as in Tokyo (Japan) and Luxembourg. Of the six foreign representative offices in Central and South America five are operated jointly with Deutsche Bank AG.

The authorised capital of DM 20 m. created in 1974 was utilised in the year under review by issuing new shares at 150% entitled to dividend from January 1, 1975. The capital hence totals DM 60.0 m. By resolution of the Annual General Meeting on May 26, 1975, authorised capital of DM 20 m. was created again. The balance sheet total rose by 29% to DM 2,269 m.

Out of the net earnings of DM 8.0 m. DM 2.0 m. was transferred to the published reserves; DM 6.0 m. is to be paid as a dividend of DM 5 per DM 50 share. The bank's own funds amounted to DM 91.5 m. as at the end of 1975.

The AGM convened for the beginning of May will be presented with a proposal to integrate the bank into Deutsche Bank AG pursuant to § 320 Stock Corporation Act.

The bank is the sole partner of *Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Hamburg*.

*Frankfurter Hypothekenbank, Frankfurt (Main)*, the oldest and largest private mortgage bank, conducts all the banking operations of a mortgage bank. It is active throughout the Federal territory and West Berlin and, as



far as communal loans are concerned, also in the EC area. Loan commitments in 1975 amounted to DM 2.3 bn., of which DM 0.8 bn. was due to mortgage business and DM 1.5 bn. to communal loans. The balance sheet total rose by 15.3% to DM 12.4 bn. (+ 13.3% a year earlier).

The capital is DM 63.4 m. After allocating DM 15.0 m. from the 1975 net earnings, the published reserves are shown at DM 271.4 m. A further DM 3.0 m. is to be added to the reserves by resolution of the Annual General Meeting. Own funds will thus total DM 337.8 m.

A dividend of DM 10 per share of DM 50 par value is to be paid for the 1975 financial year as well.

The Frankfurter Hypothekenbank holds all the shares of Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt (Main), which wholly owns the Nordhamburgische Bauträgergesellschaft mbH, Hamburg, and controls 95% each of the capital of Hochhaus und Hotel Riesenfürstenhof Aufbaugesellschaft mbH, SB-Bauträger GmbH, SB-Bauträger GmbH & Co. Urbis Verwaltungs-KG and SB-Bauträger GmbH & Co. Urbis Hochhaus-KG, all of Frankfurt (Main).

The scope of business of *Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, and its subsidiaries Gefa-Leasing GmbH, Wuppertal, and Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf, includes medium-term financing of capital and consumer goods, leasing of movables and factoring. The companies complement the services offered by Deutsche Bank AG with these special types of financing.

There are profit and loss transfer agreements between Gefa and its two subsidiaries. Moreover, Gefa wholly owns Gefi Gesellschaft für Finanzierungsvermittlung mbH, Berlin, and Heinz Langer Versicherungsdienst GmbH, Stuttgart.

The Gefa Group expanded its volume of business in the year reviewed as well. The combined balance sheet total of the three firms rose by 25% to DM 1,267 m. Growth was especially influenced by the increase in leasing business.

DM 6.0 m. of Gefa's net earnings was allocated to the published reserves. The company's capital and published reserves now total DM 51.0 m. DM 10.7 m. (DM 7.2 m. a year earlier) was transferred to Deutsche Bank AG under the existing profit and loss transfer agreement.

68.9% of the DM 25 m. capital of *Saarländische Kreditbank AG, Saarbrücken*, is held by Deutsche Bank AG. Of the remainder 23.3% is held by the French banking group Crédit Industriel et Commercial; c. 19% of this falls to the Crédit Industriel d'Alsace et de Lorraine.

The bank maintains 19 branches in the Saar area. It conducts all the normal banking business. The balance sheet total grew by DM 31 m. (or 3.7%) to DM 870 m. A dividend of again 12% is to be paid for the financial year 1975, the new shares stemming from the 1975 capital increase (DM 5 m. at 200%) being entitled to 50% of the dividend. Own funds (capital and published reserves) were DM 50 m. as of December 31, 1975.

Saarländische Kreditbank AG rented its bank premises in Saarbrücken from Deutsche Bank AG; the site of the bank building at St. Ingbert was leased by the Deutsche Bank to the Saarländische Kreditbank for a long term. Further developed property was placed at the disposal of Saarländische Kreditbank AG by its subsidiary, Saarländische Immobilien-Gesellschaft mbH, Saarbrücken. There is a profit and loss transfer agreement between the two companies.

*Hessische Immobilien-Verwaltungsgesellschaft mbH, Frankfurt (Main)*, owns and administers land and buildings, which are mainly utilised by Deutsche Bank AG, among them the training centre at Kronberg.

*Matura Vermögensverwaltung mbH, Düsseldorf*, and *Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)*, manage property for their own and third account. *Elektro-Export GmbH, Nuremberg*, whose shares are wholly owned by Süddeutsche Vermögensverwaltung GmbH, engages in financing the export of electrical engineering products.

*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 buildings are rented for the most part to Berliner Disconto Bank AG and its employees. The DM 0.9 m. profit, which was earned in the 1975 financial year was transferred to Deutsche Bank AG under the existing profit and loss transfer agreement.

Among the non-consolidated companies abroad the *German American Capital Corporation, Baltimore (USA)*, may be mentioned. It functions as a holding company

for nom. US\$ 3.8 m. (20.1%) shares in the European-American Banking Corporation, New York, and nom. US\$ 11.0 m. (18.4%) shares in the European-American Bank & Trust Company, New York.

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

At the end of 1975 the consolidated companies employed a *staff* of 40,839 (including 3,602 part-time employees). The Group banks maintain 1,280 *offices* (1,269 at the end of the preceding year).

On the consolidated annual statement of accounts, which 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, we give the following comments:

### Consolidated Balance Sheet

The valuations of the individual balance sheets were taken over unchanged. The interim statement of accounts prepared for Compagnie Financière de la Deutsche Bank AG, Luxembourg, in Lux. francs was converted at the rate of DM 1 = LF 15.3825. The book values of the participations in companies included in the consolidated statement were offset against their own funds (capital and published reserves) according to the share held. At altogether DM 192.4 m. (DM 124.2 m. at the end of 1974), the differences are shown as reserve arising from consolidation: it is a form of capital. The increase over the previous year is due to allocations to reserves effected by subsidiaries from profits.

Claims and liabilities between members of the Group were offset against each other.

### Volume of business

The *Group's volume of business* (balance sheet total and endorsement liabilities) rose in 1975 by DM 12.3 bn., or 15.5%, to DM 91.7 bn. At DM 91.5 bn., the *consolidated balance sheet total* exceeds the previous year's figure by DM 12.8 bn. or 16.3%. Deutsche Bank AG (before consolidation) accounts for 58.8% ; 22.5% is attributable

to the two mortgage banks, 8.1% to Compagnie Financière de la Deutsche Bank AG and 10.0% to other credit institutions, the remaining 0.6% concerns leasing, managing and finance companies. Apart from Deutsche Bank AG, whose course of business influenced the development decisively, the increase was to a large extent due to the Group's two mortgage banks and the further noticeable growth of our Luxembourg subsidiary's international business.

### Liquidity

The *cash liquidity ratio* (DM 5.1 bn. cash reserve in % of liabilities, excluding long-term mortgage bank business, of altogether DM 65.2 bn.) was 7.8% as of December 31, 1975.

The Group's total liquid assets (cash reserve, items received for collection, bills rediscountable at the Deutsche Bundesbank, demand claims on other credit institutions, Treasury bills and discountable Treasury bonds, and bonds and debt instruments eligible as collateral for Bundesbank advances) were DM 18.9 bn. In % of the liabilities mentioned, this results in a *total liquidity ratio* of 29.0%.

### Securities

*Bonds and debt instruments* in the amount of DM 2.4 bn. are DM 0.6 bn. higher, DM 2.1 bn. or 86.7% of this was eligible as collateral at the Deutsche Bundesbank.

The debt instruments of Deutsche Bank AG, Deutsche Centralbodenkredit-AG and Frankfurter Hypothekbank held by the Group totalling DM 410.5 m. are shown separately as *debt instruments issued by members of the Group*. Deutsche Bank bonds account for DM 1.0 m. of the total amount.

*Securities, so far as they have not to be included in other items* appear on the balance sheet at DM 1,538 m., 97.8% or DM 1,504 m. of which are investment certificates and shares marketable on a stock exchange. Shares representing more than 10% of a company's capital are included in the total amount with a balance-sheet value of DM 905 m.

The strict minimum value principle has been applied for the valuation of the securities holdings.

### Total credit extended

The Group's total credit extended grew by DM 9.4 bn., or 16.8%, to DM 65.2 bn. in the past financial year. Its composition is shown in the table below.

31.5% (DM 3.0 bn.) of this expansion was due to long-term mortgage claims including interest and 68.5% (DM 6.4 bn.) to other loans, which were affected by public authorities' increased borrowing and a strong increase in international business.

In addition to the loans covered in the following list of total credit extended there was DM 12.4 bn. (DM 9.5 bn. a year earlier) of *rights of recourse in respect of guarantees and letters of credit*, more than three quarters of which are connected with our customers' foreign trade business.

Adequate allowance has been made, through adjustments and provisions, for discernible risks in the lending business. In addition to this the Group's credit institutions have made the prescribed overall adjustments for latent risks.

### Investments in subsidiaries and associated companies

The participations in non-consolidated companies are shown at DM 374 m. They are mainly direct and indirect minority interests in foreign credit institutions.

### Fixed assets

Of the *land and buildings* shown at DM 896 m. property worth DM 720 m. is used for banking purposes. An-

other DM 157 m. included in this item covers property rented out or intended to be rented out by the Deutsche Gesellschaft für Immobilien-Leasing mbH.

*Office furniture and equipment* in the total amount of DM 518 m. includes leasing property of Gefa-Leasing GmbH worth DM 310 m.

### Sundry assets

The item *sundry assets* consists primarily of share rights not documented by securities which do not represent longer-term participations. The item also contains holdings in gold and silver, including DM 87.6 m. held as cover for registered gold and silver certificates issued.

The *transitory items* in the amount of DM 14.8 m. show expenses attributable to future accounting periods.

### Funds from outside sources

The increase in the Group's funds from outside sources was DM 11.5 bn. (or 15.6%), DM 4.0 bn. of which was made up of bank deposits, DM 3.4 bn. of non-bank customers' deposits and DM 3.7 bn. of debt instruments issued. The funds from outside sources totalled DM 84.8 bn. (end of 1974: DM 73.3 bn.); they are made up as shown on the table overleaf.

Of the *non-bank customers' deposits*, which rose by 9.0% to DM 41.6 bn., the unusually large increase in sav-

Total credit extended	End of 1975 – in millions of DM –		End of 1974 – in millions of DM –	
Discounts . . . . .		7,482 = 11.5%		6,301 = 11.3%
Lendings to credit institutions . . . . .		3,039 = 4.7%		2,089 = 3.7%
Claims on non-bank customers				
short and medium-term claims . . . . .	21,052 = 32.3%		19,634 = 35.2%	
long-term claims . . . . .	14,108 = 21.6%	35,160 = 53.9%	11,225 = 20.1%	30,859 = 55.3%
		45,681 = 70.1%		39,249 = 70.3%
Long-term claims in mortgage bank business, including interest . . . . .		19,527 = 29.9%		16,570 = 29.7%
Total credit extended . . . . .		65,208 = 100.0%		55,819 = 100.0%

ings deposits amounting to DM 3.4 bn. (+ 22.7%) should be specially mentioned. At DM 18.4 bn., the Group's savings deposits at the end of 1975 made up 44% of non-bank customers' deposits, as compared with 39% at the end of the year before. A considerable increase, 21.7%, is recorded also by customers' demand deposits, which went up from DM 10.5 bn. to DM 12.7 bn. Customers' term deposits, on the other hand, in continuation of the previous year's trend, were reduced by DM 2.3 bn. to DM 10.5 bn.

*Debt instruments* in circulation (including debt instruments deliverable) rose by 22.4% to DM 20.2 bn. Of the total increase of DM 3.7 bn., DM 3.0 bn. was due to mortgage bonds and communal bonds of Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank and DM 0.7 bn. to bonds of Deutsche Bank AG.

The rise in *bank deposits* at fixed term (+ DM 3.6 bn.) mostly refers to funds of foreign credit institutions deposited with our Luxembourg subsidiary.

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 were secured to the sum of DM 32.0 m. by mortgages on real estate.

Included in banking liabilities towards other creditors is DM 119.3 m., which was accepted by the Argentine branches of the Deutsche Ueberseeische Bank from

their customers in accordance with Argentina's regulations on peso deposits ("for account of the central bank of Argentina").

### Other liability items

*Provisions for special purposes* are shown at DM 1,460 m. DM 844 m. of this amount relates to provisions for pensions indicated on the balance sheet at the actuarially computed part value of pension liabilities, and DM 616 m. to provisions for other purposes, mainly for taxes, to that part of the overall adjustment which cannot be offset against assets, and to provisions for contingent liabilities.

*Sundry liabilities* in the amount of DM 67 m. are liabilities of consolidated companies not relating to banking business.

The *transitory items* represent income attributable to future accounting periods.

### Comments

The Group's *endorsement liabilities* from rediscounted own drawings and bills were reduced from DM 713 m. to DM 142 m.

### Funds from outside sources

	End of 1975	End of 1974
	– in millions of DM –	
Liabilities towards credit institutions		
demand deposits . . . . .	DM 5,201 = 6.1%	DM 4,829 = 6.6%
term deposits . . . . .	DM 15,813 = 18.6%	DM 12,246 = 16.7%
customers' drawings on credits opened at other institutions . . . . .	DM 560 = 0.7%	DM 464 = 0.6%
	<u>DM 21,574 = 25.4%</u>	<u>DM 17,539 = 23.9%</u>
Liabilities towards non-bank customers		
demand deposits . . . . .	DM 12,735 = 15.0%	DM 10,460 = 14.3%
term deposits . . . . .	DM 10,469 = 12.3%	DM 12,724 = 17.3%
savings deposits . . . . .	DM 18,367 = 21.7%	DM 14,964 = 20.4%
	<u>DM 41,571 = 49.0%</u>	<u>DM 38,148 = 52.0%</u>
Debt instruments issued (including debt instruments deliverable)	DM 20,212 = 23.8%	DM 16,517 = 22.5%
Long-term loans taken up in mortgage bank business . . . . .	DM 902 = 1.1%	DM 792 = 1.1%
Interest . . . . .	DM 550 = 0.7%	DM 345 = 0.5%
	<u>DM 21,664 = 25.6%</u>	<u>DM 17,654 = 24.1%</u>
Total funds from outside sources . . . . .	<u>DM 84,809 = 100.0%</u>	<u>DM 73,341 = 100.0%</u>

*Liabilities arising from guarantees of various kinds and warranty contracts* rose to DM 12.4 bn. The increase of DM 2.9 bn. over the previous year is mostly connected with international business.

*Obligations to repurchase items assigned en pension* amounted to DM 1.6 bn. against DM 1.2 bn. at the end of 1974.

*Liabilities for possible calls* on shares in public and private limited companies not fully paid up amounted to DM 25.6 m. on balance-sheet date. Coupled with Group banks' holdings in Liquiditäts-Konsortialbank GmbH, Frankfurt (Main), is a proportional contingent liability for other partners' obligations to pay up further capital when called, in addition to the Group's own obligation for up to DM 50.4 m.

The items below the line in the balance sheet do not contain claims on and liabilities towards consolidated companies; the claims on and liabilities towards associated companies therefore refer to companies not included in the consolidated accounts.

## Consolidated Profit and Loss Account

The expenses and receipts shown in the individual statements of accounts of the consolidated companies have been combined, after the following netting and transfer operations had been carried out:

Expenses for inter-Group services were offset against the corresponding receipts, almost exclusively interest and commissions. Amounts received in 1975 from holdings in member companies of the Group, which represent distributions from the 1974 profits, were included under profit brought forward.

There were no inter-company profits to be reported.

### Earnings on the volume of business

The earnings on the volume of business (interest surplus) rose by 5.0% over the previous year to DM

2,129 m. As the interest receipts declined more than the cost of money, the interest margin fell. The reduction of interest and similar receipts from lending and money market transactions and of interest expenses in particular reflect the further lowering of the interest level in 1975. The increase in interest from mortgage bank business is due to the considerable expansion of the volume of business. In detail interest expenses and receipts are as follows:

	1975 – in millions of DM –	1974 – in millions of DM –
<i>Receipts:</i>		
Interest and similar receipts from lending and money market transactions . . . . .	4,229	5,013
Interest earned in mortgage bank business from mortgages and communal loans . . . . .	1,444	1,138
Current receipts from securities, debt register claims, and investments in subsidiaries and associated companies . . . . .	339	298
	6,012	6,449
<i>Expenses:</i>		
Interest and similar expenses	2,518	3,368
Interest paid in mortgage bank business on debt instruments issued and loans taken up . . . . .	1,365	1,054
	3,883	4,422
<i>Earnings on the volume of business (interest surplus)</i>	<u>2,129</u>	<u>2,027</u>

### Earnings on services

The surplus from commissions received of DM 601 m. and commissions paid of DM 21 m. was DM 580 m. The 12.8% increase over the preceding year is mainly due to higher commissions received in securities dealings. Earnings on international business have risen as well.

### Other receipts

*Non-recurrent receipts from the mortgage banks' issue and loan business* are shown at DM 100 m. (DM 87 m. a year earlier); the corresponding *non-recurrent expenses* amount to DM 96 m. (DM 90 m. a year earlier). *Other receipts* totalling DM 282 m. cover receipts from ordinary and extraordinary business which cannot be incorporated under other items insofar as they do not have to be offset in the individual member companies' accounts against depreciation and adjustments on claims and securities, and against allocations to provisions for possible loan losses.

### Staff and material expenditure

The consolidated companies' *staff expenses* totalled DM 1,484 m. in the year reviewed (DM 1,450 m. a year earlier). Salaries and wages and compulsory social security contributions altogether rose by DM 121 m. to DM 1,273 m. However, expenditure on retirement pensions and other benefits were DM 87 m., or 29% lower, since the change from current value to the higher part value in the bank's provisions for pensions had already largely been effected in 1974.

*Material expenditure for the banking business* rose by 15.9% to DM 385 m. These additional expenses were caused by higher prices and fees apart from the expansion in business. Owing to rationalisation measures, the rents for data processing equipment increased as well.

### Other expenses

*Depreciation on land and buildings and on office furniture and equipment* amounted to DM 175 m. after DM 105 m. in the year before. It includes special depreciation of DM 38.5 m. pursuant to § 6b Income Tax Law (DM 0.9 m. a year earlier).

DM 417 m. *taxes* had to be paid by the consolidated companies, DM 395 m. of which being taxes on income, earnings and property. Not accounted for here is DM 10.8 m. additional tax on proposed dividends distributable in 1976 by subsidiaries of Group members as well as extra expenses of DM 3.2 m. in accordance with § 170 subpara. 2 Stock Corporation Act, following a dividend payment resolution of Berliner Disconto Bank AG and

dividend payment proposals of Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank.

### Profit, capital and reserves

With total receipts of DM 7,053.5 m. and total expenses of DM 6,662.6 m. the Group's *net earnings for the year* stand at DM 390.9 m. After allocations of DM 152.7 m. to the published reserves (DM 51.7 m. in subsidiaries) and deduction of DM 7.5 m. profit due to outside shareholders, *profit of the Group* amounts to DM 277.5 m. (DM 220.7 m. a year ago), including DM 46.8 m. profit brought forward.

As of December 31, 1975, the *Group's own funds* are DM 3,192.4 m.; they are made up as follows:

<i>Capital</i>	.. . . .	DM 900.0 m.
<i>Published reserves</i>	.. . . .	DM 2,100.0 m.
<i>Reserve arising from consolidation</i>	.. .	DM 192.4 m.
<i>Total</i>	.. . . .	<u>DM 3,192.4 m.</u>

Outside shareholders of Deutsche Centralbodenkredit-AG, Deutsche Kreditbank für Baufinanzierung AG, Deutsche Ueberseeische Bank, Frankfurter Hypothekenbank and Saarländische Kreditbank AG account for DM 132.6 m. of own funds and for DM 7.5 m. of profit. To allow for this, a *compensatory item for shares held by others* is included in the consolidated balance sheet.

Frankfurt (Main), March 1976

**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>van Hooven</i>	<i>Kleffel</i>
<i>Leibkutsch</i>	<i>Mertin</i>	<i>Thierbach</i>	<i>Ulrich</i>

## **Consolidated Balance Sheet**

as of December 31, 1975

## **Consolidated Profit and Loss Account**

for the period from  
January 1 to December 31, 1975

## Assets

## Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1974 in 1,000 DM
Cash in hand		343,331,639.47	329,847
Balances with the Deutsche Bundesbank		4,734,054,707.75	5,256,892
Balances on postal cheque accounts		28,823,160.64	38,431
Cheques on other banks, matured bonds, interest and dividend coupons and items received for collection		496,479,059.32	420,260
Bills discounted		7,075,999,504.50	5,299,723
including:			
a) rediscountable at the Deutsche Bundesbank	DM 6,378,893,205.53		
b) own drawings	DM 89,833,699.87		
Claims on credit institutions			
a) payable on demand	4,652,602,306.07		3,354,711
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	1,948,887,221.29		2,234,798
bb) at least three months, but less than four years	7,537,911,354.30		6,423,093
bc) four years or longer	<u>1,447,841,713.53</u>		<u>885,079</u>
including:		15,587,242,595.19	12,897,681
used as cover in mortgage bank business	DM 109,000,000.—		
Treasury bills and discountable Treasury bonds			
a) of the Federal Republic and the Länder	185,584,548.59		45,469
b) others	<u>3,649,563.46</u>		<u>3,365</u>
		189,234,112.05	48,834
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Länder	DM 656,879,906.05		
ab) of credit institutions	DM 428,599,708.17		
ac) others	<u>DM 2,141,469.26</u>	1,087,621,083.48	729,010
including:			
eligible as collateral for Bundesbank advances	DM 1,082,965,376.02		
used as cover in mortgage bank business	DM 122,296,250.—		
b) with a life of more than four years			
ba) of the Federal Republic and the Länder	DM 262,543,164.06		
bb) of credit institutions	DM 765,197,834.98		
bc) others	<u>DM 318,102,269.38</u>	<u>1,345,843,268.42</u>	<u>1,116,632</u>
including:		2,433,464,351.90	1,845,642
eligible as collateral for Bundesbank advances	DM 1,027,574,173.12		
used as cover in mortgage bank business	DM 89,161,610.29		
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,503,624,581.62		1,103,387
b) other securities	<u>34,233,942.75</u>		<u>24,976</u>
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 904,840,150.16	1,537,858,524.37	1,128,363
Carried forward		32,426,487,655.19	27,265,673



## as of December 31, 1975 (continued)

## Liabilities

	DM	DM	DM	31. 12. 1974 in 1,000 DM
Brought forward			83,357,739,227.29	72,204,643
Loans taken up in mortgage bank business with agreed life, or subject to agreed period of notice, of four years or longer				
a) from credit institutions		425,118,098.08		375,085
b) others		<u>476,444,670.93</u>		417,015
including:			901,562,769.01	792,100
with partial liability	DM 2,593,459.95			
due in less than four years	DM 399,625,351.77			
Interest on debt instruments issued and loans taken up in mortgage bank business				
a) pro rata interest		345,518,981.12		236,145
b) interest due (including that due on January 2, 1976)		<u>204,500,397.82</u>		109,246
			550,019,378.94	345,391
Own acceptances and promissory notes in circulation			216,798,132.62	171,059
Loans on a trust basis at third party risk			783,227,958.78	583,406
Provisions for special purposes				
a) for pensions		843,674,581.06		745,412
b) others		<u>616,490,931.91</u>		552,686
			1,460,165,512.97	1,298,098
Sundry liabilities			66,499,052.79	39,691
Endowments and benevolent funds				
assets of the endowments		1,914,144.59		1,796
less investments in securities		<u>1,757,210.01</u>		1,670
			156,934.58	126
Transitory items				
a) in accordance with Article 25 of the Mortgage Bank Law		97,897,775.42		66,328
b) others		<u>440,231,003.19</u>		356,116
			538,128,778.61	422,444
Special items including reserves				
a) in accordance with the Tax Law regarding Developing Countries		10,678,183.27		9,100
b) in accordance with Article 6b of the Income Tax Law		29,309.77		32,766
c) in accordance with the tax regulation regarding overall adjustments		<u>44,289,118.98</u>		46,972
			54,996,612.02	88,838
Capital			900,000,000.—	720,000
Published reserves				
a) statutory reserve fund		1,085,000,000.—		634,000
b) other reserves (voluntary reserve fund)		<u>1,015,000,000.—</u>		915,000
			2,100,000,000.—	1,549,000
Reserve arising from consolidation			192,402,798.62	124,175
Compensatory item for shares held by others			140,131,772.96	138,706
including: from profit	DM 7,511,758.06			
Profit of the Group			277,543,216.40	220,749
<b>Total liabilities</b>			<b>91,539,372,145.59</b>	<b>78,698,426</b>
Own drawings in circulation			3,773,592.13	3,074
including those discounted for borrowers' account	DM 2,183,743.73			
Endorsement liabilities on rediscounted bills of exchange			138,111,750.44	709,533
Liabilities arising from guarantees of various kinds and warranty contracts			12,429,305,122.64	9,456,549
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			1,604,967,370.23	1,200,100
Savings premiums under the Savings Premium Law			531,132,447.02	464,458
Comprised among the liabilities are those (including those shown below the balance sheet) to asso- ciated companies			25,609,894.26	17,328

## Assets

## Consolidated Balance Sheet

	DM	DM	31. 12. 1974 in 1,000 DM
Brought forward		32,426,487,655.19	27,265,673
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	21,052,021,414.—		19,633,643
including:			
used as cover in mortgage bank business	DM 828,953,195.01		
b) four years or longer	14,107,502,071.54		11,224,861
including:			
ba) secured by mortgages on real estate	DM 958,970,791.72	35,159,523,485.54	30,858,504
bb) communal loans	DM 585,557,280.33		
due in less than four years	DM 6,908,910,000.—		
Mortgage bank lendings with agreed life of four years or longer			
a) mortgages	9,910,526,782.91		8,987,856
used as cover	DM 9,117,736,907.81		
b) communal loans	9,232,328,035.22		7,276,993
used as cover	DM 9,028,858,266.68		
c) others	115,119,570.89		135,481
including: to credit institutions	DM 992,036,314.86	19,257,974,389.02	16,400,330
Interest on long-term mortgage bank lendings			
a) pro rata interest	220,004,914.75		123,938
b) interest due after October 31, 1975 and on January 2, 1976	49,482,605.49		45,319
c) interest arrears	—	269,487,520.24	169,257
Equalisation and covering claims on Federal and Länder authorities under the Currency Reform Laws		513,162,108.75	540,561
including:			
used as cover in mortgage bank business	DM 85,783,861.78		
Loans on a trust basis at third party risk		783,227,958.78	583,406
Investments in subsidiaries and associated companies		374,352,427.26	357,976
including: in credit institutions	DM 212,597,435.43		
Land and buildings		895,814,715.39	775,649
including: taken over in mortgage business	DM 1,671,272.45		
Office furniture and equipment		518,480,156.92	357,397
Own shares		—	8,984
Debt instruments issued by members of the Group		410,491,313.96	552,783
nominal amount:	DM 425,048,290.—		
Sundry assets		915,587,602.43	805,696
Transitory items		14,782,812.11	22,210
<b>Total assets</b>		<b>91,539,372,145.59</b>	<b>78,698,426</b>
The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include			
a) claims on associated companies		139,685,527.02	107,006
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)		435,744,287.49	397,191

# Expenses

# Consolidated Profit and Loss Account

	DM	DM	1974 in 1,000 DM
Interest and similar expenses		2,517,967,972.15	3,368,243
Interest expenditure in mortgage bank business on			
a) mortgage bonds	642,716,771.99		571,291
b) communal bonds	630,460,524.86		419,190
c) bonds in accordance with Article 5, para. 1, item 4 c of the Mortgage Bank Law	21,634,814.78		4,115
d) loans taken up	<u>70,355,178.32</u>		<u>58,995</u>
		1,365,167,289.95	1,053,591
Commissions and similar expenses in respect of service transactions		20,631,795.81	14,628
Non-recurrent expenses in respect of the mortgage banks' issue and loan business		95,501,299.63	89,915
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		102,108,984.33	186,380
Salaries and wages		1,131,449,737.81	1,028,636
Compulsory social security contributions		141,598,643.39	123,076
Expenditure on retirement pensions and other benefits		211,304,626.80	298,089
Material expenditure for the banking business		385,267,328.40	332,396
Depreciation and adjustments on land and buildings and on office furniture and equipment		175,492,918.10	104,814
Depreciation and adjustments on investments in subsidiaries and associated companies		285,022.45	4,756
Taxes			
a) on income, earnings and property	395,385,417.69		291,035
b) others	<u>22,047,887.20</u>		<u>13,710</u>
		417,433,304.89	304,745
Allocations to special items including reserves		2,133,669.83	54,835
Other expenses		96,257,999.11	96,008
Year's net earnings		<u>390,930,475.15</u>	<u>320,391</u>
<b>Total expenses</b>		<b>7,053,531,067.80</b>	<b>7,380,503</b>

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 1976

**Deutsche Bank Aktiengesellschaft**

The Board of Managing Directors

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

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Year's net earnings	390
Profit brought forward from the previous year	<u>41</u>
	431
	<u>15</u>
Allocations to published reserves	<u>28</u>
	1
Profit attributable to outside shareholders	<u>27</u>
Profit of the Group	<u><u>27</u></u>

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

## Receipts

DM	1974 DM
390,930,475.15	320,390,525.75
<u>46,824,499.31</u>	<u>32,370,513.09</u>
437,754,974.46	352,761,038.84
<u>152,700,000.—</u>	<u>124,200,000.—</u>
285,054,974.46	228,561,038.84
<u>7,511,758.06</u>	<u>7,811,913.51</u>
<u>277,543,216.40</u>	<u>220,749,125.33</u>

*Fandré*  
Wirtschaftsprüfer  
(Chartered Accountant)

**German credit institutions**

		Capital	Our holding
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main)	DM	40.0 m.	27.0%
Badische Bank, Karlsruhe	DM	22.0 m.	25.1%
Berliner Disconto Bank Aktiengesellschaft, Berlin	DM	60.0 m.	100 %
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	DM	48.0 m.	74.9%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	DM	1.6 m.	100 %
Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	DM	12.0 m.	34.0%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne	DM	3.0 m.	37.5%
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Cologne	DM	42.0 m.	75.0%
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	33.0 m.	25.2%
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin – Bremen	DM	1.0 m.	25.3%
Deutsche Ueberseeische Bank, Berlin – Hamburg	DM	60.0 m.	97.4%
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v.d.H.	DM	1.0 m.	60.0%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt (Main)	DM	10.0 m.	14.0%
Europäisch Asiatische Bank Aktiengesellschaft, Hamburg	DM	28.0 m.	14.3%
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt (Main)	DM	5.0 m.	25.0%
Frankfurter Hypothekenbank, Frankfurt (Main)	DM	63.4 m.	87.3%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	30.0 m.	100 %
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt (Main)	DM	1.0 m.	27.0%
Industriebank von Japan (Deutschland) Aktiengesellschaft – The Industrial Bank of Japan (Germany) –, Frankfurt (Main)	DM	40.0 m.	25.0%
Liquiditäts-Konsortialbank GmbH, Frankfurt (Main)	DM	250.0 m.	5.9%
Lombardkasse Aktiengesellschaft, Berlin – Frankfurt (Main)	DM	1.5 m.	14.2%
Privatdiskont-Aktiengesellschaft, Frankfurt (Main)	DM	5.0 m.	13.2%
Rheinische Kapitalanlagegesellschaft mbH, Cologne	DM	1.0 m.	37.5%
Saarländische Kreditbank Aktiengesellschaft, Saarbrücken	DM	25.0 m.	68.9%
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Kiel	DM	30.0 m.	28.9%
Süddeutsche Bank GmbH, Frankfurt (Main)	DM	3.0 m.	100 %

**Foreign credit institutions**

AEA Development Corporation, Manila/Philippines	Phil. pes.	33.0 m.	5.5%
Al-Bank Al-Saudi Al-Alami Ltd., London	£	12.5 m.	5.0%
Banco Bradesco de Investimento, S.A., São Paulo	Cr\$	410.3 m.	5.0%
Banco Comercial Transatlántico, Barcelona	Ptas	890.0 m.	25.5%
Banco del Desarrollo Económico Español S.A., Madrid	Ptas	929.8 m.	1.8%
Banco Español en Alemania S.A., Madrid	Ptas	165.0 m.	15.0%
Banque Commerciale Congolaise, Brazzaville/Congo	CFA-francs	700.0 m.	3.1%
Banque Commerciale du Maroc, Casablanca/Morocco	Dirham	24.4 m.	7.1%
Banque Européenne de Crédit, Brussels	B. francs	1,425.3 m.	14.3%

	Capital	Our holding
Banque Nationale pour le Développement Economique, Rabat/Morocco	Dirham 70.0 m.	0.4%
Banque Tchadienne de Crédit et de Dépôts, N'Djamena/Chad	CFA-francs 330.0 m.	7.5%
H. Albert de Bary & Co. N.V., Amsterdam	Dutch guil. 15.0 m.	20.0%
Compagnie Financière de la Deutsche Bank AG, Luxembourg	Lux. francs 1,500.0 m.	99.9%
Corporación Financiera Colombiana, Bogotá/Colombia	Col. pesos 172.6 m.	0.4%
Euro-Pacific Finance Corporation Ltd., Melbourne/Australia	A\$ 5.0 m.	8.0%
European Asian Finance (HK) Ltd., Hong Kong	HK\$ 10.0 m.	10.0%
European Banking Company Ltd., London	£ 10.0 m.	14.3%
European Brazilian Bank Ltd., London	£ 8.6 m.	12.8%
Foreign Trade Bank of Iran, Tehran/Iran	Rials 1,050.0 m.	11.8%
Industrial and Mining Development Bank of Iran, Tehran/Iran	Rials 7,000.0 m.	0.9%
The Industrial Credit and Investment Corporation of India Ltd., Bombay/India	Ind. rupees 150.0 m.	1.5%
International Mexican Bank Ltd., London	£ 5.0 m.	7.2%
Iran Overseas Investment Bank Ltd., London	£ 8.0 m.	6.3%
Korea Development Finance Corporation, Seoul/South Korea	Won 3,300.0 m.	2.5%
Malaysian Industrial Development Finance Berhad, Kuala Lumpur/Malaysia	M\$ 79.6 m.	0.5%
Nationale Investitionsbank für Industrieentwicklung AG, Athens	Drachmae 450.0 m.	5.3%
The Pakistan Industrial Credit and Investment Corporation Ltd., Karachi/Pakistan	Pak. rupees 66.4 m.	4.8%
Private Development Corporation of the Philippines, Makati, Rizal/Philippines	Phil. pesos 47.7 m.	1.9%
Société Camerounaise de Banque, Yaoundé/Cameroon	CFA-francs 2,000.0 m.	5.0%
Société Ivoirienne de Banque, Abidjan/Ivory Coast	CFA-francs 1,250.0 m.	12.0%
Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd., Helsinki	Fmk 71.0 m.	0.4%
Union Gabonaise de Banque, Libreville/Gabon	CFA-francs 937.5 m.	8.0%
Union Sénégalaise de Banque pour le Commerce et l'Industrie, Dakar/Senegal	CFA-francs 2,000.0 m.	1.9%
Union Togolaise de Banque, Lomé/Togo	CFA-francs 600.0 m.	18.0%

#### Other German enterprises

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM 0.5 m.	95.0%
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt (Main)	DM 0.1 m.	55.0%
Deutsche Beteiligungsgesellschaft mbH, Frankfurt (Main)	DM 1.0 m.	92.5%
Deutsche Canada-Grundbesitzverwaltungs-gesellschaft mbH, Frankfurt (Main)	DM 0.1 m.	55.0%
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt (Main)	DM 0.5 m.	90.0%
Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	DM 0.04 m.	37.5%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	DM 1.0 m.	95.0%

		Capital	Our holding
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf	DM	30.0 m.	33.3%
Matura Vermögensverwaltung mbH, Düsseldorf	DM	0.3 m.	100 %
Nordwestdeutscher Wohnungsbauträger GmbH, Braunschweig	DM	0.2 m.	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)	DM	2.0 m.	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)	DM	1.0 m.	100 %

#### Other foreign enterprises

Adela Investment Company S.A., Luxembourg/Lima (Peru)	US\$	61.8 m.	0.7%
EDESA Société Anonyme Holding, Luxembourg	US\$	11.0 m.	4.6%
European Arab Holding S.A., Luxembourg	Lux. francs	2,000.0 m.	5.7%
European Banks' International Company S.A., Brussels	B. francs	175.0 m.	14.3%
European Financial Associates N.V., The Hague	Dutch guil.	0.4 m.	14.3%
European Hotel Corp. (EHC) N.V., Amsterdam	Dutch guil.	16.5 m.	5.4%
German American Capital Corporation, Baltimore/USA	US\$	0.01 m.	100 %
International Investment Corporation for Yugoslavia, Luxembourg	US\$	13.5 m.	1.2%
Private Investment Company for Asia S.A., Panama-City/Panama	US\$	28.8 m.	0.7%
Promotora de Edificios para Oficinas S.A., Barcelona	Ptas	180.0 m.	25.2%
Société Internationale Financière pour les Investissements et le Développement en Afrique S.A. (SIFIDA), Luxembourg	US\$	15.8 m.	0.6%
UBS – DB Corporation, New York	US\$	0.1 m.	50.0%



### Domestic bond issues of public authorities

9¼%, 8½%, 8¼% and 8% bond issues of the Bundesrepublik Deutschland of 1975	9¼% bond issue of the Land Niedersachsen of 1975
9¼% and 8¼% bond issues of the Deutsche Bundesbahn of 1975	8% bond issue of the Land Nordrhein-Westfalen of 1975
9% bond issue of the Deutsche Bundespost of 1975	9¼% bond issue of the Land Schleswig-Holstein of 1975
8½% bond issue of the Land Baden-Württemberg of 1975	7½%, 8%, 8½%, 9%, 9½% and 10% annuity and communal bond issues as well as mortgage bonds of the Deutsche Siedlungs- und Landesrentenbank.— Issues 132, 141–142, 144, 146–149, Series 23 —
8½% bond issue of the Freistaat Bayern of 1975	8½% bond issue of the Kreditanstalt für Wiederaufbau of 1975
8½% bond issue of the Land Berlin of 1975	8¾% bond issue of the Lastenausgleichsbank of 1975 — Issue 15
8½% bond issue of the Freie Hansestadt Bremen of 1975	
8¾% bond issue of the Freie und Hansestadt Hamburg of 1975	

### Other domestic bond issues, mortgage and communal bonds

Deutsche Centralbodenkredit-Aktiengesellschaft	Deutsche Schiffahrtsbank Aktiengesellschaft
Deutsche Hypothekenbank (Actien-Gesellschaft)	Schiffshypothekenbank zu Lübeck Aktiengesellschaft

### Convertible and option bonds of domestic and foreign issuers

denominated in Deutsche Mark:	
Ciba-Geigy International Nederland B.V.	Hoechst Aktiengesellschaft
denominated in foreign currencies:	
Asahi Chemical Industry Co., Ltd.	Mitsui & Co., Ltd.
Matsushita Electric Industrial Co., Ltd.	Société Générale de Belgique
Mitsubishi Electric Corporation	Tokyo Shibaura Electric Co., Ltd.

### Bonds of foreign issuers

denominated in Deutsche Mark:	
AKZO N.V.	Compagnie Française des Pétroles
Alusuisse International N.V.	Electricity Supply Commission (Escom)
A/S Ardal og Sunndal Verk	ESTEL N V
Australien	EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial
Banque Française du Commerce Extérieur	Europäische Gemeinschaft für Kohle und Stahl
Stadt Bergen	Europäische Investitionsbank
Borregaard A. S.	Forsmarks Kraftgrupp Aktiebolag
Caisse Centrale de Coopération Economique	Fujitsu Limited
Caisse Nationale des Autoroutes	Gemeindeverbund Stockholm
Caisse Nationale des Télécommunications	Stadt Göteborg
Comalco Investments Europe S. A.	

I.C.I. International Finance Limited  
 Industrie-Hypothekenbank in Finnland AG  
 Internationale Bank für Wiederaufbau und Entwicklung  
 (Weltbank)  
 Internationales Amtssitz- und Konferenzzentrum Wien,  
 Aktiengesellschaft  
 Jydsk Telefon-Aktieselskab  
 Kawasaki Steel Corporation  
 Stadt Kobe  
 Stadt Kopenhagen  
 Stadt Malmö  
 Mitsubishi Heavy Industries, Ltd.  
 Mo och Domsjö Aktiebolag  
 Neuseeland  
 Nippon Kokan Kabushiki Kaisha  
 Nippon Telegraph & Telephone Public Corporation  
 Nippon Yusen Kabushiki Kaisha  
 Norges Kommunalbank  
 Norsk Hydro a. s

denominated in foreign currencies:

Alusuisse International N.V.  
 A/S Ardal og Sunndal Verk  
 Asahi Chemical Industry Co., Ltd.  
 Australian Resources Development Bank  
 Banque Française du Commerce Extérieur  
 Banque de Paris et des Pays-Bas  
 Barclays Bank International Limited  
 Beneficial Finance International Corporation  
 Borg-Warner Acceptance Canada, Ltd.  
 The Broken Hill Proprietary Company Limited  
 Caisse Nationale de l'Énergie  
 Charbonnages de France  
 Comalco Limited  
 Compagnie de Saint-Gobain – Pont-à-Mousson  
 Compagnie Française des Pétroles  
 Compagnie Nationale Air France  
 Compagnie Nationale du Rhône  
 City of Copenhagen  
 The Copenhagen County Authority  
 Copenhagen Telephone Company  
 The Council of Europe Resettlement Fund  
 Creusot-Loire  
 CSR Limited  
 Deere & Company  
 Electricité de France  
 Electricity Supply Commission (Escom)

Königreich Norwegen  
 Republik Österreich  
 Österreichische Draukraftwerke Aktiengesellschaft  
 Stadt Oslo  
 N.V. Philips' Gloeilampenfabrieken  
 Post- och Kreditbanken, PKbanken  
 Sandvik Aktiebolag  
 The Sanko Steamship Co., Ltd.  
 South African Railways and Harbours  
 Stadt Stockholm  
 Sumitomo Metal Industries, Ltd.  
 Svenska Tändsticks Aktiebolaget  
 Sveriges Investeringsbank Aktiebolag  
 Thyssen Caribbean Finance N.V.  
 Ungarische Nationalbank  
 Unilever N.V.  
 Vereinigte Mexikanische Staaten  
 Vereinigte Österreichische Eisen- und Stahlwerke –  
 Alpine Montan Aktiengesellschaft  
 Stadt Wien

Enso-Gutzeit Osakeyhtiö  
 Entreprise de Recherches et d'Activités Pétrolières (ERAP)  
 ESTEL NV  
 European Coal and Steel Community  
 European Investment Bank  
 First Canadian Investments Limited  
 Ford Motor Credit Company  
 Ford Motor Credit Company of Canada, Limited  
 General Motors Acceptance Corporation of Canada,  
 Limited  
 Genstar Limited  
 Gold Fields (Bermuda) Limited  
 Gould International, Inc.  
 Gränges Aktiebolag  
 Greater London Council  
 Groupement de l'Industrie Sidérurgique  
 Hamersley Iron Finance N.V.  
 City of Helsinki  
 Hudson's Bay Company  
 Hydro – Quebec  
 Imatran Voima Osakeyhtiö  
 The Industrial Bank of Japan Finance Company N.V.  
 Industrial Mortgage Bank of Finland Limited  
 International Harvester Credit Corporation of Canada  
 Limited  
 City of Liverpool

Province of Manitoba  
 Marubeni Corporation  
 Massey-Ferguson Nederland N.V.  
 Mc Donnell Douglas Overseas Finance Corporation  
 Miles Overseas Capital N.V.  
 Mitsui O.S.K. Lines, Ltd.  
 City of Montreal  
 Mortgage Bank of Finland Oy  
 Naamloze Vennootschap DSM  
 Province of Newfoundland  
 New Zealand  
 Nippon Seiko K. K.  
 Nippon Steel Corporation  
 Nisshin Steel Co., Ltd.  
 Noranda Mines, Ltd.  
 Norges Kommunalbank  
 Norsk Hydro a. s  
 Kingdom of Norway  
 Ontario Hydro  
 City of Oslo  
 Regional Municipality of Ottawa-Carleton  
 Papua New Guinea  
 Péchiney Ugine Kuhlmann

Petróleos Mexicanos (PEMEX)  
 City of Quebec  
 Rhône-Poulenc  
 RoyMarine Leasing Limited  
 RoyNat Ltd.  
 Société Concessionnaire des Autoroutes  
 Paris-Est-Lorraine A.P.E.L.  
 Société Générale de Banque  
 Société Nationale des Chemins de Fer Français  
 Société Nationale des Pétroles d'Aquitaine  
 Sociétés de Développement Régional  
 South African Iron and Steel Industrial  
 Corporation, Limited (IsCOR)  
 Statsföretag Aktiebolag  
 Sumitomo Chemical Co., Ltd.  
 Sumitomo Heavy Industries, Ltd.  
 Sveriges Investeringsbank Aktiebolag  
 Swedish Export Credit Corporation  
 The Toronto-Dominion Bank  
 Tubemakers of Australia Limited  
 Unilever N.V.  
 Aktiebolaget Volvo  
 Western Mining Corporation Limited

### Domestic shares

Ackermann-Göggingen Aktiengesellschaft  
 Aesculap-Werke Aktiengesellschaft  
 vormals Jetter & Scheerer  
 Aktiengesellschaft für Industrie und Verkehrswesen  
 Allgäuer Alpenmilch Aktiengesellschaft  
 Allgemeine Elektrizitäts-Gesellschaft AEG-TELEFUNKEN  
 Allianz Lebensversicherungs-Aktiengesellschaft  
 H. W. Appel Feinkost-Aktiengesellschaft  
 Badische Gas- und Elektrizitätsversorgung  
 Aktiengesellschaft  
 BASF Aktiengesellschaft  
 Bayerische Vereinsbank  
 Berliner Handels- und Frankfurter Bank  
 Berliner Kraft- und Licht (Bewag)-Aktiengesellschaft  
 Bibliographisches Institut Aktiengesellschaft  
 Bremer Vulkan Schiffbau und Maschinenfabrik  
 Brown, Boveri & Cie Aktiengesellschaft  
 BSU Textil AG.  
 Colonia Versicherung Aktiengesellschaft  
 DEMAG Aktiengesellschaft  
 Deutsche Babcock & Wilcox Aktiengesellschaft

Deutsche Continental-Gas-Gesellschaft  
 DEGUSSA Deutsche Gold- und Silber-Scheideanstalt  
 vormals Roessler  
 Deutsche Lufthansa Aktiengesellschaft  
 Deutsche Steinzeug- und Kunststoffwarenfabrik  
 Verwaltungs-Aktiengesellschaft  
 Deutsche Texaco Aktiengesellschaft  
 Dortmunder Ritterbrauerei Aktiengesellschaft  
 Dortmunder Stifts-Brauerei Carl Funke  
 Aktiengesellschaft  
 Dortmunder Union-Schultheiss Brauerei  
 Aktiengesellschaft  
 Edelstahlwerk Witten Aktiengesellschaft  
 Einkaufskontor Stuttgart des südwestdeutschen  
 Nahrungsmittelgroßhandels – Aktiengesellschaft  
 ERLUS Baustoffwerke Aktiengesellschaft  
 Frankfurter Bodenkreditbank Aktiengesellschaft  
 Geestemünder Bank  
 Gelsenberg Aktiengesellschaft  
 Gelsenwasser Aktiengesellschaft  
 Arn. Georg Aktiengesellschaft

## Consolidated Balance Sheet as of December 31, 1975

## Liabilities

	DM	DM	DM	31. 12. 1974 in 1,000 DM
<b>Liabilities to credit institutions</b>				
a) payable on demand . . . . .		5,201,516,605.03		4,828,787
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months . . . . .	3,192,520,292.80			
bb) at least three months, but less than four years ..	11,172,499,786.20			
bc) four years or longer . . . . .	<u>1,447,745,888.14</u>	15,812,765,967.14		12,246,494
including: due in less than four years . . . . . DM 875,677,046.49				
c) customers' drawings on credits opened at other institutions . . . . .		<u>559,724,651.90</u>		464,370
			21,574,007,224.07	17,539,651
<b>Banking liabilities to other creditors</b>				
a) payable on demand . . . . .		12,735,396,596.12		10,459,734
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months . . . . .	7,565,631,504.30			
bb) at least three months, but less than four years ..	2,355,556,748.07			
bc) four years or longer . . . . .	<u>547,815,314.65</u>	10,469,003,567.02		12,724,380
including: due in less than four years . . . . . DM 495,818,547.24				
c) savings deposits				
ca) subject to legal period of notice . . . . .	9,502,870,488.13			
cb) others . . . . .	<u>8,864,234,826.80</u>	<u>18,367,105,314.93</u>		14,963,421
			41,571,505,478.07	38,147,535
<b>Debt instruments with a life of</b>				
a) up to four years . . . . .		110,289,000.—		—
b) more than four years . . . . .		<u>1,109,901,000.—</u>		528,280
including: due in less than four years . . . . . DM 550,000,000.—			1,220,190,000.—	528,280
<b>Debt instruments issued by the mortgage banks</b>				
a) mortgage bonds . . . . .		9,316,821,676.10		8,670,461
including: registered bonds . . . . . DM 1,573,792,721.90				
b) communal bonds . . . . .		9,169,319,631.66		6,501,491
including: registered bonds . . . . . DM 2,034,948,311.96				
c) other debt instruments in accordance with Article 5, para. 1 item 4c of the Mortgage Bank Law . . . . .		400,000,000.—		180,000
d) bonds drawn and called for redemption . . . . .		<u>475,117.39</u>		572
including: falling due or to be taken back in less than four years.. . . . DM 4,865,239,541.66			18,886,616,425.15	15,352,524
further: registered bonds handed to lender to secure loans taken up . . . . DM 294,444,834.31				
and registered communal bonds . . . . . DM 202,792,438.34				
<b>Debt instruments deliverable</b> . . . . .			105,420,100.—	636,653
Carried forward			83,357,739,227.29	72,204,643

Gesellschaft für Spinnerei und Weberei  
 Gutehoffnungshütte Aktienverein  
 Hanfwerke Oberachern Aktiengesellschaft  
 Hannoversche Papierfabriken Alfeld-Gronau  
 vorm. Gebr. Woge  
 Hapag-Lloyd Aktiengesellschaft  
 Henninger-Bräu Kommanditgesellschaft auf Aktien  
 Hoechst Aktiengesellschaft  
 Holsten-Brauerei  
 Industriekreditbank Aktiengesellschaft – Deutsche  
 Industriebank  
 Industrie-Werke Karlsruhe Augsburg Aktiengesellschaft  
 Kabel- und Metallwerke Gutehoffnungshütte  
 Aktiengesellschaft  
 Karstadt Aktiengesellschaft  
 Klein, Schanzlin & Becker Aktiengesellschaft  
 Klöckner-Humboldt-Deutz Aktiengesellschaft  
 Knoll AG, Chemische Fabriken  
 Kölsch-Fölzer-Werke Aktiengesellschaft  
 Kraftwerke Altwürttemberg Aktiengesellschaft  
 Linde Aktiengesellschaft  
 Lombardkasse Aktiengesellschaft  
 Lüneburger Kronen-Brauerei Aktiengesellschaft zu  
 Lüneburg  
 Magdeburger Rückversicherungs-Actien-Gesellschaft  
 Mannesmann Aktiengesellschaft  
 Maschinenfabrik Augsburg–Nürnberg Aktiengesellschaft  
 Maschinenfabrik Fahr Aktiengesellschaft  
 Maschinenfabrik Moenus Aktiengesellschaft  
 Mercedes-Automobil-Holding Aktiengesellschaft

Natronzellstoff- und Papierfabriken Aktiengesellschaft  
 Nordcement Aktiengesellschaft  
 Nordwestdeutsche Kraftwerke Aktiengesellschaft  
 PWA Papierwerke Waldhof-Aschaffenburg  
 Aktiengesellschaft  
 F. Reichelt Aktiengesellschaft  
 Rheinische Hypothekenbank  
 Rheinstahl Aktiengesellschaft  
 Scheidemandel Aktiengesellschaft  
 Schering Aktiengesellschaft  
 Schichau Unterweser Aktiengesellschaft  
 Schiffshypothekenbank zu Lübeck Aktiengesellschaft  
 Seilwolff Aktiengesellschaft  
 Siemens Aktiengesellschaft  
 Spinnerei Kolbermoor  
 Spinnerei und Weberei Pforse  
 Stern-Brauerei Carl Funke Aktiengesellschaft  
 August Thyssen-Hütte Aktiengesellschaft  
 VARTA Aktiengesellschaft  
 VEBA Aktiengesellschaft  
 Vereinigte Elektrizitätswerke Westfalen  
 Aktiengesellschaft  
 Vereinigte Werkstätten für Kunst im Handwerk  
 Aktiengesellschaft  
 Vereins- und Westbank Aktiengesellschaft  
 Westfälische Zellstoff Aktiengesellschaft  
 Württembergische und Badische Versicherungs-  
 Aktiengesellschaft  
 Ziegelwerke Heilbronn–Böckingen Aktiengesellschaft  
 Ziegelwerke Koch & Söhne

### Foreign shares

Australian Paper Manufacturers Limited  
 Bell Canada  
 The Bowater Corporation Limited  
 Cadbury Schweppes Limited  
 Compagnie des Machines BULL  
 Consolidated Gold Fields Limited  
 Eagle Star Insurance Company Limited  
 Fisons Limited  
 Gränges Aktiebolag  
 Kawasaki Kisen Kaisha, Ltd.  
 Kawasaki Steel Corporation  
 Legal & General Assurance Society Limited  
 Midland Bank Limited  
 Nestlé Alimentana A.G.

Nippon Kokan Kabushiki Kaisha  
 Norsk Hydro a. s  
 Océ-van der Grinten N.V.  
 Pakhoed Holding N.V.  
 The Plessey Company Limited  
 Prudential Assurance Co. Ltd.  
 The Rio Tinto-Zinc Corporation Limited  
 Rotterdamsch Beleggingsconsortium N.V.  
 Schweizerische Aluminium AG  
 Société Générale de Banque S.A.  
 Steyr-Daimler-Puch Aktiengesellschaft  
 Sumitomo Metal Industries, Ltd.  
 Sun Alliance and London Insurance Limited  
 Texaco International Financial Corporation

## Advisory Council of Bielefeld

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NINO AG, Nordhorn

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Messrs. Hermann Windel, Windelsbleiche

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Germania-Epe Spinnerei AG, Epe (Westf.)

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Textilwerke Ahaus AG, Ahaus (Westf.)

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F. H. Hammersen GmbH, Osnabrück

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Partner and Managing Director,  
Messrs. Dyckhoff & Stoeveken, Baumwoll-Spinnerei,  
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Münster (Westf.)

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Managing Director,  
Felix Schoeller jr. Feinpapierfabrik,  
Osnabrück

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Messrs. A. Friedr. Flender & Co., Bocholt, Neitersen

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Chairman of the Supervisory Board,  
Gildemeister AG, Bielefeld

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Managing Director,  
Messrs. Bischof & Klein, Lengerich (Westf.)

Rechtsanwalt Horst Klein,  
Member of the Supervisory Board,  
Hoffmann's Stärkefabriken AG, Bad Salzuflen

Claus Kämpers,  
Personally liable partner of  
F.A. Kämpers KG, Rheine (Westf.)

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Partner and Managing Director,  
HORNITEX WERKE Gebr. Künнемeyer, Horn-Bad Meinberg

Konsul Rudolf Miele,  
Partner in Miele & Cie., Gütersloh

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Westfalia Separator AG, Oelde (Westf.)

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Industrie KG Hueck & Co., Lippstadt

Dr. Heinz Rössler,  
Partner and Managing Director of Erica Rössler/  
Modische Strickerei GmbH/Heinz Rössler & Söhne KG,  
Osnabrück

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Businessman, Münster (Westf.)

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Partner in Schmitz-Werke KG, Emsdetten

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

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

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Partner and Managing Director of the  
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Rudolf Stelbrink,  
General Manager,  
Rudolf A. Oetker Zentralverwaltung, Bielefeld

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August Brötje Werke für Heizungstechnik, Rastede i. O.

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Deutsche Schiffahrtsbank AG, Bremen

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of Messrs. Steinbrügge & Berninghausen, Bremen-Holzhausen

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of Karl Geuther & Co., Bremen

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Dampfschiffahrts-Gesellschaft "Hansa", Bremen

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of F. W. Hempel & Co. – Erze und Metalle – (GmbH & Co.),  
Bremen

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Chairman of the Board of Managing Directors,  
Securitas Bremer Allgemeine Versicherungs-  
Aktiengesellschaft, Bremen

Werner Klemeyer,  
of Scipio & Co., Bremen

Dipl.-Ing. Friedrich Koch,  
Managing Director of DESMA-Werke GmbH, Achim Bez.  
Bremen

Konsul Dr. Friedrich Kristinus,  
Chairman of the Board of Managing Directors,  
Martin Brinkmann AG, Bremen/Hamburg

Dr. rer. pol. Gerhard Lofink,  
Member of the Board of Managing Directors,  
Olympia Werke AG, Wilhelmshaven

Dr. Karl Mahlert,  
Managing Director of Brauerei Beck & Co., Bremen

Dipl.-Ing. Hermann L. Mende,  
Partner and Managing Director of Norddeutsche Mende  
Rundfunk KG, Bremen

Hermann Noé,  
Chairman of the Board of Managing Directors,  
Schichau Unterweser AG, Bremerhaven

Dipl.-Kfm. Heinz Rust,  
Chairman of the Board of Managing Directors,  
Bremer Woll-Kämmerei, Bremen-Blumenthal

Franz Tecklenborg,  
Chairman of the Board of Management,  
BTF-TEXTILWERKE Tecklenborg & Co., Bremen

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of Fuhrmann & Co. KG, Bremen

Carl Max Vater,  
of C. Wuppesahl, Bremen

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Chairman of the Advisory Board  
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Wilkens Bremer Silberwaren AG, Bremen

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Sole proprietor of ADO Gardinenwerke Hubert Wulf,  
Papenburg

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Aachen/Brussels

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Partner and Managing Director of Auer-  
Nahrungsmittelwerke KG, Cologne

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Partner in Peter Bauwens Bauunternehmung, Cologne

Oberforstmeister Hermann Behncke,  
General Manager of the Fürstlich Sayn-Wittgenstein-  
Berleburg'sche Verwaltung, Bad Berleburg

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Partner and Chairman of the Management Board,  
H. Dyckhoff, Cologne

Jan Brügelmann,  
Partner and Managing Director of  
Messrs. F. W. Brügelmann Söhne, Cologne

Professor Dr. Fritz Burgbacher,  
Cologne

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Partner and Managing Director of the  
Franz Falke-Rohen Strumpf- und Strickwarenfabriken  
GmbH, Schmallenberg

Dr. Nikolaus Fasolt,  
Partner and Managing Director, Wessel-Werk GmbH, Bonn

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Rheinische Braunkohlenwerke AG, Cologne

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Member of the Board of Managing Directors,  
RHENAG Rheinische Energie AG, Cologne

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Leverkusen

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Hilchenbach-Dahlbruch Krs. Siegen

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Dynamit Nobel AG, Troisdorf

Helmut Kranefuss,  
Dortmund

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Honorary Chairman of the Partners' Committee,  
Pfeifer & Langen, Cologne

Dr. Rolf Lappe,  
Chairman of the Management Board,  
A. Nattermann & Cie. GmbH, Cologne

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Frechen

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Cologne

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Chairman of the Board of Managing Directors,  
Ford-Werke AG,  
Cologne

Dr. John-Werner Madaus,  
Partner and Managing Director of Dr. Madaus & Co.,  
Cologne

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Partner in Pfeifer & Langen, Cologne

Rolf Mauser,  
Managing Director of Mauser-Werke GmbH, Brühl

Ferdinand Mülhens,  
of Eau de Cologne & Parfümerie-Fabrik  
Glockengasse Nr. 4711 gegenüber der Pferdepost  
von Ferd. Mülhens, Cologne

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General Manager of Compagnie de Saint-Gobain-  
Pont-à-Mousson in Deutschland, Aachen

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Cologne

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Gerd Prawitz,  
Partner and Managing Director, Messrs. W. Ernst Haas &  
Sohn, Sinn (Dillkreis)

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Partner in Messrs. Bierbaum-Proenen, Cologne

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Westdeutsche Handelsgesellschaft Gebr. Sinn AG,  
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COLONIA VERSICHERUNG AG, Cologne

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Mannesmann AG, Düsseldorf

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Werke AG, and Chairman of the Board of Managing  
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Klöckner-Werke AG, Duisburg

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Glückauf-Bau-AG, Dortmund

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Thyssen Edelstahlwerke AG, Düsseldorf

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VEBA-Chemie AG, Gelsenkirchen

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Glas- und Spiegel-Manufaktur AG, Gelsenkirchen

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Nidda-Oberschmitten (Oberhessen)

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Chairman of the Board of Managing Directors, Freiherr von  
Dörnberg'sche Stiftung,  
Burg Herzberg, Oberaula (Hausen)

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Dyckerhoff Zementwerke AG, Wiesbaden

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Senator E. h., Deputy Chairman of the Supervisory Board,  
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Stahlwerke Röchling-Burbach GmbH, Völklingen

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Dunlop AG, Managing Director of Dunlopillo GmbH,  
Managing Director of Dunloplan GmbH, Hanau

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Binder-Magnete GmbH, Villingen (Schwarzwald)

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Oelmühle Hamburg AG, Hamburg

Paul Tiefenbacher,  
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Salzgitter AG, Salzgitter-Drütte

Dipl.-Ing. Heinz Alten,  
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Linke-Hofmann-Busch Waggon-Fahrzeug-Maschinen GmbH,  
Salzgitter-Watenstedt

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Hans Joachim Fuchs,  
Senator E. h., Partner and Managing Director  
of the Otto Fuchs Metallwerke, Meinerzhagen (Westf.)

Dr. Michael Girardet,  
Partner in W. Girardet, Wuppertal

Dipl.-Kfm. Hartwig Göke,  
Chairman of the Board of Managing Directors,  
Rheinisch-Westfälische Kalkwerke AG,  
Wuppertal

Wilhelm Hardt,  
Partner in Messrs. Johann Wülfig & Sohn,  
Remscheid

Kurt Henkels,  
Partner in Stocko Metallwarenfabriken  
Henkels & Sohn, Wuppertal

Professor Dr.-Ing. Dr. h. c. Kurt Herberts,  
Senator E. h., Partner in Dr. Kurt Herberts & Co. GmbH  
formerly Otto Louis Herberts, Wuppertal

Dr. Dieter Heutling,  
Chairman of the Management,  
L. & C. Steinmüller GmbH, Gummersbach

Dipl.-Volkswirt Kurt Honsel,  
Member of the Board of Managing Directors,  
Honsel-Werke AG, Meschede

Dr. Arnold Hueck,  
Partner in Eduard Hueck KG,  
Metallwalz- und Presswerk, Lüdenscheid

Paul Jagenberg,  
Partner and Managing Director of Jagenberg & Cie.,  
Solinger Papierfabrik, Solingen

Dr.-Ing. Jochen Kirchhoff,  
Partner and Managing Director  
Stephan Witte & Co., Iserlohn

Dipl.-Wirtsch.-Ing. Diether Klingelberg,  
Partner and Managing Director,  
W. Ferd. Klingelberg Söhne, Remscheid

Dipl.-Ing. Kurt Krawinkel,  
Chairman of the Advisory Council,  
Leop. Krawinkel, Bergneustadt

Dr. Manfred Luda,  
Lawyer and Notary, Meinerzhagen (Westf.)

Dipl.-Ing. Dieter Metzenauer,  
Partner and Managing Director,  
Metzenauer & Jung GmbH, Wuppertal

Dr.-Ing. Erich Mittelsten Scheid,  
Chairman of the Advisory Council of Vorwerk & Co.,  
Wuppertal

Dipl.-Ing. Günter Peddinghaus,  
Senator E. h., Partner and Managing Director,  
Carl Dan. Peddinghaus KG, Ennepetal

Hans Walter Pfeiffer,  
Proprietor of Ohler Eisenwerk Theob. Pfeiffer, Plettenberg

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

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

Dr. Walter Salzer,  
Member of the Board of Managing Directors,  
Bayer AG, Leverkusen

Dipl.-Ing. Heinz Schippers,  
Member of the Board of Managing Directors,  
BARMAG Barmer Maschinenfabrik AG, Remscheid

Hans Joachim Schlange-Schöningen,  
Deputy Chairman of the Board of Managing Directors,  
AKZO N.V., Arnheim (Netherlands)

Enno Springmann,  
Partner in Gebr. Hilgeland Maschinenfabrik,  
Wuppertal

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

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

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

Dr.-Ing. Rolf Boehringer  
Chairman of the Supervisory Board of  
Gebr. Boehringer GmbH, Göppingen

Dr. Rolf Draeger  
Chairman of the Board of Managing Directors of  
Busch-Jaeger Gesellschaft für  
Industriebeteiligungen AG, Frankfurt (Main)

Dr.-Ing. Hans Harms  
Darmstadt

Ulrich Jürgens  
Partner in Messrs. Adolf Schaper, Hanover

Senator Walter H. Pierstorff  
Mainz

Werner Schoeller  
Partner in ANKER-Teppich-Fabrik  
Gebrüder Schoeller, Düren

Johann Gottfried Schütte  
of Joh. Gottfr. Schütte & Co., Bremen

Dr. Walter Silbermann  
Proprietor of F. B. Silbermann and  
Silbermann & Co., Augsburg

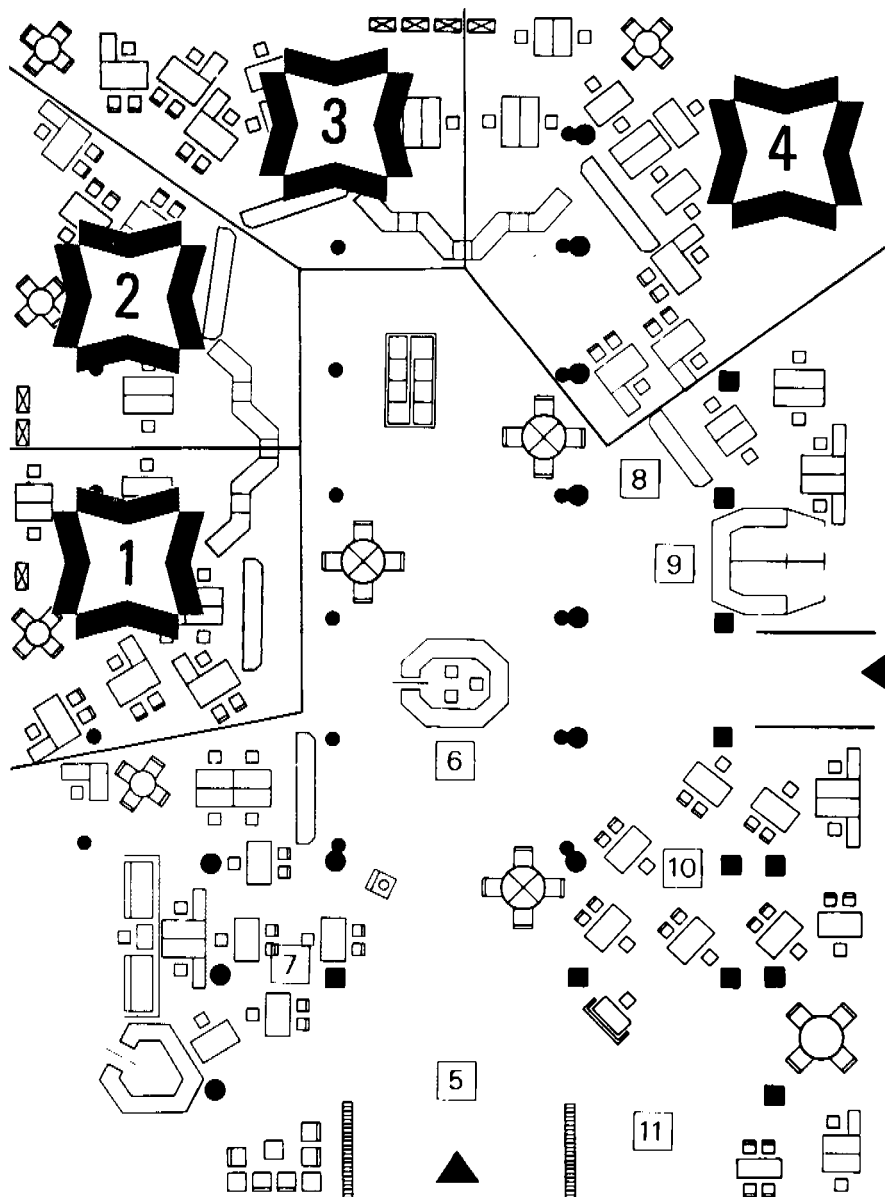
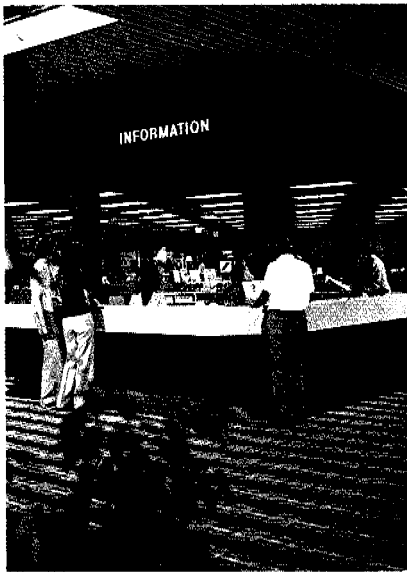
S. K. H. Herzog Philipp von Württemberg  
Schloss Altshausen nr. Saulgau

We shall always remember them with respect and gratitude.

**Branches at the following places:**

Aachen with 5 sub-branches	Bad Segeberg	Bremen with 14 sub-branches	Düren (Rheinl) with 1 sub-branch
Aalen (Württ)	Bad Tölz	Bremen-Vegesack	Düsseldorf
Achim (Bz Bremen)	Bad Wildungen	Bremerhaven with 3 sub-branches and 1 paying office	Düsseldorf-Benrath with 1 sub-branch
Ahaus	Bad Wörishofen	Bretten (Baden)	Duisburg with 19 sub-branches
Ahlen (Westf)	Bad Zwischenahn	Brilon	Duisburg-Hamborn with 3 sub-branches
Ahrensburg (Holst)	Balingen	Bruchsal	Duisburg-Rheinhausen
Albstadt with 1 sub-branch	Bamberg	Brühl (Bz Cologne)	Duisburg-Ruhrort
Alfeld (Leine)	Barsinghausen	Brunsbüttel	Ebingen (Württ) now: Albstadt
Alsdorf (Rheinl)	Baunatal	Buchholz i d Nordheide	Einbeck
Alsfeld (Oberhess)	Bayreuth	Bühl (Baden)	Eiserfeld (Sieg)
Altena (Westf)	Beckum (Bz Münster)	Bünde	Eislingen
Altenkirchen (Westerw)	Bendorf (Rhein)	Burgdorf (Han)	Eitorf
Alzey	Bensberg	Burgsteinfurt now: Steinfurt	Ellwangen (Jagst)
Amberg	Bensheim	Burscheid (Rheinl)	Elmshorn
Andernach	Bergen-Enkheim	Buxtehude	Elten
Ansbach	Bergheim (Erft)	Castrop-Rauxel with 1 sub-branch	Eltville
Arnsberg with 1 sub-branch	Bergisch Gladbach	Celle	Emden
Aschaffenburg	Bergneustadt	Clausthal-Zellerfeld	Emmendingen
Asperg	Bernkastel-Kues	Cloppenburg	Emmerich
Attendorn	Betzdorf (Sieg)	Coburg	Emsdetten
Augsburg with 8 sub-branches	Beverungen	Coesfeld	Engelskirchen
Aurich	Biberach (Riss)	Cologne with 25 sub-branches	Ennepetal (Westf)-Milspe with 1 sub-branch
Backnang	Biedenkopf	Crailsheim	Ennigerloh
Bad Berleburg	Bielefeld with 7 sub-branches	Cuxhaven	Erkelenz
Bad Driburg (Westf)	Bietigheim (Württ)	Dachau with 1 sub-branch	Erkrath (Bz Düsseldorf)
Bad Dürkheim	Bingen (Rhein)	Darmstadt with 5 sub-branches	Erlangen
Baden-Baden	Blomberg (Lippe)	Datteln (Westf)	Eschborn
Bad Harzburg	Bocholt	Deggendorf	Eschwege
Bad Hersfeld	Bochum with 5 sub-branches	Deidesheim	Eschweiler
Bad Homburg v d Höhe	Bockum-Hövel	Delmenhorst	Espelkamp
Bad Honnef	Böblingen (Württ)	Detmold	Essen with 23 sub-branches
Bad Iburg	Bonn with 6 sub-branches	Dietzenbach	Esslingen (Neckar)
Bad Kreuznach	Bonn-Bad Godesberg	Dillenburg	Ettlingen (Baden)
Bad Lauterberg	Boppard	Dinslaken (Niederrhein) with 1 sub-branch	Euskirchen
Bad Münstereifel	Borghorst (Westf) now: Steinfurt	Dormagen (Niederrhein)	Eutin
Bad Neuenahr	Borken	Dorsten	Fellbach (Württ)
Bad Oeynhausen	Bottrop	Dortmund with 14 sub-branches	Flensburg with 3 sub-branches
Bad Oldesloe	Brackwede (Westf) now: Bielefeld	Dülmen	Forchheim
Bad Pyrmont	Bramsche (Bz Osnabrück)		Frankenthal (Pfalz)
Bad Sachsa (Südharz)	Braunschweig with 12 sub-branches and 1 paying office		
Bad Salzuflen with 1 sub-branch			

Frankfurt (Main) with 22 sub-branches and 1 paying office	Greven (Westf)	Herne with 4 sub-branches	Kempfen (Niederrhein)
Frankfurt (Main)-Höchst	Grevenbroich	Herten (Westf)	Kempten (Allgäu) with 1 sub-branch
Frechen	Griesheim ü/Darmstadt	Herzberg (Harz)	Kettwig
Freiburg (Breisgau) with 7 sub-branches	Gronau (Leine)	Herzogenrath with 1 sub-branch	Kevelaer
Freising	Gronau (Westf)	Heusenstamm	Kiel with 7 sub-branches
Freudenberg (Kr Siegen)	Gross-Gerau	Hilden	Kierspe (Westf)
Friedberg (Hess)	Gütersloh with 1 sub-branch	Hildesheim with 1 sub-branch	Kirchheim unter Teck
Friedrichsfeld	Gummersbach with 1 sub-branch	Hilstrup with 3 sub-branches	Kirchhellen
Friedrichshafen	Haan (Rheinl)	now: Münster	Kleve (Niederrhein) with 1 sub-branch
Fürstenfeldbruck	Hagen (Westf) with 8 sub-branches	Hockenheim (Baden)	Koblenz
Fürth (Bay) with 1 sub-branch	Haiger	Höhr-Grenzhausen	with 1 sub-branch
Fulda	Halle (Westf)	Höxter	Königsbrunn
with 1 sub-branch	Hamburg	Hohenlimburg now: Hagen	Königstein (Taunus)
Gaggenau (Murgtal)	with 46 sub-branches	Hohenlockstedt	Konstanz with 1 sub-branch
Garmisch-Partenkirchen	Hamburg-Altona	Holzminden	Konz ü/Trier
Geesthacht	Hamburg-Bergedorf	Homburg (Niederrhein) now: Duisburg	Korbach
Geislingen (Steige) with 1 sub-branch	Hamburg-Harburg	Horn – Bad Meinberg	Kornwestheim (Württ)
Geldern	Hamel	Hückelhoven	Korschenbroich
Gelsenkirchen with 5 sub-branches	Hamm (Westf) with 2 sub-branches	Hückerwagen	Krefeld with 7 sub-branches
Gengenbach	Hanau	Hürth (Bz Cologne)	Krefeld-Uerdingen
Georgsmarienhütte with 1 sub-branch	Hanover with 18 sub-branches	Hüttental now: Siegen	Kreuzau
Gerlingen (Württ)	Han. Münden	Husum (Nordsee)	Kreuztal (Kr Siegen)
Germering	Harsewinkel ü/Gütersloh	Ibbenbüren	Kronberg (Taunus)
Gernsbach (Murgtal)	Haslach (Kinzigtal)	Idar-Oberstein with 1 sub-branch	Kulmbach
Gersthofen	Hattingen (Ruhr)	Ingelheim (Rhein) with 2 sub-branches	Laasphe
Geseke (Westf)	Hausen ü/Offenbach	Iserlohn with 1 sub-branch	Laatzen
Gevelsberg	Heepen now: Bielefeld	Itzehoe	Lage (Lippe)
Giengen (Brenz)	Heessen (Westf) now: Hamm	Jever	Lahnstein
Giessen	Heidelberg with 5 sub-branches	Jülich	Lahr (Schwarzw)
Gifhorn with 1 sub-branch	Heidenheim (Brenz)	Kaarst	Landau (Pfalz)
Ginsheim-Gustavsburg	Heilbronn (Neckar) with 1 sub-branch	Kaiserslautern with 1 sub-branch	Landsberg (Lech)
Gladbeck (Westf) with 1 sub-branch	Heiligenhaus (Düsseldorf)	Kamp-Lintfort	Landshut
Goch	Helmstedt	Karlsruhe with 6 sub-branches	Landstuhl
Göppingen	Hemer	Kassel with 5 sub-branches	Langen (Hess)
Göttingen with 1 sub-branch	Hennef (Sieg)	Kehl	Langenfeld (Rheinl)
Goslar with 1 sub-branch	Heppenheim		Langenhagen (Han) with 1 sub-branch
Grefrath	Herborn (Dillkr)		Lauenburg
Grenzach-Wyhlen	Herdecke (Ruhr)		Lauterbach (Hess)
	Herford		Leer (Ostfriesl)
			Leichlingen (Rheinl)
			Leimen
			Leinfelden
			Lemgo



### Combined service units

When redesigning its banking hall our Mannheim branch introduced a new concept in customer counselling for the first time, namely the "service group" model. The basic idea is to combine all, or as many as possible of the services a customer requires in one compact unit. The customer is served and advised as far as possible at one counter. In the banking hall of the Mannheim branch (cf. photos and plan of layout) there are no longer separate departments for savings accounts, private and corporate accounts and personal loans. The single block of cash desks has also disappeared. Instead there are four independent service groups, arranged alphabetically, each with its own cash desk and offering in one unit all the services mentioned.

So far the results of this experiment, which has also been adopted by other branches, have been positive. The prospects for the further use of the Mannheim model will, however, depend on future experience with universal terminals and their installation in the banking halls.

- |                         |                                 |
|-------------------------|---------------------------------|
| 1 Group A-F             | / Securities                    |
| 2 Group G-K             | 8 Travel business               |
| 3 Group L-R             | 9 Exchange, gold                |
| 4 Group S-Z             | 10 Building financing           |
| 5 Customers' mail boxes | 11 Stairway to management floor |
| 6 Information desk      |                                 |

Lengerich (Westf)	Misburg	Nuremberg	Remscheid
LenneStadt	now: Hanover	with 13 sub-branches	with 5 sub-branches
Leonberg (Württ)	Mönchengladbach	Nürtingen	Rendsburg
Letmathe (Sauerl)	with 8 sub-branches	Oberhausen (Rheinl)	Reutlingen
now: Iserlohn	Mönchengladbach-Rheydt	with 9 sub-branches	with 1 sub-branch
Leutkirch	Moers	Oberkirch (Baden)	Rheinbach
Leverkusen	with 2 sub-branches	Oberursel (Taunus)	Rheinberg (Rheinl)
with 2 sub-branches	Monheim (Rheinl)	Öhringen	Rheine (Westf)
Limburg	Mosbach (Baden)	Oelde	with 2 sub-branches
Limburgerhof	Mühlacker (Württ)	Oerlinghausen	Rheinfelden (Baden)
Lindau (Bodensee)	Mühdorf (Inn)	Offenbach (Main)	Rheinhausen
Lingen	Mühlheim (Main)	with 3 sub-branches	now: Duisburg
Lintorf	Mülheim (Ruhr)	Offenburg (Baden)	Rheinkamp-Meerbeck
now: Ratingen	with 1 sub-branch	Oldenburg (Oldbg)	now: Moers
Lippstadt	Müllheim (Baden)	with 1 sub-branch	Rheydt
Löhne (Westf)	Munich	Olpe (Westf)	now: Mönchengladbach
Lörrach	with 46 sub-branches	Opladen	Rinteln (Weser)
with 1 sub-branch	Münster (Westf)	Osnabrück	Rodenkirchen
Lohne (Oldb)	with 9 sub-branches	with 5 sub-branches	now: Cologne
Ludwigsburg (Württ)	Munster	Osterholz-Scharmbeck	Rosenheim (Bay)
with 1 sub-branch	Nagold	Osterode (Harz)	Rottenburg
Ludwigshafen (Rhein)	Neckarsulm	Ottobrunn	Rottweil
with 6 sub-branches	Neheim-Hüsten	Paderborn	Rüsselsheim (Hess)
Lübeck	now: Arnsberg	Papenburg	with 1 sub-branch
with 6 sub-branches	Nettetal	Peine	Säckingen
Lüdenscheid	with 1 sub-branch	Pforzheim	Salzgitter-Bad
Lüneburg	Neuburg (Donau)	with 3 sub-branches	with 2 sub-branches
Lünen	Neuenrade	Pfullingen (Württ)	Salzgitter-Lebenstedt
with 1 sub-branch	Neu Isenburg	Pinneberg	with 1 sub-branch
Maikammer	Neumünster	Pirmasens	Salzgitter-Watenstedt
Mainz	Neunkirchen (Kr Siegen)	with 1 sub-branch	St. Georgen (Schwarzw)
with 5 sub-branches	Neuss	Planegg	Schmallenberg (Sauerl)
Mannheim	with 4 sub-branches	Plettenberg	Schopfheim
with 18 sub-branches	Neustadt (b Coburg)	Plochingen	Schorndorf (Württ)
Marbach	Neustadt (Weinstr)	Porz	Schüttorf
Marburg (Lahn)	Neu-Ulm	now: Cologne	Schwäbisch Gmünd
Marl (Kr. Recklinghausen)	Neuwied	Quakenbrück	with 1 sub-branch
Mayen	with 1 sub-branch	Radolfzell	Schwäbisch Hall
Meckenheim (Rheinl)	Neviges	Rastatt	Schweinfurt
Meerbusch	now: Velbert	Ratingen	Schwelm
with 1 sub-branch	Nieder-Roden	with 3 sub-branches	Schwenningen (Neckar)
Meinerzhagen (Westf)	Nienburg (Weser)	Raunheim	now: VS-Schwenningen
Melle	Nördlingen	Ravensburg	Schwerte (Ruhr)
Memmingen	Norden	with 1 sub-branch	Schwetzingen
Menden (Sauerl)	Norderney	Recklinghausen	Seesen
Meppen	Norderstedt	Regensburg	Sennestadt
Mettmann	Nordhorn	with 4 sub-branches	now: Bielefeld
Metzingen (Württ)	Norf	Reinbek (Bz Hamburg)	Siegburg
Minden (Westf)	now: Neuss	Remagen	



Siegen with 3 sub-branches	Trier with 1 sub-branch	Wangen (Allgäu)	Wetzlar
Siegertsbrunn	Troisdorf	Wanne-Eickel now: Herne	Wickrath now: Mönchengladbach
Sindelfingen	Tübingen	Warendorf	Wiesbaden
Singen (Hohentwiel)	with 1 sub-branch	Wasseraalfingen (Württ) now: Aalen	with 6 sub-branches
Soest	Tuttlingen	Wattenscheid with 1 sub-branch	Wiesloch
Solingen with 4 sub-branches	Übach-Palenberg	Wedel (Holst)	Wilhelmshaven with 1 sub-branch
Soltau	Überlingen (Bodensee)	Weener (Ems)	Willich (Bz Düsseldorf) with 1 sub-branch
Sonthofen	Uelzen	Wegberg	Wipperfürth
Spaichingen	Ulm (Donau)	Wehr (Baden)	Wissen (Sieg)
Spenge	with 1 sub-branch	Weiden (Opf)	Witten
Speyer	Unna	Weiden now: Cologne	with 2 sub-branches
Sprendlingen (Hess)	Vechta	Weil (Rhein)	Wittlich
Sprockhövel (Westf)	Velbert (Rheinl) with 1 sub-branch	Weilheim	Wörth am Rhein
Stade	Verden (Aller)	Weingarten (Württ)	Wolfenbüttel
Stadtlohn	Verl	Weinheim (Bergstr) with 1 sub-branch	Wolfsburg with 4 sub-branches
Starnberg	Viernheim (Hess)	Weissenthurm	Worms
Steinfurt	Viersen	Wenden now: Braunschweig	Wülfrath
with 1 sub-branch	Villingen (Schwarzw) now: VS-Villingen	Werdohl	Würselen (Kr Aachen)
Stolberg (Rheinl)	Vohburg	Werl (Westf)	Würzburg with 3 sub-branches
Straubing	Vreden (Westf)	Wermelskirchen	Wuppertal-Elberfeld with 18 sub-branches and 1 paying office
Stuttgart	Wahlstedt	Wernau	Wyler (Kr Kleve)
with 14 sub-branches	Waiblingen	Werne	Xanten
Stuttgart-Bad Cannstatt	Waldbröl	Wesel (Niederrhein) with 1 sub-branch	Zell (Mosel)
Sundern (Sauerl)	Waldkirch (Breisgau)	Wesseling (Bz Cologne)	Zirndorf
Tailfingen now: Albstadt	Waldshut	Westerland	Zweibrücken
Titisee-Neustadt	Walsum now: Duisburg		
Tönisvorst	Waltrop		
Traben-Trarbach			
Triberg (Schwarzw)			

## Holdings in German banks

**Berliner Disconto Bank Aktiengesellschaft**, Berlin · 69 offices

**Saarländische Kreditbank Aktiengesellschaft**, Saarbrücken · 7 sub-branches

Further offices in the Saar: Bexbach, Dillingen, Homburg · 1 sub-branch, Lebach, Merzig, Neunkirchen · 1 sub-branch, Saarlouis, St. Ingbert, Völklingen

**Deutsche Centralbodenkredit-Aktiengesellschaft**, Berlin – Cologne

**Frankfurter Hypothekenbank**, Frankfurt (Main)

**Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft**, Cologne

**GEFA Gesellschaft für Absatzfinanzierung mbH**, Wuppertal

Further offices: Berlin · 2 sub-branches, Frankfurt (Main), Hamburg, Hanover, Munich, Nuremberg, Stuttgart, Ulm

Subsidiary: GEFA-Leasing GmbH, Wuppertal

**Deutsche Ueberseeische Bank**, Berlin – Hamburg · Seat of Administration: Hamburg

Further offices: Düsseldorf, Cologne, 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 –)

*Luxembourg:* Luxembourg (Deutsche Ueberseeische Bank – Succursale de Luxembourg)

*Paraguay:* Asunción (Banco Alemán Transatlántico)

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

(together with The Industrial Bank of Japan)

**Branch**

Deutsche Bank AG, London Branch

**Compagnie Financière de la Deutsche Bank AG**, Luxembourg

**Joint institutions of the EBIC banks\***

*Federal Republic of Germany:* Europäisch-Arabische Bank GmbH, Frankfurt (Main)  
 Europäisch Asiatische Bank AG, Hamburg  
*Asia:* Offices of the Europäisch Asiatische Bank AG, Hamburg:  
 Hong Kong, Jakarta, Karachi, Kuala Lumpur, Singapore  
*Australia:* Euro-Pacific Finance Corporation Ltd., Melbourne and Sydney  
*Belgium:* Banque Européenne de Crédit (BEC), Brussels  
 European Arab Bank (Brussels) S.A., Brussels  
 European Banks' International Company S.A. (EBIC), Brussels  
*United Kingdom* European Banking Company Ltd., London  
*USA:* European-American Banking Corporation, New York, Los Angeles and San Francisco  
 European-American Bank & Trust Company, New York  
 European Banking Company Ltd., Chicago

**Other participations**

UBS-DB Corporation, New York (together with the Schweizerische Bankgesellschaft)  
 Al-Bank Al-Saudi Al-Alami Ltd. (Saudi International Bank), London  
 Banco Bradesco de Investimento S.A., São Paulo  
 Banco Comercial Transatlántico, Barcelona  
 European Brazilian Bank Ltd., London  
 International Mexican Bank Ltd., London  
 Iran Overseas Investment Bank Ltd., London

**Further participations in banks in**

*Europe:* Amsterdam – Athens – Helsinki – Madrid  
*Africa:* Abidjan – Brazzaville – Casablanca – Dakar – Libreville – Lomé – N'Djamena – Rabat – Yaoundé  
*America:* Bogotá  
*Asia:* Bombay – Karachi – Kuala Lumpur – Manila – Seoul – Tehran

**Representative offices abroad**

<i>Europe:</i> Istanbul	Wolfgang Hahn	<i>America:</i> Bogotá	Alberto Veciana
Madrid	Dr. Thomas Feske	Caracas	Claus Peter Tillmanns
Moscow	Dr. Klaus W. Dintelmann	Mexico	Manfred Hamburger (Mexico)
Paris	Hermann Josef Schmidt		Rüdiger Zaddach (Central America)
<i>Africa:</i> Johannesburg	European Banks International	Rio de Janeiro	Hartwig Krieg
Cairo	Dr. Gerhard Behrens	Santiago de Chile	Winfried Kreklau
<i>Asia:</i> Beirut	Siegfried Brunnenmiller	Toronto	Klaus Bartels
Tehran	Günther F. W. Dicke	<i>Australia:</i> Sydney	Joachim Hans Lawonn

\* 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

Consolidated Balance Sheet as of December 31, 1975

Liabilities

	DM	DM	DM	31. 12. 1974 in 1,000 DM
Liabilities to credit institutions				
a) payable on demand		5,201,516,605.03		4,828,787
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	3,192,520,292.80			
bb) at least three months, but less than four years	11,172,499,786.20			
bc) four years or longer	<u>1,447,745,888.14</u>	15,812,765,967.14		12,246,494
including: due in less than four years	DM 875,677,046.49			
c) customers' drawings on credits opened at other institutions		<u>559,724,651.90</u>		464,370
			21,574,007,224.07	17,539,651
Banking liabilities to other creditors				
a) payable on demand		12,735,396,596.12		10,459,734
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	7,565,631,504.30			
bb) at least three months, but less than four years	2,355,556,748.07			
bc) four years or longer	<u>547,815,314.65</u>	10,469,003,567.02		12,724,380
including: due in less than four years	DM 495,818,547.24			
c) savings deposits				
ca) subject to legal period of notice	9,502,870,488.13			
cb) others	<u>8,864,234,826.80</u>	<u>18,367,105,314.93</u>		14,963,421
			41,571,505,478.07	38,147,535
Debt instruments with a life of				
a) up to four years		110,289,000.—		—
b) more than four years		<u>1,109,901,000.—</u>		528,280
including: due in less than four years	DM 550,000,000.—		1,220,190,000.—	528,280
Debt instruments issued by the mortgage banks				
a) mortgage bonds		9,316,821,676.10		8,670,461
including:				
registered bonds	DM 1,573,792,721.90			
b) communal bonds		9,169,319,631.66		6,501,491
including:				
registered bonds	DM 2,034,948,311.96			
c) other debt instruments in accordance with Article 5, para. 1 item 4c of the Mortgage Bank Law		400,000,000.—		180,000
d) bonds drawn and called for redemption		<u>475,117.39</u>		572
including:			18,886,616,425.15	15,352,524
falling due or to be taken back in less than four years	DM 4,865,239,541.66			
further:				
registered bonds handed to lender to secure loans taken up and	DM 294,444,834.31			
registered communal bonds	DM 202,792,438.34			
Debt instruments deliverable			105,420,100.—	636,653
Carried forward			83,357,739,227.29	72,204,643

as of December 31, 1975 (continued)

Liabilities

	DM	DM	DM	31. 12. 1974 in 1,000 DM
Brought forward			83,357,739,227.29	72,204,843
Loans taken up in mortgage bank business with agreed life, or subject to agreed period of notice, of four years or longer				
a) from credit institutions		425,118,098.08		375,085
b) others		<u>476,444,670.93</u>		417,016
including:			901,562,769.01	792,100
with partial liability	DM 2,593,459.95			
due in less than four years	DM 399,625,351.77			
Interest on debt instruments issued and loans taken up in mortgage bank business				
a) pro rata interest		345,518,981.12		236,145
b) interest due (including that due on January 2, 1976)		<u>204,500,397.82</u>		109,246
Own acceptances and promissory notes in circulation			550,019,378.94	345,391
Loans on a trust basis at third party risk			216,798,132.62	171,059
Provisions for special purposes			783,227,958.78	583,406
a) for pensions		843,674,581.06		745,412
b) others		<u>616,490,931.91</u>		552,686
Sundry liabilities			1,460,165,512.97	1,298,098
Endowments and benevolent funds			66,499,052.79	39,691
assets of the endowments		1,914,144.59		1,796
less investments in securities		<u>1,757,210.01</u>		1,670
Transitory items			156,934.58	126
a) in accordance with Article 25 of the Mortgage Bank Law		97,897,775.42		66,328
b) others		<u>440,231,003.19</u>		356,116
Special items including reserves			538,128,778.61	422,444
a) in accordance with the Tax Law regarding Developing Countries		10,678,183.27		9,100
b) in accordance with Article 6b of the Income Tax Law		29,309.77		32,766
c) in accordance with the tax regulation regarding overall adjustments		<u>44,289,118.98</u>		46,972
Capital			54,996,612.02	88,838
Published reserves			900,000,000.—	720,000
a) statutory reserve fund		1,085,000,000.—		634,000
b) other reserves (voluntary reserve fund)		<u>1,015,000,000.—</u>		915,000
Reserve arising from consolidation			2,100,000,000.—	1,549,000
Compensatory item for shares held by others			192,402,798.62	124,175
including: from profit	DM 7,511,758.06		140,131,772.96	138,706
Profit of the Group			277,543,216.40	220,749
<b>Total liabilities</b>			<b>91,539,372,145.59</b>	<b>78,698,426</b>
Own drawings in circulation			3,773,592.13	3,074
including those discounted for borrowers' account	DM 2,183,743.73			
Endorsement liabilities on rediscounted bills of exchange			138,111,750.44	709,533
Liabilities arising from guarantees of various kinds and warranty contracts			12,429,305,122.64	9,456,549
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			1,604,967,370.23	1,200,100
Savings premiums under the Savings Premium Law			531,132,447.02	464,458
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			25,609,894.26	17,328

## Receipts

DM	1974 DM
390,930,475.15	320,390,525.75
<u>46,824,499.31</u>	<u>32,370,513.09</u>
437,754,974.46	352,761,038.84
<u>152,700,000.—</u>	<u>124,200,000.—</u>
285,054,974.46	228,561,038.84
7,511,758.06	<u>7,811,913.51</u>
<u>277,543,216.40</u>	<u>220,749,125.33</u>

*Fandré*  
Wirtschaftsprüfer  
(Chartered Accountant)