Report for the Year 1976

Deutsche Bank
Aktiengesellschaft

Contents

Agenda for the Ordinary General Meeting 5
Supervisory Board 7
Advisory Board 8
Board of Managing Directors 9
Managers 10

Deutsche Bank at a glance 11

Report of the Board of Managing Directors
Economic Survey 13
Our Bank's Business 29
Our Staff 43
Notes on the Statement of Accounts for the Year 51
Growth of Capital and Reserves 65

Report of the Supervisory Board 67

Statement of Accounts for 1976
Balance Sheet 70
Profit and Loss Account 72
The Growth of the Balance Sheet from January 1, 1952
to December 31, 1976 74

Report of the Group for 1976
Report of the Group 79
Consolidated Balance Sheet 94
Consolidated Profit and Loss Account 98

Appendices
List of Deutsche Bank's investments in
subsidiaries and associated companies 103
Security issuing, other syndicate transactions
and listings on the stock exchange 107
Regional Advisory Councils 113
List of branches 133
Holdings in German banks 140
Our bases throughout the world 141

for the

Ordinary General Meeting

to be held at 10 a.m. on Wednesday, May 11, 1977
in the Beethovensaal of the Liederhalle, Berliner Platz 1,
Stuttgart.

1.
Presentation of the established Statement of Accounts and the Reports of the Board of Managing Directors and Supervisory Board for the 1976 financial year.

Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1976 financial year.

2.
Resolution on the appropriation of profits.

3.
Ratification of the acts of management of the Board of Managing Directors for the 1976 financial year.

4.
Ratification of the acts of management of the Supervisory Board for the 1976 financial year.

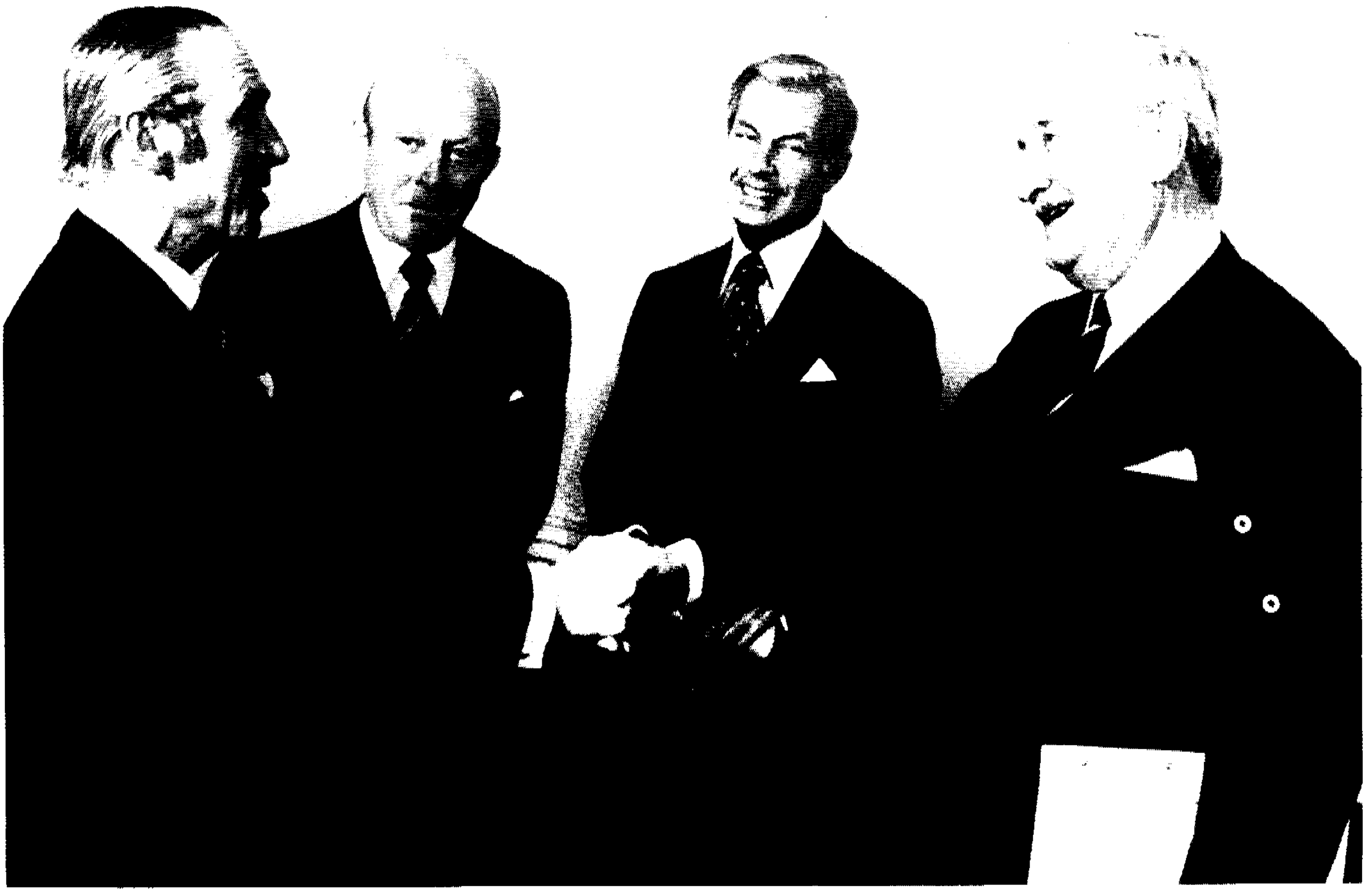
5.
Election of the auditor for the 1977 financial year.

6.
Bond issue with subscription rights and conditional share capital.

7.
Authorised share capital.

Change at the top

1976 saw great changes at Deutsche Bank. Following the Ordinary General Meeting on May 18 there was a change at the top, both in the Supervisory Board and in the Board of Managing Directors. Hermann J. Abs, Chairman of the Supervisory Board since 1967, and Franz Heinrich Ulrich, Spokesman of the Board of Managing Directors since 1967, retired from their positions.
The Supervisory Board and the Board of Managing Directors of Deutsche Bank elected Hermann J. Abs as Honorary President of the bank. This nomination is in worthy recognition of his forty years of service for Deutsche Bank as Member and then Spokesman of the Board of Managing Directors and Chairman of the Supervisory Board.
Franz Heinrich Ulrich was elected to succeed him as Chairman of the Supervisory Board. He was a Member of the Board of Managing Directors of Deutsche Bank for 25 years and has worked for our bank for over 40 years. In 1967 Ulrich was appointed – together with Dr. Karl Klasen – Spokesman of the Board of Managing Directors. From 1970 he had been the sole Spokesman of the bank.
Along with Franz Heinrich Ulrich, Dr. Hans Feith also retired. The Ordinary General Meeting elected him to the Supervisory Board. Dr. Feith had been active with Deutsche Bank since 1939 and was nominated as a Member of the Board of Managing Directors in 1959. He was responsible mainly for stock market and securities business.
The new Spokesmen unanimously elected by the Board of Managing Directors on April 5 are Dr. F. Wilhelm Christians and Dr. Wilfried Guth. Deutsche Bank had once again opted for a "double" solution.
Dr. F. Wilhelm Christians entered Deutsche Bank in 1949 upon completion of his legal studies. In spring 1965 he was appointed Deputy Member, and in 1967 full Member of the Board of Managing Directors. In 1975 the Federal Association of German Banks elected him as its President, as successor to Alwin Münchmeyer.
After studying economics, Dr. Wilfried Guth worked with what was then the Bank deutscher Länder and its successor the Deutsche Bundesbank. Via the International Monetary Fund and the Reconstruction Loan Corporation he entered the Board of Managing Directors of Deutsche Bank at the beginning of 1968, becoming responsible for foreign business, especially international issuing business.
Dr. Guth belongs to a number of international bodies involved primarily in development questions and economic cooperation.



Honorary President

Hermann J. Abs, Frankfurt (Main) (from May 18, 1976)

Supervisory Board

Hermann J. Abs, Frankfurt (Main), *Chairman*
(up to May 18, 1976)

Franz Heinrich Ulrich, Düsseldorf, *Chairman*
(from May 18, 1976)

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

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

Ottmar Baumgärtner, Frankfurt (Main)*
(up to May 18, 1976)
Deutsche Bank AG

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

Bernhard Drewitz, Berlin* (up to May 18, 1976)
Berliner Disconto Bank AG

Manfred Emcke, Hamburg (up to May 18, 1976)
Businessman

Dr. Helmut Fabricius, Weinheim (Bergstrasse)
Chairman of the Partners' Committee of Freudenberg & Co.

Dr. Hans Feith, Frankfurt (Main) (from May 18, 1976)

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

Jutta Freundt, Berlin* (from May 18, 1976)
Berliner Disconto Bank AG

Jörg A. Henle, Duisburg
Partner and Managing Director of Klöckner & Co.

Dr.-Ing. E. h. Heinz P. Kemper, Düsseldorf
Honorary President of VEBA AG

Alfred Kistenmacher, Hamburg* (up to May 18, 1976)
Deutsche Bank AG

Werner Leo, Düsseldorf* (up to May 18, 1976)
Deutsche Bank AG

Dipl.-Ing. Dr.-Ing. E. h. Helmut Meysenburg, Essen

Josef Pfaff, Cologne* (from May 18, 1976)
Deutsche Bank AG

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

Konrad Reeb, Munich* (from May 18, 1976)
Deutsche Bank AG

Marion Schardt, Essen* (from May 18, 1976)
Deutsche Bank AG

Käthe Schmitz-Karhoff, Cologne* (up to May 18, 1976)
Deutsche Bank AG

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

Gisela Töffling, Hamburg* (from May 18, 1976)
Deutsche Bank AG

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne* (from May 18, 1976)
Deutsche Bank AG

Dr. Siegfried Weber, Hamburg* (up to May 18, 1976)

Hannelore Winter, Düsseldorf
Housewife

Gerhard Zietsch, Mannheim*
Deutsche Bank AG

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* *elected by the staff*

Advisory Board

Professor Dr. Kurt Hansen, Leverkusen,
Chairman (up to May 18, 1976)
Chairman of the Supervisory Board of Bayer AG

Otto Wolff von Amerongen, Cologne,
Chairman from May 18, 1976
Chairman of the Board of Managing Directors of Otto Wolff AG

Dr. Wolfgang Schieren, Munich,
Deputy Chairman from May 18, 1976
Chairman of the Board of Managing Directors of Allianz Versicherungs-AG

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

Rudolf von Bennigsen-Foerder, Düsseldorf
Chairman of the Board of Managing Directors of VEBA AG

Dr. Horst Brandt, Frankfurt (Main)
Deputy Chairman of the Board of Managing Directors of Allgemeine Elektricitäts-Gesellschaft AEG-TELEFUNKEN

Professor Dr. Dipl.-Chem. Herbert Grünewald, Leverkusen (from May 18, 1976)
Chairman of the Board of Managing Directors of BAYER AG

Dr. Ing. Dr. rer. nat. h. c. Konrad Henkel, Düsseldorf (from May 18, 1976)
Partner and Chairman of the Management of Henkel KGaA

Paul Hofmeister, Hamburg (up to May 18, 1976)
Chairman of the Supervisory Board of Norddeutsche Affinerie

Dr. Ing. Dipl.-Ing. Günther Klätte, Essen (from May 18, 1976)
Member of the Board of Managing Directors of Rheinisch-Westfälisches Elektrizitätswerk AG

Reinhard Mohn, Gütersloh (from May 18, 1976)
Chairman of the Board of Managing Directors of Bertelsmann AG

Dr. Heribald Närger, 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

Professor Dr. rer. nat. Matthias Seefelder, Ludwigshafen (Rhein) (from May 18, 1976)
Chairman of the Board of Managing Directors of BASF AG

Professor Dr. phil. nat., Dr.-Ing. E. h., Dr. rer. nat. h. c. Bernhard Timm, Ludwigshafen (Rhein) (up to May 18, 1976)
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

Board of Managing Directors

Horst Burgard

F. Wilhelm Christians

Robert Ehret

Hans Feith (up to May 18, 1976)

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Andreas Kleffel

Hans Leibkutsch

Klaus Mertin

Hans-Otto Thierbach

Franz Heinrich Ulrich (up to May 18, 1976)

Hilmar Kopper, Deputy (from Jan. 25, 1977)

Herbert Zapp, Deputy (from Jan. 25, 1977)

Assistant General Managers

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

Managers of the Central Office

Georg Behrendt
Dr. Helmut Bendig
Erich Bindert
Michael von Brentano
Dr. Rolf-Ernst Breuer
Ulrich Cutik
Robert Dörner
Helmut Eckermann
Dr. Klaus Gaertner
Dr. Peter Grasnick
Rudolf Habicht
Dr. Walter Hook
Dr. Ulrich Hoppe
Heinz Jürgens
Gerhard Junker
Eberhard Knorr
Gerhard Koenig
Paul Körtgen
Ernst Georg Kummer
Richard Lehmann
Dr. Walter Lippens
Dr. Theo Loevenich
Hermann Marx
Dr. Hans Otto Mehl
Günter Meissner
Karl Miesel
Dr. Hans-Joachim Panten
Karlheinz Pfeffer
Werner Römer
Hans Rosentalski
Wilhelm Schlaus, Syndic
Dr. Hans Walter Schlöter
Dr. Ernst Schneider, Syndic
Dr. Karl Schneiders
Dr. Werner Schwilling
Dr. Georg Siara
Günter Sonnenburg
Dr. Ernst Taubner
Dr. Franz-Josef Trouvain
Christian Vontz
Dr. Olaf Wegner
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
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-Grundschok
Günter Sengpiel
Friedrich Stähler
Dr. Rüdiger Weber

Essen
Dr. Herbert F. Jacobs
Dr. Theodor E. Pietzcker
Günter M. Schwärzell
Karl Ernst Thiemann
Dr. Wolfgang Tillmann

Frankfurt
Dr. Ulrich Klaucke
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 Rissmann
Dr. Dieter Wefers

Mainz
Dr. Jan Hiemsch
Dr. Hans Pütz

Mannheim
Karlheinz Albrecht
Dr. Fritz Lamb
Karlheinz Reiter
Heinz G. Rothenbücher

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

Deutsche Bank at a glance

	1976	1975
Business volume	DM 67.8 bn.	DM 57.0 bn.
Balance sheet total	DM 67.4 bn.	DM 56.8 bn.
Funds from outside sources	DM 62.0 bn.	DM 52.0 bn.
Credit volume	DM 41.7 bn.	DM 34.2 bn.
Own funds	DM 3,100.0 m.	DM 3,000.0 m.
Earnings on business volume	DM 1,696.2 m.	DM 1,697.4 m.
Earnings from service transactions	DM 534.8 m.	DM 514.8 m.
Staff and material expenditure	DM 1,776.0 m.	DM 1,646.9 m.
Taxes	DM 292.8 m.	DM 279.4 m.
Year's net earnings	DM 280.0 m.	DM 281.0 m.
Allocations to published reserves	DM 100.0 m.	DM 101.0 m.
Total dividend payment	DM 180.0 m.	DM 180.0 m.
Dividend per share of DM 50 par value	DM 10.–	DM 10.–
Shareholders	203,400	194,800
Staff	36,319	35,994
Customers (excl. banks)	4,900,000	4,700,000
Offices	1,134	1,130

Group

	1976	1975
Business volume	DM 105.9 bn.	DM 91.7 bn.
Balance sheet total	DM 105.2 bn.	DM 91.5 bn.
Funds from outside sources	DM 97.9 bn.	DM 84.8 bn.
Credit volume	DM 73.7 bn.	DM 65.2 bn.
Own funds	DM 3,393.3 m.	DM 3,192.4 m.
Staff	40,772	40,839
Offices	1,281	1,280

Growth again, but still high unemployment

In 1976, following the severe recession in the previous year, the German economy again recorded marked growth. The real increase in national product, at 5.6%, turned out higher than had been expected in autumn 1975.

At the beginning of the year, a cyclical recovery set in, supported by strong impulses. It led to high growth rates. In the summer, however, the upward forces slackened off. After the holiday period too, they failed to reattain their intensity in the first phase of the upturn. Above all, the desired transition to a self-supporting investment cycle could not be realized. On the contrary, doubts were voiced as to whether the upswing would persist. At the end of 1976, the German economy entered the new year with dampened expectations.

In spite of the cyclical recovery, it has not been possible to reduce unemployment by as much as had been hoped. The unemployment rate fell only temporarily below 4%; the proportion of longer-term unemployed rose steadily. However, it was possible to reduce short-time working substantially in the course of the year.

Capacity utilization in industry improved. However, at 80% it still remained markedly lower than the optimal utilization level. Again, considerable differences appeared here between individual branches and companies.

Further progress towards price stability

The inflation rate continued to fall in spite of the cyclical recovery. At the end of the year, there was a three in front of the decimal point in the cost-of-living index, compared with a six on average during the previous year. With an average annual rate of increase of 4.5% in the cost of living, it was possible – particularly as a result of Bundesbank policy – to make further progress in the struggle for greater price stability. Thus, the monetary conditions for steady growth in our economy have improved. For the first time, the possibility of a return to the low rates of price increase of the sixties no longer appears utopian.

Expansive exports – but lower trade surpluses

The exports of the Federal Republic received a major boost from the cyclical recovery in the western industrialized nations and from the roughly 12% expansion in world trade. In 1976, roughly one quarter more export orders were placed with German industry than in the preceding year. Thus, in the period under review, foreign demand developed into the decisive impulse behind economic growth. Exports rose by 16%.

Conversely, the cyclical upswing in the Federal Republic also helped to stimulate international trade. German imports rose by 20% and thus more strongly than exports. In this way, the Federal Republic of Germany contributed to the cyclical development in its partner-countries. In total, the German foreign trade surplus in 1976 fell by more than 7% to DM 34.5 bn. Taking into account the other items in the balance of service transactions, the external contribution in the national accounts contracted further, though not substantially.

Consumer climate improved

Since autumn 1975, as the cyclical recovery progressed, private households had again exhibited a growing propensity to spend money and to save less than they had done during the recession. Besides this, consumers made increasing use of the low-interest consumer credits available to them. Overall, therefore, consumer spending in 1976 grew more strongly than disposable income.

Thus, the consumer climate improved compared with the previous year. Nevertheless, for some larger retail sectors, such as department stores, the positive effects of this on turnover were only limited. The additional consumer demand was concentrated much more on individual sub-sectors such as motor vehicles, electrical goods and household requisites. A substantial portion of total expenditure was also accounted for by travel.

In 1976, private consumption again proved to be a major support for economic activity. In real terms, it accounted for almost 60% of gross national product. However, the impulses generated by it tended to subside in the course of the year.

Public finances: first steps towards consolidation

In 1975, the public authorities had pursued a strongly expansive budgetary policy and public spending had done much to cushion the effects of the recession. In

1976, the public sector became increasingly dominated by its lack of funds. The financial necessity of reducing the extremely high deficits received greater priority than cyclical policy targets. In fact, it was possible to reduce the deficits in 1976. Higher tax revenues due to the cyclical development and the restriction of growth on the expenditure side enabled the cash deficit of the central, regional and local authorities to be cut from DM 66 bn. in 1975 to roughly DM 50 bn. in 1976.

The financing of these still very high deficits was carried out successfully, without any significant difficulties, on the capital markets, primarily because industry's demand for capital remained weak. However, due to the extremely strong growth in public indebtedness over the last few years, the debt service burden on the public finances is rising steadily and the limits to borrowing are coming into view. The overall consolidation of public finances remains an urgent task for the coming years.

The social insurance institutions also closed the year with high deficits after having generated cash surpluses consistently up to mid-1975. Restoring their financial health has become the central problem of social policy.

The progress made so far in reducing the deficits of the central, regional and local authorities has been primarily at the expense of investment spending. Real investment by the public sector fell not only in relation to total expenditure but in absolute terms as well. The effects of this reduction were felt above all by the construction industry; it had negative consequences both for cyclical and growth policy. On the other hand, personnel expenditure, tied by law and wage agreements, proved largely inflexible. The excessive growth in personnel costs is thus proving more and more to be a serious structural distortion of the last few years.

Taken in total, considerable cyclical stimulus came from the public sector's financial deficits in 1976. On the other hand, the selective programmes aimed at stimulating business activity became less and less significant.

Impulses from stockbuilding

One of the first reactions of companies to the cyclical recovery was to replenish their stocks which had been run down during the recession. This process had already begun in autumn 1975 and peaked in spring 1976. In the first six months of the year under review, companies invested roughly DM 13.2 bn. in stocks. They thus made a *substantial contribution to the growth in overall* demand.

The further rise in stockbuilding in the third quarter was balanced out by the fall in the fourth quarter, so that, in overall terms, stockpiling came to a halt in the second half of the year.

Investment still without momentum

The hope that industrial expansion investment would pick up again and thus lead the first phase of cyclical recovery into a second phase of secured upswing was not fulfilled in 1976. There was some improvement in a number of important preconditions for an intensification of investment. Thus, rising capacity utilization brought increased productivity gains, which, in their turn, together with wage increases more or less in line with stability policy, allowed profits to rise again for the first time after years of contraction. As a result of their persistent restraint in investment spending, the liquidity of many companies increased also. In the first half of 1976, companies (excluding home construction) had little requirement for borrowed funds. Their financing deficit fell from DM 11 bn. in the first half of 1974 to DM 1 bn.

But the after-effects of the recession were still too strong. It had shown how quickly a company can get into the red, even if its turnover only stagnates. Growing demand could be satisfied in most cases without difficulty from existing capacities. Investment was therefore seen primarily as a means of rationalization, of improving a company's competitiveness and thus of securing jobs in the longer term. On the other hand, sales and profit expectations provided insufficient incentive, in most cases, for expansion investment. In 1976, about 80% of companies undertook capital expenditure on rationalization and replacement measures and only 20% on the expansion of industrial capacity, though, in practice, rationalization investment often has the effect of expanding capacities.

Capital expenditure on equipment in 1976 increased overall by 9.0%. So progress was made towards increased investment. But, in line with the slower upswing – compared with earlier growth cycles – the propensity to invest after the severe recession is only recovering slowly and cautiously.

Central problem: unemployment

Within the framework of its "magic square" of economic policy targets, the Federal Republic achieved more than it expected in 1976 in the fields of growth and price stability; its balance of trade on current account came even closer to equilibrium but the employment situation remained unsatisfactory.

For 1977, there are good prospects that the cyclical recovery in the Federal Republic will continue – though at a moderate pace. The basis for this will probably be provided by the stimulus from foreign demand and private consumption. However, the risks in the export sector have tended to increase due to the persistent balance of payments difficulties in a number of important customer countries. So it is therefore of decisive importance that the upward forces in the domestic economy – above all investment – are strengthened.

The central problem remains the reduction of unemployment. One million unemployed and an average unemployment rate of 4.6% are regarded by all the social partners as unsatisfactory in the long run. Certainly, if the above, moderately confident economic forecast proves to be correct, some of the unemployed will be re-integrated into the production process. But some unemployment must already be termed structural. For this to be reduced, investment above all must continue at a brisk pace, leading to the creation of new jobs.

There must be clear decisions in favour of free-market solutions

The high number of unemployed has triggered off discussions on basic questions of our economic order in the Federal Republic. Here, the protagonists of solutions based on a centrally-planned economic system would like to see in the present situation a general breakdown of the free-market economy and link to this their renewed call for a systematic reorganization of our present economic order – a call that recurs time and again whenever our economy is exposed to greater strains.

Completely wrong – and, fortunately, never envisaged by the Government – would be the idea of investment control by the state or state bodies. State bureaucracy is and will remain a poor substitute for business initiative. Above all, there is little sense in creating or artificially maintaining jobs with state support when these jobs cannot cover their costs under competitive conditions.

The suggestion has been made by leading representatives of the unions that the available volume of work should be spread over the total working population (including the unemployed) by shortening working hours and extending holidays. Basically, however, such a redistribution would be a purely static concept which, even if no offsetting wage and salary increase were to be claimed, would entail higher production costs and productivity losses and thus threaten other jobs. Apart from this, it presupposes considerable mobility and interchangeability in the labour force. In practice, these are only limited; this is reflected in the fact that, in spite of high unemployment, it is not easy, in many cases, to find qualified personnel.

Nor can the problem of unemployment be solved by making less strenuous efforts than in the past to achieve greater price stability. In retrospect, it was a decisive mistake of the last decade that people believed full employment could be secured with a little more inflation. Many of our difficulties today are consequences of past inflation and the recession it was largely responsible for. A termination or even only a slight "easing" of the consistent stability policy would jeopardize its achievements, probably not even temporarily reduce unemployment but would sow the seeds of a renewed, even more severe recession.

Creation of a lasting basis for investment

1976 has been described on various occasions as a year of "wage restraint". In fact, however, the adjustment of wage policy to the cyclical situation has not been detrimental to employees but actually in their interest. Since the cost of living rose by less than had been forecast, the increase in real wages grew to roughly 3% and thus exceeded expectations by a considerable margin. In the previous year, real wages had grown by only 1%, in spite of the higher nominal wage increases, due to the stronger inflation rate. The restoration of common sense to the field of wage policy not only contributed to a dampening of inflation but also prevented unemployment from rising even further.

In 1976, for the first time since 1969, income from entrepreneurial activity and property increased more strongly, at 13.9%, than wages and salaries (+7.3%).

Thus the wage ratio fell accordingly from 71.4% to 70.2%. Certainly, this only corrects a small part of the unfavourable development which had taken place since the end of the 60's. In 1969, the wage ratio was still at 65.2%. The downtrend in entrepreneurial profits since that time was accompanied by a steady decline in the propensity to invest, which was reflected initially in growth rates and, later on, in absolute figures as well.

After the decline in earning power over a period of years and in view of the still unsatisfactory capacity utilization rate, no-one could expect investment to pick up quickly in a single year of wage restraint. Nevertheless, the improved profit situation in 1976 was already extremely important for the cyclical development. Companies in all business sectors spent roughly DM 13 bn. on restocking and stock investment is frequently the precursor of capital investment. In 1976, capital expenditure grew by 7.2%. Finally, many companies used part of their higher profits for the necessary financial consolidation, reduced the proportion of financing from outside sources and improved the ratio of own funds to borrowings in their balance sheets. In earlier business cycles, this financial consolidation took place in the last phase of the downswing but failed to do so this time owing to the redistribution conflict which lasted until 1975, and was thus postponed until the first phase of the upswing. With the progress in financial consolidation, the prospects of a general revival in investment have improved.

Excessive wage claims are a threat to jobs

However, that a single improvement – limited to one year – in the profit situation of companies cannot be sufficient to solve the unemployment problem, is also illustrated by the development of the after-tax profit on sales ratio in German industry. In 1969, for joint stock corporations, it had still been standing at 3.2%. By 1975 it had fallen to 1.3%. On an international comparison, Federal German wages have already, in many cases, exceeded US-American levels and are amongst the world's highest; as far as the profit ratio is concerned, on the other hand, the Federal Republic is way behind. Of decisive importance, therefore, for a free-market growth policy, will be a lasting improvement in the profit situation and thus in companies' future expectations. Only in this way can industry's confidence in a soundly-based and durable upswing be restored.

For wage policy, this means that a return to the agreed-scale wage increases of 1969 to 1974 will not be possible without endangering a large number of other jobs. A resumption of the redistribution policy of earlier years in the incomes field would lead either to a renewed spurt in the rate of inflation, due to cost factors, or to an indefinite delay, with profits falling again, in the necessary stimulation of investment activity. The incomes policy decisions taken at the beginning of 1977 are thus, at the same time, setting the points for the future cyclical development of unemployment in our economy. This is where the economic responsibility of the social partners lies.

Unfortunately, the first wage tariff agreements of 1977 – particularly in the metal industries – do not give the impression that the necessary further progress towards a wage policy geared to productivity growth is to be expected in the near future. On the contrary, wage increases involving a total increment of 8 to 8½% will be considerably higher than the rise in productivity which can be expected. Unit wage costs could thus rise more strongly again, in contrast to 1976. Wage increases such as those in the metal industries harbour the danger that both a significant reduction in unemployment will be hampered and the successes already achieved in stabilizing prices will be cancelled out.

Necessity of lasting consolidation of public finances

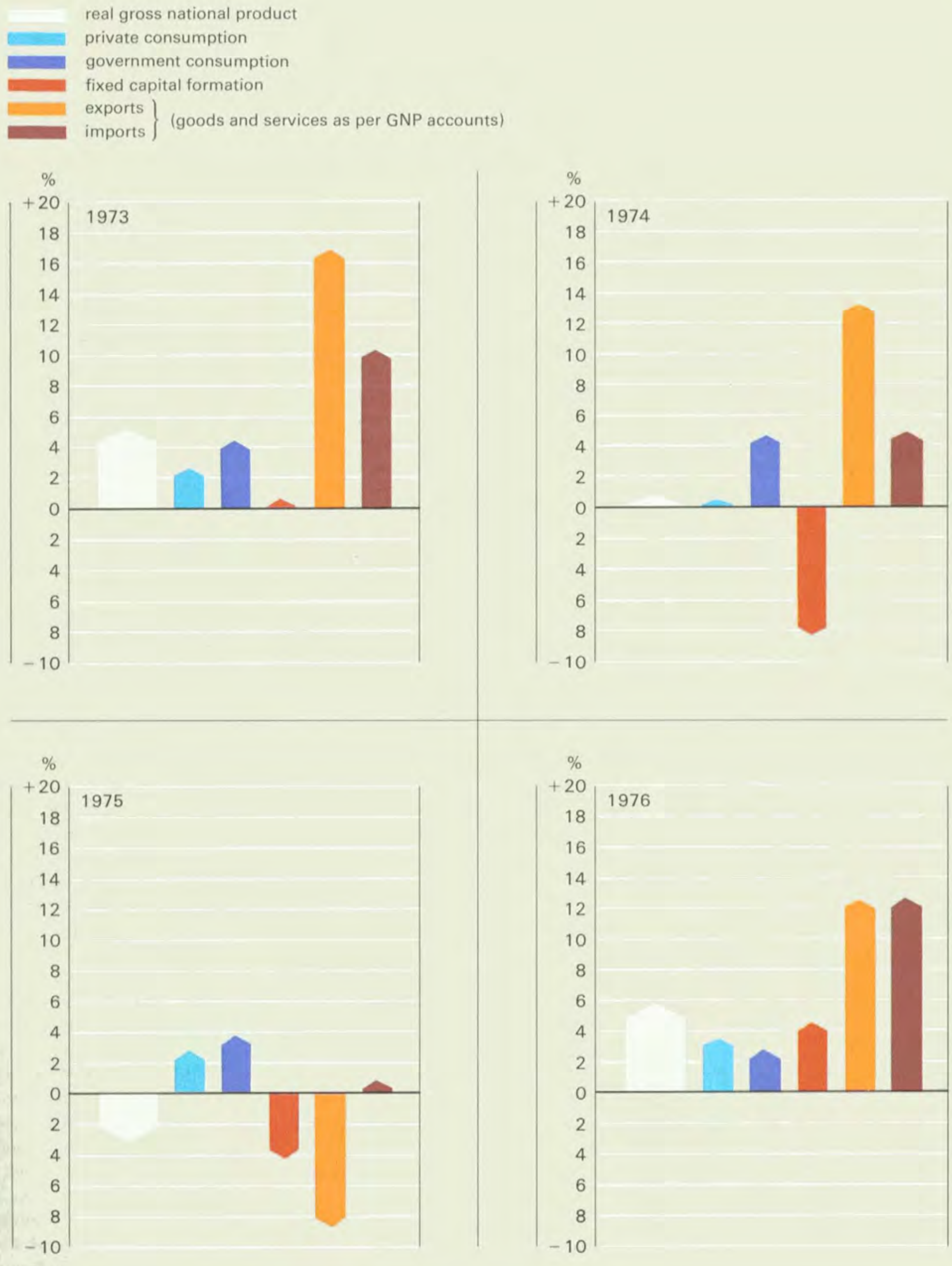
In 1976, a slight reduction in the public deficits was achieved. But the real consolidation of public finances is a process that will take years. It can only be realized if, with restraint on the expenditure side, revenues continue to grow as the cyclical recovery proceeds.

A thinning-out of state expenditure on consumption seems necessary to avoid a one-sided reduction in the capital spending of central, regional and local authorities, as happened in 1976. Greater infrastructural investment by the public authorities, as is already planned, can help to reduce unemployment, particularly in the construction industry.

The reduction of the public deficits cannot be postponed indefinitely, otherwise a growing demand for credit on the part of industry, in the not too distant future, could collide with the financing needs of the public sector. Both together would be too much for the money and capital markets, would push up interest

The four components of economic change 1973 to 1976

(in 1962 prices, changes in %, compared with real GNP growth in each case)



rates and thus endanger the necessary recovery in private investment.

To improve the investment climate in the Federal Republic, the Government should lower the tax burden on companies. Above all, tangible cuts should be made as soon as possible in non-profit-related taxes. The stimulus this would provide for the expansionary forces in the economy would have a positive effect on the public finances in the long run.

In the social field – particularly pension insurance – it will be increasingly necessary to develop the right sense of proportion as far as reforms are concerned and to refrain from describing what is basically just the gearing of policy to overall economic possibilities as a "dismantling of the welfare system".

Bundesbank continues on stability course

In 1976, the Deutsche Bundesbank adhered to its money and credit policy aimed at reducing inflation and steadying growth. It did not change the discount or lombard rates or rediscount quotas in the course of the year. Greater attention was aroused by the raising of minimum reserve ratios on May 4 which, in many cases, was mistakenly interpreted as a return to a more restrictive course. Apart from that, the Bundesbank made use of the "silent" instrument of open market policy and of controlling the Federal Government's cash arrangements, above all to neutralize the liquidity growth in the economy caused by large-scale inflows of foreign exchange.

The Bundesbank held firm to its target of expanding the monetary base by an annual average rate of no more than 8%. However, actual growth was somewhat higher due, above all, to the substantial purchases of foreign exchange. For 1977, the Bundesbank has again published a target figure of 8% for money stock growth. This will make it possible to continue controlling money supply with the flexibility which is particularly necessary in conditions of dampened cyclical expectations.

Saving ratio falls

Private savings in 1976 were also high but did not reach their unusual level of 1975. As the cyclical recovery proceeded, the saving ratio for the first 6 months of 1976 fell to 14.3% after having risen to 16.8% in the same period of the previous year. At the year's end, saving increased again slightly.

In the investment field, efforts to remain liquid faded into the background; the achievement of higher interest earnings took on greater importance again. Particularly favoured were fixed-interest-bearing securities. On the other hand, only about half as many funds flowed into savings accounts as in the previous year.

Initially, term deposits with periods of notice of up to four years continued to be reduced until well into autumn. From October onwards, they increased again considerably so that, in December, they exceeded their year-end 1975 volume by more than 10%.

Slowly expanding credit demand

Credits to domestic non-banks increased by almost 11% in 1976 and thus somewhat more strongly than in 1975. Again the growth rate in lending to the public sector (18.8%) was significantly higher than in the case of credits to domestic companies and private individuals (9.2%).

To begin with, continuing financial consolidation caused the private sector to reduce its bank credits. Companies' credit demand did not rise until spring. Above all, the trading sector used funds from outside sources to replenish stocks. The transport and communications sector also, as well as the energy, water supply and mining industries increased their borrowing from banks. On the other hand, at the end of September, manufacturing industry had not yet re-attained its end-75 credit volume but then went on to exceed this level markedly by the end of 1976 (+4%).

For households, 1976 developed into a "year of the consumer credit". The total volume of credits to employed persons reached almost DM 100 bn. by the end of the year and thus showed growth of more than 25%. Above all, the low credit costs were a strong incentive for consumers to make use of these credits. They were taken up primarily to finance the purchase of motor vehicles and other consumer durables.

A good 30% of the growth in total credit volume was accounted for by the public authorities, though they reduced their borrowing, compared with 1975, by roughly DM 10 bn. to about DM 30 bn.

Share market lacking spirit

For shareholders, 1976 was not a satisfactory year. Share prices – according to the index of the Federal Statistical Office (29. 12. 72 ≙ 100) – fell by an average 6.6%. Thus, a small part of the handsome price gains of the previous year was lost.

At the beginning of 1976, the share market was still feeling the influence of an expected strong recovery in economic activity, a downward trend in interest rates and ample bank liquidity. The upward movement in prices continued until the year's peak level was reached on March 17. After that, prices drifted downwards with some fluctuations and, on October 29, touched their lowest level of the year, 11% below the year-end 1975 figure. During the upward phase which then followed, almost one half of the preceding fall was recovered.

The reasons for the market's weakness in the early summer included, amongst others, unrest on the foreign exchange markets and the Bundesbank's increasing of the minimum reserve ratios on May 4. In spite of the central bank's statement to the contrary, this was interpreted in many quarters as a reversal of its liquidity and interest rate policy. During the remainder of the year, the pronounced summer slack period in the economy had some influence. The pessimism this produced had a marked effect on stock market sentiment. The market tended to pay less attention to positive reports than to negative ones from companies and branches. In addition, foreign holders parted, at times, with larger quantities of German shares so as to realize exchange rate profits.

The fall in share prices since March together with improved company profits resulted in the valuation of shares, on average, at only 9.8 times the current year's profits at the end of 1976. Such a low valuation has been rare in the last few years.

The average dividend on listed shares fell from 13.67% at the end of 1975 to 12.77% at the end of 1976. Since the price level also fell over the same period, the average yield rose from 3.52% to 3.62%.

Corporation Tax reform means better prospects for the share

An important event in 1976 in the field of taxation was the passing of the Corporation Tax reform, the full effects of which, however, will only be felt in the business years ending in 1977, i.e. mainly from 1978. It eliminated the double taxation of distributed profits by allowing the corporation tax paid by the company to be offset against the shareholder's personal income tax liability. This is by far the most important development since a separate Corporation Tax was introduced and, at the same time, is the most striking result of the last tax reform as a whole. The prospects opened up by the new Corporation Tax system are far-reaching and various: choice of company form has less effect on taxation, elimination of the conflict of interest which has existed up to now between large and small investors, improved platform for self-financing by joint stock companies, greater attractiveness of the share as a saving and investment instrument and thus, at the same time, an important contribution to capital-formation. Although, on the one hand, the automatic tax credit represents a tax reduction, it should be remembered, on the other hand, that Corporation Tax as a whole will increase. This means that companies will have to re-think their reserve formation and profit distribution policy and it may certainly be assumed here that, on balance, shareholders stand to benefit. One cause for concern, however, is the fact that this tax credit is not available to non-resident shareholders of German companies. It would be urgently desirable for the Federal Parliament's call to the Federal Government to review double taxation agreements in this connection, with special reference to the level of capital yield tax, to be translated into action quickly and with priority so that the discrimination of non-resident shareholders can be eliminated as soon as possible.

Also regrettable is the fact that the lifting of the double tax burden is restricted to the combination of Corporation and Income Tax. We think that parallel regulations with respect to Property Tax are inevitable. The raising of Corporation Tax to 56% has increased, by a not inconsiderable margin, the burden imposed by the non-deductible Property Tax.

All companies have a duty of disclosure towards their shareholders, but the task of informing the shareholding public about the new compensatory tax credit system rests largely with banks as the institutions that hold securities in trust and handle the payment of dividends. They will also have to do most of the technical work involved in implementing the law and this will mean a sizeable cost burden.

Bond market: a record year again

In 1976, the bond market developed even more positively than in the extremely productive previous year. The record volume achieved in 1975 was practically equalled with net sales of fixed-interest paper totalling DM 48.5 bn. (1975: DM 48.9 bn.). Here, the market's genuine absorptive power actually exceeded this amount by a large margin; the Bundesbank was able to reduce its security holdings – accumulated in 1975 as a result of its open market operations – by DM 6.5 bn. During the year, however, there were some extreme fluctuations, in spite of the market's very good condition.

From the point of view of "quality" as well, 1976 was an improvement on 1975. Thus, yields were reduced from more than 8% by an average of about 1%. At the end of 1976, the current yield was about 7.4%. At the same time, it was possible to extend the maturities of new issues. Towards the end of the year, the market had managed to return to the issuing conditions that had existed before the high interest phase.

The public sector remained the largest issuer on the bond market. It accounted for more than three quarters of total net sales of bonds. The share of mortgage bonds failed to maintain its already reduced level of the previous year of roughly 11%. Industry's recourse to the capital market was extremely low. Industrial bonds continued to be true "rarities" as they have been for years. The first industrial bond issue (DM 150 m.) for four years was floated in December.

Non-banks came very much to the fore as domestic purchasers of bonds. They took about two thirds of net sales. On the other hand, the share of the banks fell to less than 40%. In the two previous years, they had taken roughly one half of net sales. Non-residents featured again as buyers, with about DM 3 bn. In the two preceding years, they had been net sellers of bonds.

Investment funds with very high net inflows

The sales performance of German investment companies in 1976 was very good. With a net inflow of DM 4.51 bn., the previous record of DM 4.36 bn., achieved in 1972, was exceeded. Net inflows into bond-based funds were considerably higher than those into share-holding funds. Open-end property funds were able to raise their sales slightly.

The assets of the individual groups of funds developed along different lines, corresponding to the differentiated movements on the share and bond markets. The assets of share-based funds increased by a relatively small amount, in spite of a higher volume of certificates in circulation, from DM 9.79 bn. at the end of 1975 to DM 10.14 bn. at the end of the year under review. Assets of bond-based funds, on the other hand, rose considerably to DM 8.45 bn. compared with DM 5.51 bn. at the end of the previous year. DM 3.0 bn. was invested in open-end property funds compared with DM 2.75 bn. at the end of 1975.

High liquidity on the Eurocapital market

In 1976, the Eurobond market closed with a record new issue volume of US$ 17.7 bn. This was a good 75% up on the previous year's volume. In Wall Street too, the previous year's volume was just about doubled in 1976. Thus, strong growth was not just a European but a world-wide phenomenon too on international capital markets.

On the market for international DM-bonds, as a part of the market as a whole, the development was less pronounced. The new issue volume, at DM 6.5 bn., remained approximately at the preceding year's level. It must be borne in mind here, however, that there is not a completely free market for international DM-bonds in so far as the volume of such bonds is fixed at a suitable level each month, as a measure of "self-regulation", by a committee representing the chief issuing banks. Owing to the divergent developments in their respective volumes, there was a normalization in the relationship between DM and dollar-bonds, after the D-Mark had had, to some extent, an unusually high market share during the previous few years. In 1976, the D-Mark's share was about 20%; roughly one half of all bond issues were denominated in the dollar. Besides these two currencies, and the Swiss franc, the Canadian dollar also gained in importance in 1976 as an international bond issue currency.

The main reason for the record performance of the international bond markets is the abatement of inflation expectations. Investors have gained more confidence in long-term investment – a trend that also benefited the German bond market. Secondly, the good sales results were also favoured by the high liquidity accumulated in

Opportunities in the "Pacific Basin"

In November 1976 Deutsche Bank organised another foreign representative conference in the Federal Republic of Germany. This time it was branch managers and representatives from the "Pacific Basin" region who took part in a ten-day visit to a number of branch areas of Deutsche Bank. Their job was to give interested customers first-hand advice. At the same time they themselves were to become acquainted with the latest experience and current problems of our bank on the spot. The picture below shows the discussion with customers in Frankfurt (Main). In the picture centre right they are being welcomed by charming Asian girls from the Philippines and Japan, dressed in national costume.

At a press conference (cf. picture centre left and top photo) members of the Board of Managing Directors brought out the importance of the Pacific Basin. The region covers a total of 220 million sq. km. and is represented by the western areas of the USA and Canada, Japan, the other E. and S.E. Asian states, and by Australia/New Zealand. Almost half of world national product is produced in the Pacific Basin and one third of all imports are ordered there. Almost 40% of the world's population lives in this region, roughly four fifths of which is made up by the Pacific Ocean. Deutsche Bank considers the Pacific Basin, with its wealth of raw materials and its important financial centres (such as Los Angeles, San Francisco, Hong Kong, Singapore and also Tokyo), to be the region with the greatest growth potential.

almost all important economies as a result of the only limited size of the cyclical upswing. Finally, the major new issue currencies, such as the dollar, D-Mark and Swiss franc, were also the strong currencies. There is much to support the contention that, as long as these three conditions are fulfilled – weaker inflation expectations, high liquidity, strong currencies as issue currencies – the market will remain productive. At the same time, this would relieve the Eurocredit market, because the first-class borrowers at least would probably tend to raise loans on the longer-term market at fixed rates.

Structural change on the international capital markets

Today, the Eurocapital market is available to prospective international bond issuers as a competitive alternative to Wall Street. Earlier, large issues of US$ 100 m. or more could only be placed on the US market. The capacity of the market to absorb Eurobond issues in comparable magnitudes was tested for the first time in 1976. The outstanding event was the bond issue, managed by Deutsche Bank, for the European Community, whose three tranches totalled US$ 1 bn. Another example of the Eurocapital market's increased self-confidence was the US$ 300 m. bond issue placed for Australia. Thus, the market for Eurobond issues now ranks alongside Wall Street as an efficient parallel market – a development which, from a world economic point of view, can only be welcome.

The structural change can also be seen in the fact that, over the last few years, several of the large universal banks have become more prominent in the international issuing business, while the management groups of Eurodollar loans used to be dominated by the specialist issuing banks – the American investment banks and the British merchant banks. Besides the necessary market knowledge and market experience, the placing power developed by the universal banks no doubt contributed largely to their successful activity in the international issuing business.

Efficient Eurocredit market

The volume of the Eurocredit market grew in 1976 by close on 15%. With a high level of liquidity, it again proved its efficiency and its capacity to adjust. The willingness of investors to make a greater volume of funds available at longer terms reflected their strengthened confidence. As in the preceding years, the OPEC states were amongst the important investors. In addition, substantial amounts from the highly liquid domestic markets of some industrial nations were also invested in the Euromarket.

In 1976, medium-term Eurocredits increased by the equivalent of US$ 28.6 bn.; growth was thus one third larger than in the previous year. With regard to borrowers, it became increasingly clear that some countries were operating close to the limits of their borrowing capacity or had already reached them, either as a result of their accumulated debt burden or due to unresolved economic or political problems. Since, at the same time, the large majority of Eurobanks had not relaxed the standards of creditworthiness they required of their debtors, the radius of action of these banks became more restricted. Competition for good debtors grew more intense and this was reflected in a downward pressure on spreads.

Developing countries' recourse to the Euromarket – in absolute and relative terms – was even stronger than in the previous year. They accounted for about 54% of the volume of newly-extended medium-term credits. On the other hand, the share of state-trading nations fell from 12% to roughly 9%.

At the beginning of 1977, activity was lively on the Euromarket. A number of large-sized country credits were arranged, with spreads continuing to fall. But it would be a serious mistake to infer from the smooth handling of these big credits that the readiness to lend of the banks making up this market is inexhaustible. On the contrary, here too limits have begun to appear in the recent past.

World economic activity: recovery but no broad upturn in investment

In 1976, a cyclical recovery in most industrialized nations displaced the world-wide recession. Growth was particularly strong in the first half-year. It was supported above all by a strong increase in stocks. However, hopes of a cyclical upswing as seen in the sixties were not fulfilled. In the second half of the year, there was a marked cooling off in the economic climate. Similar to developments in the Federal Republic, the cyclical recovery did not spark off an upturn in investment, although the conditions for a renewed increase in investment activity generally improved. In spite of world-wide economic growth, unemployment was not reduced. At the end of 1976, numerous countries had the highest unemployment figures since the war.

In the majority of countries, the cyclical recovery set in at a very high level of inflation. Progress towards greater stability was hampered by continuing high nominal wage increases. Nevertheless, the rise in consumer prices in the industrialized countries as a whole, at 8%, was below the previous year's level (11%); here, the situation continued to differ widely from country to country.

In some nations – above all, the United Kingdom and Italy – inflation not only caused domestic economic difficulties, but considerable external problems as well. Persistent deficits in the payments balances led to a further sizeable increase in these countries' foreign debt and a fall in their exchange rates. To curb inflation, Italy and the United Kingdom were compelled, in spite of the by no means satisfactory cyclical situation, to switch to a restrictive course in their economic policy – though using very different methods. Since autumn 1976, France has been pursuing a clearly restrictive policy under the "Barre-Plan", with the aim of restoring greater stability. On the other hand, at the end of the year, Japan switched to a more expansive course. In the USA also, the new President has given the first indications of a policy of restrained expansion, although a clear picture of his overall conception has not yet emerged.

At the end of 1976 and the beginning of 1977, the world economy was thus characterized by an increasing differentiation between countries following a more expansive cyclical course and countries trying to get a better grip on inflation by means of restrictive measures. Since the restrictive policy of deficit countries will dampen their import pull, doubts that there will be a further recovery in economic activity have grown. However, a continuation of the moderate cyclical upturn in the USA, Japan and the Federal Republic – together they account for just under one third of world trade – would appear sufficient to avert a setback in world economic activity. On the other hand, a changeover in these countries to a more intensive, and thus inflationary, expansion policy would sow the seeds of the next recession. In the same way, an economic policy, on the part of the "problem" countries, aimed at greater stability, would strengthen international readiness to bolster the necessary adjustment processes with standby credits and thus to prevent excessively strong restrictions of foreign trade. In 1976 too, thanks to good international cooperation, it was possible to ward off threatening protectionist measures which would have affected world trade.

Rising balance of payments disequilibria again

As a result of the recession, the balance of payments situation in the western industrialized nations had eased in 1975. With the cyclical recovery in 1976, the deficits of some of these countries increased again sharply. The total deficit of the OECD countries leaped from US$ 6.5 bn. in 1975 to more than US$ 20 bn. again.

In the case of the OPEC countries, their 1976 balance of payments surplus, at roughly US$ 35 bn., was slightly up on its previous-year level, after having fallen markedly in 1975. The rise in these countries' imports was far less vigorous, due not least to the infrastructural problems which had arisen in various cases. The surpluses were concentrated primarily, as hitherto, on the four oil states of the Arabian Peninsula: Saudi Arabia, Kuwait, the United Arab Emirates and Qatar. In 1976 too, no disturbances of the world monetary system were caused by the disposal of these surpluses. Just how far they were genuinely "recycled" directly to the deficit countries cannot be determined precisely. The Euromarket undoubtedly performed a considerable recycling function, though here, of course, the country risks are borne by the lending banks of the industrial nations and not by the OPEC investors.

The precarious foreign trade and payments situation of many non-oil developing countries is reflected in the rapid growth in the credits they have raised abroad over the last few years. In 1976, the external debt of these countries rose to more than US$ 160 bn., with about three quarters of this debt accounted for by only ten countries. Thus the ratios which are usually taken as the criteria for the assessment of country risks, such as import cover ratio and debt service ratio, have deteriorated further for these countries, with corresponding consequences for their future borrowing capacity. For these countries in particular, the last increase in crude oil prices means further heavy burdens. The persistently rapid rise in the state-trading nations' indebtedness and

More information through publicity

In 1976 Deutsche Bank further intensified its advertising activities. Besides constant publicity measures for consumer credit and building financing business, campaigns and special operations were carried out which concentrated on a wide variety of services.

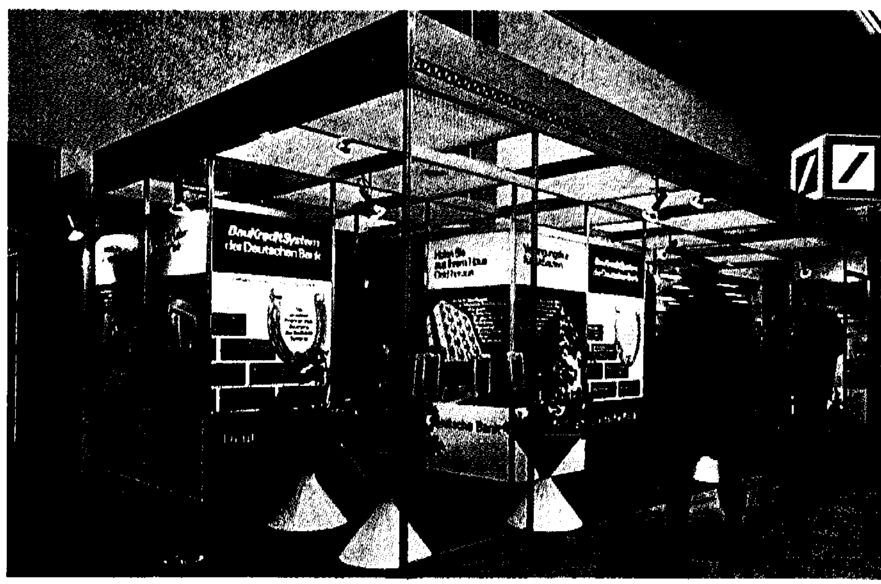
Our publicity continues to aim at fully informing a wide section of the public about the comprehensive range of services we offer. This informative, consumer-oriented advertising has in some sectors helped considerably to expand business and win new customers.

Through constant publicity measures we also succeeded in making Deutsche Bank's new logo, introduced in spring 1976, very well known. This new logo now appears on all publicity material.

The main emphasis in our publicity measures in 1976 was once again on advertisements in the daily press. In autumn there was also a special series of full-page advertisements in periodicals giving radio and TV programmes, which ran under the motto "Switch over to information".

Publicity brochures and leaflets provide a fully comprehensive picture of our entire range of services. They are intended primarily as an aid in talks with customers, as special direct publicity measures and for counter displays.

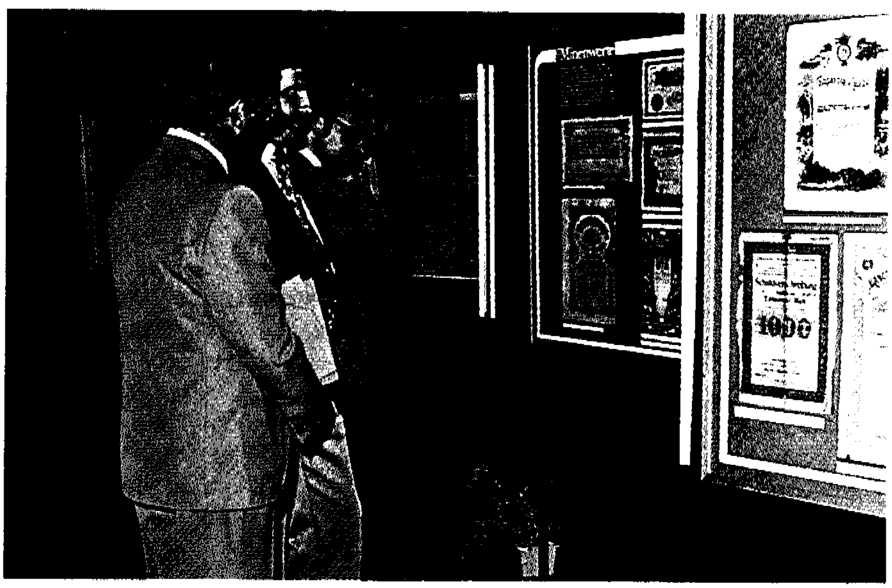
Advertising in our windows is a major element of our publicity efforts. It is particularly important in view of the impact achieved outside business hours. There is a wide variety of ways in which posters can be used. In busy urban areas we also advertise through large

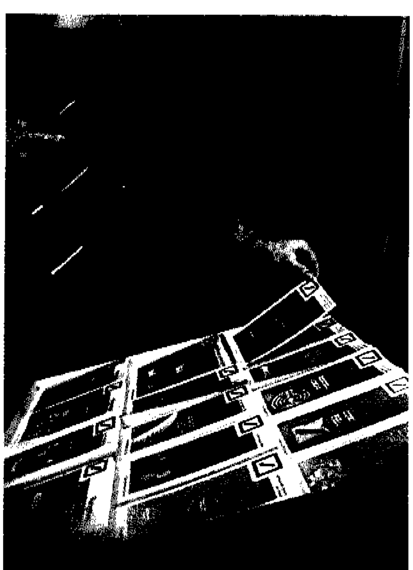


posters on billboard pillars and hoardings.

Information stands at trade fairs and other events, and touring exhibitions at the branches complete the range of our advertising activities. They have become an established part of our varied and extensive public relations work.

The pictures on these two pages are intended to give an impression of the scope and variety of our publicity.





their high borrowing on the Eurodollar market also came under discussion in 1976. Effects on the future growth of East-West trade cannot be ruled out. In 1976, the stagnation in the exports of western industrialized nations to the Eastern European area already meant an appreciable shift from the above-average growth rates in earlier years. At any rate, the state-trading nations' debt vis-à-vis the West will certainly not be able to grow at the same pace as over the last few years.

North-South dialogue: still many open questions

The developing countries' call for a "new economic order" has grown louder. But opinions are still widely divergent on the nature and magnitude of the changes which should be sought. Neither the UNCTAD conference in Nairobi in May 1976 nor the discussions of the specialist commissions in Paris have so far produced concrete results in the North-South dialogue.

The main item in the developing nations' list of demands is the "integrated raw material programme". This foresees, amongst other things, price and quantity controls, index-links, long-term supply and purchase agreements as well as buffer stocks to be financed from a "joint fund" for a number of raw materials. The aim is to stabilize and improve, with the help of these measures, the developing countries' income and foreign exchange situation.

This programme is open to considerable doubt and this has been reflected in the discussions held so far. Its realization would enmesh the commodity markets in a network of controls and create immense financing requirements; the misapplication of resources and overproduction would be inevitable. And, not least, our not particularly encouraging experiences with the European agricultural market system should serve as a warning.

Lastly, the demanded indexation of raw material prices would set up a dangerous inflationary mechanism in the world economy, with the side-effect – probably desired by no-one – of "punishing" the relatively stable industrialized nations but benefiting those more tolerant of inflation. Moreover, it would be the developing countries poor in raw materials, i.e. the neediest of all, that would suffer most as a result of the programme as a whole.

Far more sensible, in our opinion, than the proposed raw material programme are efforts and procedures whose basic aim is to smoothen out – and strengthen – individual countries' foreign exchange revenues. This requires a further development – incorporating a critical examination of our experiences so far – of compensatory financing for export fluctuations, as practised at the present time under the IMF's compensatory facilities and the European Community's Lomé Agreement.

One of the wishes voiced by the developing countries at the last UNCTAD conference was for a global debt remission or a moratorium on the external debt of certain country groups. All concerned should beware of taking such a step. It would certainly not improve debtor morale but would probably weaken the balance of payments discipline of the recipients of foreign funds and prevent the optimal application of these lendings. Such a measure would discriminate against those countries that, up to now, have exercised self-restraint and pursued a cautious debt policy and reward those who have failed to exhibit the necessary sense of proportion and responsibility in this respect. We also consider the discussion of a possible, more or less general, moratorium to be ill-advised; it could well reduce the willingness of potential lenders to take up engagements in the countries concerned or in the developing countries in general.

That the indebtedness of the developing countries, in view of the accumulated volume, presents a serious problem, is obvious. On the private markets, not a few countries are already coming up against the limits of their borrowing capacity. A greater contribution of public aid towards covering future financing needs is therefore inevitable. There can be no overlooking the fact that, in view of their budgetary problems, most industrial countries are likely to find it more difficult than in the past to meet the figure of 0.7% of GNP which still counts as the target for public development assistance. It seems to us to be of priority importance, therefore, to channel public funds above all to the structurally weakest developing countries. Also necessary is a greater OPEC engagement in these regions. But those countries already at higher levels of development should make more effort to strengthen their creditworthiness in the eyes of foreign investors by means of confidence-building policies and to encourage the infusion of long-term private capital – particularly in the form of direct investment, for example.

More important than raw material agreements and financial assistance, however, for the improvement of the developing countries' foreign trade and payments position in the longer term continues to be a further liberalization of the industrialized nations' import policy. Here, however, there are serious conflicts of interest. In most cases, namely, where import restrictions still exist in one form or another, the branch concerned is structurally weak. In the long run, though, a growing participation of the developing countries in the manufacture of industrial and agricultural goods will be inevitable. And it is in the true interest of our own economy not to delay unduly the necessary adjustment processes here, but rather to proceed with them, slowly but steadily.

All in all, if the efforts to reduce the prosperity differential in the world are to prove successful, it continues to be of decisive importance that solutions are rejected which

- seek to replace the principles of a free-market system, on a permanent basis, with a dirigistic order,
- impair the free-market efficiency of the industrialized nations and thus, ultimately, their ability to give development assistance and to import goods, or
- ignore the fact that the developing countries themselves must fulfil certain decisively important preconditions for a growth and stability-oriented climate in their economies.

Euro-snake under test

1976 was a year of persistent unrest on the international foreign exchange markets. The reasons for this unrest were above all the again widening differences in the economic and political stability of the European countries. Here, more than in the past, a polarization developed between strong and weak currencies. A relatively stable pole proved to be the currency triangle consisting of the US-dollar, Swiss franc and the D-Mark. However, in the last four months of the year, the dollar showed signs of weakness which persisted in the first few months of 1977. Nevertheless, as long as the stability policy in the USA is not relaxed, there is no reason for a basic deterioration in the position of the dollar. Since the middle of last year, the Swiss franc has also depreciated markedly against the D-Mark, though here too there can be no question of a permanent weakening.

The first wave of exchange rate tensions came at the beginning of the year from the Italian lira and the English pound and then spread to the European currency snake, leading to the renewed departure of the French franc. The second wave set in at the end of July/beginning of August. It began with strong pressure on the franc and then concentrated – working in the opposite direction – on the D-Mark. This was followed by considerable tensions within the European currency association, until, on October 17, parities within the snake were corrected in a graded operation by 2% to 6%.

With this rapid and "silent" realignment, the European currency snake stood the test of 1976. Certainly, the renewed withdrawal of France is regrettable, in view of the currency association's role as a nucleus of monetary integration but also in view of France's importance as a trading partner of the remaining member states. After the realignment, the exchange rates within the snake settled down lastingly. However, the moderate revaluation of the D-Mark vis-à-vis the remaining partner currencies did not fully make up for the cumulative differences in national cost and price levels. Therefore, to secure the present system of parities within the snake. It will require all the more strenuous stabilization efforts and visible success on the part of member countries with higher inflation rates.

Meanwhile, the aim in the longer run must be to recreate a broad European currency and stability community, since the present, reduced snake is not enough in the long term. It can only be emphasized repeatedly that a closer coordination of economic policy by all the EC countries is necessary for this. In 1976, no progress at all was made on this count. Nor will any progress be made in the future as long as the actions taken by the governments of all member nations are not motivated by the political will to European integration.

Consolidated balance sheet total tops DM 100 bn. for the first time

In 1976, the Deutsche Bank's balance sheet total rose by DM 10.5 bn. (18.5%) to DM 67.4 bn. Business volume expanded slightly more strongly (19.0%) owing to the increase in endorsement liabilities.

Growth in business volume was restrained in the first half of the year (+ DM 1.4 bn.) but accelerated in the second half, especially in the last two months. Overall, the balance sheet total and business volume recorded considerably higher growth than the year before. The integration of the Deutsche Ueberseeische Bank's Tokyo branch into Deutsche Bank and the new business of our London branch contributed to this result. These two foreign branches' business was included in the Deutsche Bank's balance sheet for the first time in 1976.

The Group's consolidated balance sheet total reached DM 105.2 bn. at the end of the year. The growth of DM 13.7 bn. is attributable above all to the development of the Deutsche Bank AG; other significant contributing factors were the expansion of our Luxembourg subsidiary and the further growth in our two mortgage banks' business. Five years ago the consolidated balance sheet volume was just under DM 50 bn. It has thus more than doubled in half a decade.

Overall result satisfactory – but profit ratio declining

The strong growth in the volume of business was not reflected in an improved operating result. The surplus on current business contracted in fact by 12.3%. The profit ratio, i.e. the operating result as a percentage of the 14.3% higher average business volume, also declined further, having already deteriorated the year before against 1974.

Decisive for this development was the fact that, on the earnings side, the interest surplus was only just maintained at its previous year's level despite the growth in credit volume and although the commission surplus in the services sector rose by DM 20 m., this was neutralised by an increase of DM 129 m. in personnel and material costs. Interest earnings, the most important element on the earnings side, suffered as a result of the further decline in the interest margin. In 1976 it fell appreciably below 3%. Against a background of keen competition, the interest margin narrowed due to the persistent pressure on lending rates. At the same time, however, there was no corresponding reduction in the rates for non-bank customers' term and savings deposits, though interest on savings deposits was lowered by ½% in March.

The higher earnings on the expanded business volume only just balanced out the shortfall in earnings caused by the decline in the interest margin. Overall, earnings on the bank's business volume, i.e. the interest surplus, remained virtually unchanged.

In the services sector, commission income and other earnings increased, though less strongly than the year before. The growth of 3.9% in the surplus in this sector was due above all to the expansion of our foreign business, which was appreciably stronger than in 1975. The securities business as a whole also made an important contribution again to the operating result. While commission earnings on our customers' business remained more or less unchanged, earnings on own account trading expanded.

On the expenditure side, we were able to keep the growth in staff costs relatively low. On the one hand, there was no further increase in the number of employees and, on the other, expenditure on pensions and other benefits was lower as the pension provisions had already been replenished in 1974 and 1975 in accordance with the part value principle. However, for an enterprise with such a high labour intensity as our bank, due to its service structure, the 5.3% rise in staff costs means an increase of almost DM 70 m. in absolute figures.

Cost pressures have further intensified on the materials side. The growth of 17.8% here is due to the general rise in prices, but also to higher expenditure on publicity and, finally, reflects the increasing automation of the banking business.

With such an increase in administrative costs, the interest surplus, which remained virtually unchanged, was no longer adequate to cover staff and material costs as in the two previous years.

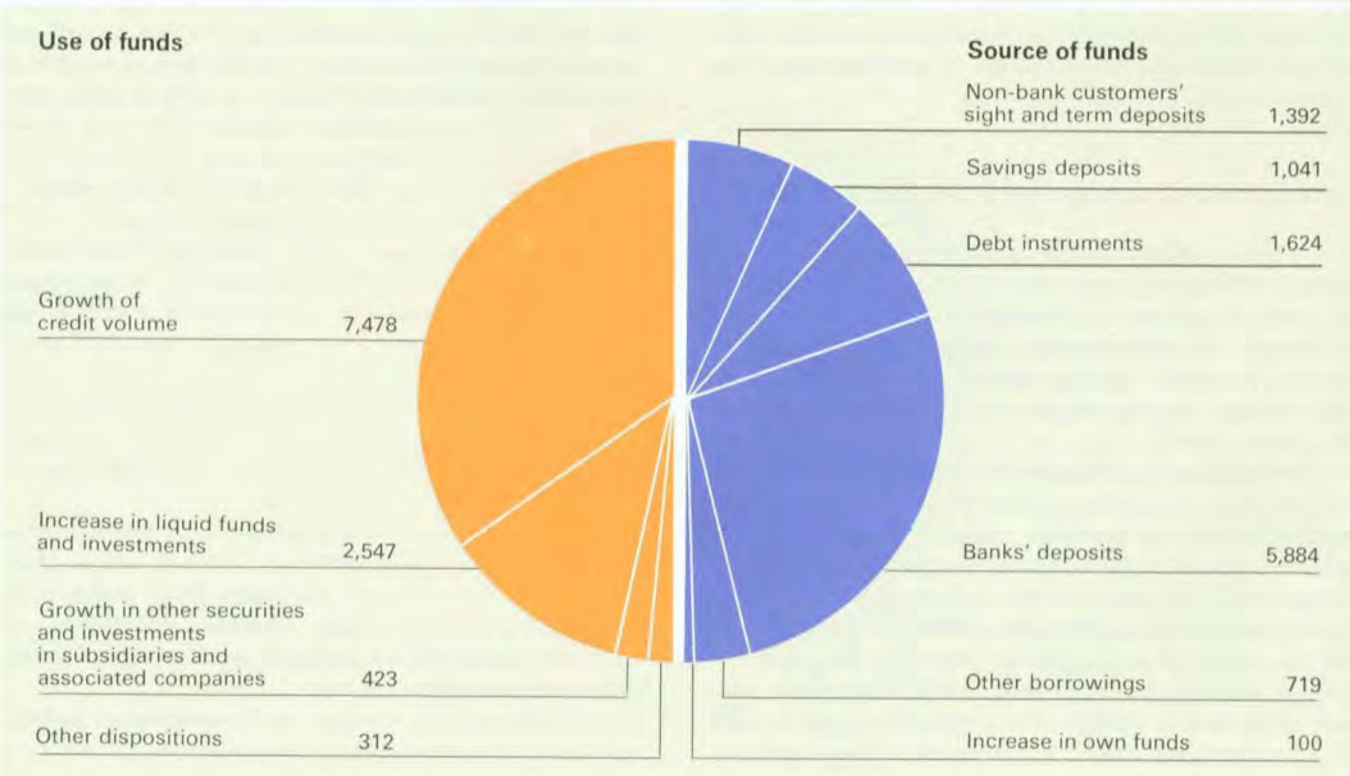
The fall in the surplus on current business was more than offset by the extraordinary account, whose cover requirement did not reach last year's figure owing to the absence of special burdens. Together, the bank's ordinary and extraordinary accounts produced a slight improvement in pre-tax profits.

Taken by itself, this result can be considered satisfactory. However, with regard to the future development, a virtually automatically rising cost burden is to be expected on both the personnel and materials sides, even assuming a more or less constant labour force. There will be only limited scope for absorbing this annual growth in costs, even if full use is made of all the possibilities open to us for rationalisation, for the bank's all-round character compels us, in the customers' interest, to maintain a large – and in some cases still expanding – service capability in all sectors. The resulting high costs of our service personnel are thus fixed costs which can only be influenced to a limited extent. Only a small proportion is covered by earnings in the services sector, so these costs have to be met out of the interest surplus. In the future it will not be possible to absorb the steadily rising administrative costs through growth in business volume as in the past, as long as the interest margin remains at, or even falls below, its low level of 1976. In the long run, only an interest margin of over 3% can be considered adequate here. Under these circumstances and despite all flexibility in business policy, a customer- and service-related charges policy linked to the increases in labour cost levels will be unavoidable in the foreseeable future.

Flexible matching of borrowings and lendings

With the tighter interest margin, it was more important in 1976 to match the maturities of borrowings as closely as possible in terms of volume and cost to the requirements on the lending side. As a result, business policy tasks in connection with the bank's financing needs changed several times in the course of the year and (to the same extent) there were unusual fluctuations in the development of credit volume. The invest-

Financing balance 1976
amounts in millions of DM



ment bonus and companies' preparations for their full-year statements accounted for a substantial part of credit demand, whilst genuine cyclical impulses played no decisive role.

In the first quarter, credit demand contracted by DM 1.4 bn. From May onwards, demand for industrial credits revived. An important factor of influence here was the closing dates for the investment bonus. At mid-year credit volume was about DM 1.7 bn. up on the previous year's level. Growth rates also rose sharply in July and August. After a quiet development at the beginning of autumn – 3rd quarter as a whole + DM 0.7 bn. – there was again a strong increase in credit demand from the business sector, particularly in the last two months of the year. At the end of the year credit volume, at DM 41.7 bn., was 21.9% higher than the year before.

The growth in the last two months may be attributed primarily to companies' preparations for their full-year statements of account. Past experience has shown that companies repay a substantial part of their foreign credits towards the end of the year with credits taken up at home. In December 1976 this trend was particularly pronounced. The rise in interest rates for short-term Euro-DM credits was probably a contributing factor.

The financing balance shows that, at the end of the year, over two thirds (69.5%) of the total inflow of funds during the year had been used to expand credit volume. Claims on non-bank customers alone absorbed almost 45%. Not quite one quarter (23.7%) of the new funds received were used to increase liquid assets and investments. The sum of DM 2.5 bn. shown here also includes bonds and debt instruments worth slightly over DM 1 bn. acquired from the public sector.

On the financing side, savings deposits – the most "stable" element on the deposits side – accounted for just under 10% of incoming funds in 1976. As important sectors of the credit business continued to stagnate, the more-sensitive non-bank customers' term deposits were reduced to a level of DM 8 bn. up to the middle of the year. From mid-year onwards, the bank again took in an increasing volume of term deposits so that in the financing balance the inflow of non-bank customers' sight and term deposits, at DM 1.4 bn., accounted for almost 13% of total new funds.

Credit institutions' term deposits – the most flexible group of deposits – expanded, especially in the last two months of the year. This also reflects Deutsche Bank's strong position in the international business. A sizeable proportion of these funds was reinvested on the assets side in the international interbank business.

The bank's own bonds have grown steadily in importance for covering customers' longer-term credit requirements. This is clearly reflected in the financing balance. This financing instrument's share in new funds has risen from 7.9% in 1975 to 15.1%. The bank resorted on a limited scale to its refinancing facilities with the Deutsche Bundesbank.

Savings deposits worth DM 17.7 bn. on over 5 million savings accounts

After the record year 1975 the growth in savings deposits has levelled off. They rose in 1976 by just over DM 1 bn. to DM 17.7 bn. (+ 6.3%). The average balance per savings account was DM 3,455 as against DM 3,502 the previous year. The number of savings accounts increased by 7.7% to 5.1 million.

Our customers showed preference for savings accounts with a statutory period of notice. Savings on these accounts rose by 8.5%, while longer-term savings deposits increased by only 4.0%. This development was also influenced by the maturing of a large number of premium-bearing and state-sponsored savings contracts.

Lively demand continued for our cash savings plan with bonus. A total of 90,000 new bonus savings contracts were concluded. The total contract value of all types of savings plan included under the "Erfolgssystem 100" scheme amounted to almost DM 5 bn. at the end of the year.

Customers showed increasing interest in our savings certificates. The volume of Deutsche Bank savings certificates in circulation rose in the course of the year by 56% to DM 664 m.

Our customers' aggregate new savings were considerably higher than is reflected by the development in savings deposits. Many customers were anxious to invest their savings in securities giving higher yields. This interest was fostered in our investment counselling, which helped to boost purchases of securities from balances on savings accounts to an unusually high level. The net transfer from savings accounts to securities, at DM 2.3 bn., exceeded the record figure of the previous year by DM 778 m.

The growth in savings deposits, purchases of savings certificates and security investments (net) from savings balances produced a total inflow of new savings of DM 3.6 bn. in 1976. This is roughly one third less than in 1975 – an exceptional year for savings – but is a substantial advance on the previous record of DM 2.9 bn. in 1974.

Payments sector continues in deficit despite constant rationalisation

In 1976 Deutsche Bank handled 162 million cheques and debit orders and about 256 million transfers. A total staff of about 8,000 was employed for payments inside West Germany and a further 3,600 for foreign payments. Thus, almost a third of the labour force is employed in this service sector.

To provide facilities meeting all customers' payment requirements both at home and abroad is an integral part of the comprehensive service offering of a modern universal bank. Through constant rationalisation and continuous technical improvement the bank is endeavouring to maintain the quality of this service, while restraining the growth in costs in this labour-intensive sector. Due to its structure, the payments business is a high deficit area, for charges cover only a small part of the costs. So far, only the universal character of the bank has made it possible for us to balance out this loss through earnings in other business sectors.

The Deutsche Bank is one of the founding members of the Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.) in Brussels. The object of this company is the transmission of "financial information", including payments, between the member banks from – at present – 15 countries in Europe and North America via a common telecommunications network. We expect this to speed up our international payments considerably and produce a further internal rationalisation of this cost-intensive customer service.

Our in-house preparations for the on-line connection of our branches to this system have been largely completed. Two hundred of our branches will have their own address and will be connected directly to the S.W.I.F.T. network. This international computer association will become operational in 1977.

Strong interest in longer-term credits

Of the total growth of DM 7.5 bn. in credit volume, DM 5.8 bn., or over three quarters, was made up of claims on non-bank customers, DM 1 bn. of credits to banks and DM 0.7 bn. of credits on bills.

With regard to claims on non-bank customers, long-term credits have expanded particularly strongly, at 36.7%, while short and medium-term credits rose by 13.8%. Only a small part of the growth in long-term borrowing is connected with new investment projects. In the business sector, in fact, longer-term credits were used primarily for consolidation purposes, the comparatively low interest rate level acting as a particular incentive in this respect. There was growing demand for longer-term credits among private customers, too.

In the short and medium-term sector, the degree to which existing credit lines were utilised remained well below 50% on average for the year and was thus unusually low. On the one hand, this reflects the small borrowing requirement of many companies and, on the other, was due partly to the favourable financing possibilities on the Euromarket. As this type of financing is also provided by our subsidiary, Compagnie Financière de la Deutsche Bank AG in Luxembourg, a certain balance was achieved here within the Group as a whole.

Credits to the public sector included under the claims on non-bank customers remained virtually unchanged in 1976. The bank played a part in meeting the continued high public sector borrowing requirement, in particular through additional purchases of medium-term notes.

The rise in credits on bills was attributable, amongst other things, to our efforts to provide low-interest financing possibilities to meet small and medium-sized firms' short-term credit requirements as in the past.

In contrast to the corporate sector, private households' credit demand expanded steadily throughout the year. At the end of the year the bank had extended a total of DM 2.4 bn. more than a year ago in the form of programmed credits and building finance loans.

Strong expansion in programmed credits

Demand for personal loans, which had already leapt sharply the year before, remained extremely lively in 1976. Customers' interest was centred on Loans for Specified Purposes for financing car purchases. In addition, Small Personal Loans (PKK) and Personal Loans for Specified Purposes (PAD) were also taken up increasingly for financing furniture and household consumer durables.

New advances under these credit programmes totalled DM 2.3 bn. in the business year. Total outstanding claims in this sector thus rose by 27% to DM 2.5 bn. At the end of the year 480,000 customers had utilised the PKK and PAD credit programmes. The average credit amount rose by 12% to DM 5,230.

Besides the instalment credits, our customers made increasing use of the Personal Overdraft Credit to cover short-term money needs (+37%). To meet customers' requirements, the bank raised the ceiling for Personal Mortgage Loans (PHD) from DM 150,000 to DM 200,000 midway through the year. In view of the favourable terms, there was also strong demand for these loans. The volume outstanding rose by 17% to DM 2.6 bn.

In 1976 competition was particularly keen throughout the market for programmed credits. Nevertheless, we managed to further expand our share of the market. This success was fostered not least by our continued advertising, whose informative style was designed to provide more transparency on terms and conditions. At the end of the year the volume of programmed credits outstanding amounted to DM 6.2 bn., which is equivalent to a share of 20.1% of total claims on non-bank customers.

New credit model for small and medium-sized businesses

The bank is constantly striving to expand its service offering to meet the requirements of its various customer groups. A new credit model under the name "Small Business Credit" (GAK) has been developed, for instance, specifically for small and medium-sized industrial, craft and commercial businesses and professionals for financing investments. This credit model, which offers repayment periods of up to twelve years and a fixed interest rate guaranteed for five years, is particularly suitable for financing all kinds of expansion and modernisation projects, but can also be used for setting up a business or practice. The new model has found a good response among our customers.

Brisk building financing business

In spite of the tighter market and keen competition, we were able to expand our business in the building finance sector substantially. Demand was focused on credits for building or purchasing own homes. Our "BauKreditSystem" was again well received by our customers, for the combination of various financing elements under this scheme offers individual and flexible solutions to builders' problems. In autumn 1976 the "Deutsche Bank Flexible Interest Rate Mortgage" was introduced which rounds off our service offering in this field. In the first mortgage sector, our customers can now choose between a fixed-interest mortgage and the Deutsche Bank Mortgage, whose interest rate is linked to market developments. New contracts worth more than DM 2 bn. were concluded for the Deutsche Bank Mortgage, the fixed-interest mortgage, the preliminary bank loan and the interim financing credit alone.

The proven cooperation with building and loan associations was expanded further, for the combination of bank credits and savers' building loans offers attractive forms of financing, particularly in the junior mortgage sector.

Securities business satisfactory

In 1976, total turnover in securities business for non-bank customers rose by 11%: here the "basis effect" is important, for record figures had already been achieved the year before.

The drop in the capital market interest rate by a full percentage point in twelve months to an average of 7.1% caused attention to centre on the bond market. Turnover for non-bank customers in this sector expanded accordingly by over 10%. Business in borrower's-note loans again recorded above-average growth.

Turnover in shares for non-bank customers contracted – as is often the case when prices are falling – by just under 6%, though it should be remembered that volume had doubled in 1975. Option business continued to gain in importance and, at our bank, was over 30% up on 1975. We participated fully in the investment boom in 1976. Business for our customers' account (excluding banks) rose by over 50%.

Our customers continued to show strong demand for foreign securities of all kinds. At the same time there was considerable growth in foreign interest in investments on the German market, especially in fixed-interest securities.

Growth rates in securities business with banks were even higher.

The number of safe-custody accounts we maintain for our non-bank customers rose in 1976 – assisted by individual counselling – by 8% to almost 900,000. A factor contributing to this result, accounting for roughly one quarter, was the issuance of staff shares by further well-known industrial companies. The proportion of safe-custody accounts with a market value of less than DM 10,000 declined slightly (now 59%) as a result of further purchases. At the same time the market value of the safe-custody accounts maintained for our non-bank customers rose to DM 53.9 bn.

The Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt (Main), a wholly-owned subsidiary of Deutsche Bank which offers portfolio management services primarily for institutional investors, administered funds totalling roughly DM 2 bn. at the end of the year (previous year DM 1.6 bn.). The number of special funds for insurance companies, company pension and welfare funds, associations, professional organisations and other institutional investors continued to increase. A substantial volume of funds flowed into new and existing funds again during the past business year.

The staff funds set up on the initiative of individual enterprises and managed by DEGEF also expanded in volume in 1976. For any enterprise – whatever its legal form – staff funds are a particularly suitable instrument for introducing employees to securities saving as a form of individual capital formation. It remains to be hoped that the now widespread view that participation in staff funds should enjoy the same benefits as staff share issues will find expression in corresponding legislative measures.

The funds of DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main), in which we participate together with other banks and private bankers, recorded new unit sales worth DM 1,288.3 m. in 1976. The total assets of the funds managed by DWS rose from DM 3,641.4 m. at the end of 1975 to DM 4,757.6 m. on 31. 12. 1976. DWS thus administers over one quarter of the aggregate assets of all the public security funds belonging to the Bundesverband Deutscher Investment-Gesellschaften.

In 1976, the DWS funds INVESTA, INTERVEST, INRENTA and INTER-RENTA distributed a total of DM 404.6 m., DM 254.8 m. of which was re-invested, corresponding to a re-investment ratio of 63%. The largest and oldest DWS share fund INVESTA recorded the highest sales with an inflow of new funds amounting to DM 530.6 m. The fund did not remain completely unscathed by the downtrend in prices on the German share markets, but, at 3.2%, the fall in value was comparatively small.

The DWS bond funds fared well again. They achieved record results in terms of price as well as new sales. The price of the INRENTA unit appreciated by 12%. New funds amounted to DM 351.4 m. The total assets of the INRENTA fund rose by DM 394.0 m. to DM 1,904.0 m. INTER-RENTA units were also in strong demand. On a sectoral comparison, INRENTA and INVESTA rank among the largest West German security funds.

The open-end property fund "grundbesitz-invest" managed by our affiliate, the Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, and sold by Deutsche Bank and Wüstenrot, took in new funds worth DM 18.4 m. in 1976. No units were returned to the fund. The fund's assets rose to DM 741 m.: 82% of these assets was invested in property. The price of the "grundbesitz-invest" unit gained 6.4%.

The property assets are widely dispersed regionally in terms of property size and the business of the tenants. 52 properties are held in 41 cities and towns: 83% are commercial, 11% residential and 6% multi-purpose properties.

Our American property fund "Pennzoil Place", with a placement volume (own capital) of DM 108 m., met with lively interest among customers and was placed within a short space of time by a banking syndicate led by us. "Pennzoil Place" is one of the major buildings in the city of Houston, Texas.

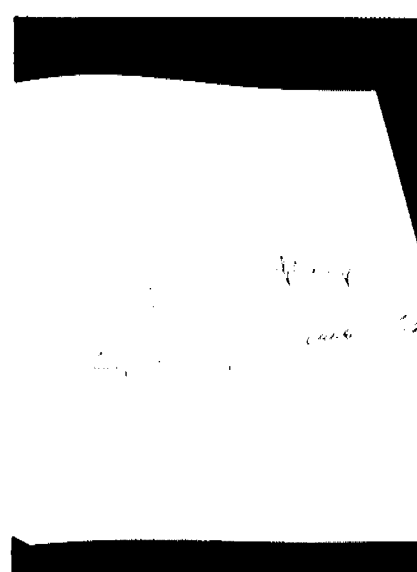
Together with a number of foreign partner banks we established the open-end Asia Fund, whose units have been sold since mid-May 1976. The Nomura Securities Company Ltd. acts as investment counsellor and manager for the assets invested in Japan and South-East Asia. The price of the fund has developed favourably. While the subscription price amounted to US$ 50.—, plus a 5% issue premium, the issue price stood at US$ 62.63 at the end of 1976 (net asset value US$ 59.65).

International loan business: renewed expansion

In 1976 Deutsche Bank was lead manager for the two largest loan transactions of the year: the issue of the European Economic Community (EC), made up of three tranches, and the issue of the Commonwealth of Australia.

The agreement with the EC on a US$ 500 m. bond issue was signed in April 1976. This was the last tranche of a financing package totalling the equivalent of US$ 1 bn. With that, the largest-ever international capital market transaction had been concluded. The bonds were underwritten by Deutsche Bank and a bank group it had formed, and were placed privately. Earlier, in March 1976, there had already been two public bond issues of the EC (cf. two pictures below) amounting to US$ 300 m. and DM 500 m., which had been similarly handled by bank syndicates under our bank's management.

In September 1976 Australia and Deutsche Bank concluded agreements for the flotation of a US$ 300 m. Eurobond issue (cf. picture top right). It was made up of three tranches with maturities of 7, 10 and 15 years. Australia thus took up a dollar loan on the Eurobond market for the first time since 1967. The centre picture shows another loan being concluded. At the end of May 1976 the City of Kobe and Deutsche Bank signed an agreement for a DM 100 m. issue with a Japanese state guarantee. This was the sixth DM loan taken up by the city on the German capital market.



Domestic issuing business again lively

With a market value of roughly DM 6 bn., issuing business in domestic shares almost reached the previous year's peak result despite temporary deteriorations in climate on the stock market. The bank participated in 41 capital increases and 12 capital adjustments, in most cases as manager. Special mention may be made of the capital increase to a nominal DM 300 m. of the recently established Mercedes-Automobil-Holding AG at the beginning of 1976, which generated an inflow of funds worth about DM 1.8 bn., as well as the share issues of Bayer AG and August Thyssen-Hütte AG, which were also for above-average amounts.

The situation on the bond market was again conducive to lively issuing activity. The bank participated in the placement of numerous bond issues by the public sector and other borrowers.

Strong international business

The expansion of West Germany's foreign trade and the keen demand on the world credit markets gave a strong boost to our international business in 1976. Numerous links with foreign business partners were strengthened and new customers acquired. Our turnover in connection with the financial settlement of foreign commercial business expanded appreciably as a result of the substantial growth in our German customers' exports and imports. However, commission income did not increase to the same extent.

Our cash and "per aval" credit business with foreign credit institutions and non-bank customers continued to expand strongly. So far, we have been able to satisfy most of our customers' credit requirements. However, the concentration of credit demand on individual countries, due in many instances to deficit payments balances, necessarily brings the limits to risk-taking more and more to the fore. This development also raises the question of risk participation by the export industry. Customers' credit requirements showed a trend towards longer maturities and, with the further increase in large-scale transactions, a trend towards higher amounts.

The volume of credit extended by the AKA Ausfuhrkredit-Gesellschaft and the Gesellschaft zur Finanzierung von Industrie-Anlagen mbH (GEFI), Frankfurt (Main), also expanded again. The AKA Ceiling A, made available by the shareholders, was raised in three stages from DM 4 bn. to DM 6.5 bn. The growth was accounted for entirely by tied financial credits to foreign importers. This facility was established by AKA in 1969. Ceiling C, an offshoot of Ceiling A earmarked for such credits, was raised from DM 1.5 bn. to DM 4.5 bn.

In 1976 our bank's international orientation was underlined by the introduction of our shares in London and Amsterdam. The Deutsche Bank share had already been listed earlier in Paris and Vienna and on three Swiss exchanges.

Keener competition on the Euromarket

As in previous years, we channelled our international credit business in the Eurofinancing sector chiefly through our Luxembourg subsidiary, the Compagnie Financière de la Deutsche Bank AG (CFDB). However, with the opening of our London branch and the establishment of Deutsche Bank (U.K.) Finance Ltd., London, we have also been active in the Eurobusiness from this centre; an added advantage here is the possibility of granting credits on which a foreign withholding tax can be absorbed.

In 1976, the trend towards large syndicated credits was particularly pronounced on the Eurocredit market. Borrowers were predominantly states and public sector enterprises. We acted as manager for numerous transactions, such as the loans to the Kingdom of Spain, Mexico and Argentina. In addition, we carried out a large number of important industrial financings, for instance, for the Fiat-Brazil project, the National Petrochemical Company of Iran and Electricité de France.

With ample liquidity, competition on the Euromarket intensified sharply in 1976. This caused terms to ease and maturities to lengthen in the course of the year; but the "softening" of terms for prime borrowers did not assume the same proportions as in 1974.

International issuing business strongly expansive

In the international issuing business, the bank was able to further expand its traditional position as a leading issuing house, particularly in the dollar sector. A to-

"Two-tier" strategy abroad has proved its worth

For quite a long time Deutsche Bank has been employing a two-tier strategy in its international business. On the one hand it is continuing to develop the successfully operating subsidiaries founded jointly with the six other EBIC banks. At the same time it is extending its own presence and the activities of its branches in major international centres. Of late, opening branches of its own has been to the fore – a slight shift in emphasis.

In January 1976, our bank's representative office in London was converted into a branch (cf. picture top left). This was the sequel to a long tradition.
In 1873 – three years after the Deutsche Bank was established – the first foreign branch was opened, in London. It operated until 1914.

In Tokyo, what had until then been the branch of the Deutsche Ueberseeische Bank was taken over in July 1976 as a branch of Deutsche Bank. The picture below right shows a scene from a press conference in Tokyo with Dr. Wilfried Guth, Spokesman of the Board of Managing Directors, and the picture below left the entrance to the branch. In order to strengthen the contact with domestic and foreign banks in S.E. Asia a representative office was also opened in Hong Kong in October 1976. In the centre picture Dr. F. Wilhelm Christians, Spokesman of the Board of Managing Directors, is conducting a press conference held on that occasion. In 1977 Deutsche Bank will convert its representative office in Paris into a branch. Deutsche Bank has no ambition to be represented in all financial centres of the world. But wherever it is present, it does want first-class representation.

tal of 116 Eurobond issues were managed or co-managed by the bank; 52 were DM issues. Among the international DM bond issues, a particularly significant part was played again by 14 issues of international organisations placed under the lead management of our bank. The fact that these funds were channelled mainly to the developing countries underlines their world economic importance.

Higher turnover in the foreign exchange sector

A characteristic feature of the foreign exchange markets in 1976 was the considerable price fluctuations in a number of currencies. Hectic and nervous movements were the order of the day. Higher demands were thus placed on our dealers in serving our customers and foreign correspondents. Foreign exchange turnover rose by just under one quarter, while earnings contracted slightly.

The growth in turnover in precious metals was almost as high, due chiefly to the intensification of our international business. Earnings were substantially up on the preceding year. Dealings in foreign exchange and precious metals for own account produced a slightly lower result than in 1975.

Foreign branch network expanded

In 1976 we further expanded our institution's international presence. Our branch in London commenced operations on 15. 1. 1976. It has established contacts with our domestic and foreign business friends and has already attracted a number of new clients. A financing company has been attached to the branch.

The Tokyo branch of the Deutsche Ueberseeische Bank was converted into a branch of Deutsche Bank with effect from July 1, 1976. Its business again developed strongly, with continued demand among Japanese customers for medium-term dollar credits. The branches in London and Tokyo showed a combined business volume of DM 3.4 bn. at the end of the year.

The integration of the Deutsche Ueberseeische Bank, which had been prepared in 1975, was approved by the Ordinary General Meetings of Deutsche Bank and the Deutsche Ueberseeische Bank in the year under review and thus became legally effective. The necessary organisational changes have been made. We should like to thank DUB's customers for their loyalty to our house during the – now completed – transitional period. The foreign branches in South America continue to operate under their traditional names, Banco Alemán Transatlántico in Argentina and Paraguay, and Banco Alemão Transatlântico in Brazil. They will be offering their customers the comprehensive service range of Deutsche Bank.

During the year under review it was also decided to open a branch in Paris. Preparations are currently under way; its inauguration is planned for the middle of 1977.

A newly established representative office in Hong Kong, to which a finance company is attached, is designed to strengthen our activities in the Pacific region.

At the end of the year the bank maintained a total of 69 bases in 45 countries.

Development of our associated banks

Banco Comercial Transatlántico, Barcelona, expanded its branch network further. Eight new offices were opened, bringing the total number now to 82. The bank increased its share capital in the year under review from Ptas. 890 m. to Ptas. 1,296.4 m. (approx. DM 45.5 m.).

The International Mexican Bank Ltd., London, enlarged both its balance sheet volume and operating result in 1976. In the wake of a restructuring of the shareholders' interests, our holding was increased to 11.53% at the end of 1976 and, in a second stage, to 14.5% at the beginning of 1977.

The UBS-DB Corporation, New York, in which the Union Bank of Switzerland and our bank each have a 50% capital interest, recorded considerable growth of business volume in both the securities dealing and issuing sectors. It participated in the underwriting of 359 new issues. Several financing operations were carried out for German companies in the USA in the year under review.

The business activities of the Foreign Trade Bank of Iran, Tehran, in which we have an 11.8% interest, expanded strongly again in the past year. To meet this development, its capital was increased to Rials 2,100 m. (approx. DM 71.5 m.), and thus doubled, in September 1976. We participated in this capital increase, maintaining our percentage holding.

The Industrial and Mining Development Bank of Iran, which plays an important role in financing industrial investments under Iran's 5-year plan, also recorded continued strong growth of its business volume. In line with this expansion, the capital was increased last September by Rials 5 bn. to Rials 12 bn. (approx. DM 409 m.). We thereby increased our shareholding from 0.9% to 3% and are now the institution's second largest foreign shareholder. We also participated in the placement of a US$ 200 m. syndicated Eurocredit for the IMDBI.

The Iran Overseas Investment Bank Ltd., London, whose shareholders are made up of two Iranian banks and eight non-Iranian banks, including ourselves, expanded its business further. The bank participated in particular in the placement of several large syndicated credits for Iran's industrial sector. A dividend was paid in the past business year for the first time.

The Société Camerounaise de Banque, Yaoundé, which in mid-1976 maintained 23 offices and showed a business volume of CFA-frs. 52.5 bn. (approx. DM 510 m.), is by far the most important commercial bank in Cameroon. It has continuously strengthened its leading position during the past five years. Over this period the bank's share capital has grown from CFA-frs. 600 m. to CFA-frs. 2 bn. The bank's capital was increased in November 1976 to CFA-frs. 2.3 bn. (approx. DM 22 m.). We have a 5% holding in this institution.

Our associate bank in the Ivory Coast, the Société Ivoirienne de Banque, Abidjan, has shown a very satisfactory business development since its foundation almost 15 years ago. At the end of September 1976 its business volume amounted to CFA-frs. 55.7 bn. (approx. DM 541 m.).

EBIC: proven cooperation

The friendly cooperation between seven European banks – Amsterdam-Rotterdam Bank N.V., Amsterdam; Banca Commerciale Italiana S.p.A., Milan; Creditanstalt-Bankverein, Vienna; Midland Bank Limited, London; Société Générale de Banque S.A., Brussels; Société Générale, Paris, and Deutsche Bank AG – again proved a success. The joint subsidiaries were further expanded and the exchange of experience in the various sectors of the banking business was continued.

The aggregate balance sheet volume of the banks working together within EBIC amounted to US$ 142 bn. at the end of 1975, as against US$ 132 bn. at the end of 1974. The seven institutions maintained a network of more than 10,100 offices and employed a staff of almost 202,000 at the end of 1975.

The "European Advisory Committee", which deals with principles of EBIC cooperation, 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. W. Christians (from 19. 5. 1976)
F. H. Ulrich (up to 18. 5. 1976)
Deutsche Bank AG

Lord Armstrong of Sanderstead
M. G. Wilcox
Midland Bank Limited

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

M. Lauré
J. Richard (up to 29. 9. 1976)
M. Vienot (from 30. 9. 1976)
Société Générale (France)

Positive development of EBIC joint ventures

In 1976, all the EBIC joint subsidiaries were able to further expand their business activities. On a regional basis too, the network of affiliations was enlarged.

The European Arab Holding S.A., Luxembourg, for instance, in which the EBIC banks participate together with 16 Arab banks and financial institutions, one Swiss bank and two Japanese banks, established a subsidiary in London, the European Arab Bank Limited. The new bank started business on December 15, 1976.

The Europäisch Asiatische Bank AG (Eurasbank), Hamburg, is planning to open a new branch in Manila, Philippines.

We report as follows on the individual EBIC subsidiaries:

The European-American Banking Corporation and the European-American Bank & Trust Company, both domiciled in New York, again operated successfully in 1976 in their traditional fields of business, such as the servicing of European companies' American subsidiaries, credit business with American and international companies and correspondent business with foreign banks. Business with private American customers continued to develop gratifyingly and helped to strengthen deposits. At present 99 branches are operated in the city of New York and on Long Island.

The two institutions showed a combined balance sheet total of US$ 5.12 bn. as per 31. 12. 1976. Deposits and amounts due to customers rose to US$ 4.39 bn. and advances to US$ 2.84 bn. The number of employees was over 3,600.

For the Banque Européenne de Crédit (BEC), Brussels, which specialises in medium and long-term Euromarket financings, 1976 was also a satisfactory year, although investment activity, especially among the larger European customers, continued to decline. Borrowers are spread widely over a number of countries and are chiefly industrial enterprises. However, financing was also provided for public sector institutions' infrastructural projects. In the period under review the share of short-term financings (up to one year) increased. The balance sheet total rose to Belg. frs. 73.6 bn. (US$ 2,066 m.). The bank again occupied a leading position in the medium and long-term Eurocredit business in 1976. It managed or co-managed 30 international credit syndicates, representing a total volume of US$ 1,119 m. It participated in a further 35 syndicated credits amounting to US$ 2,731 m.

The European Banking Company Limited, which was established in London in 1973, continued to strengthen its position as the EBIC Group's merchant bank in 1976. In the year under review the bank acted as lead manager for 7 issues and participated in the management of a further 9 issues. These issues represented a total value of US$ 742 m.

The bank assumed a leading position in the growing market for variable interest bond issues, which was utilised in particular by other banking institutions. It also managed or co-managed a number of syndicated Eurocredits; for instance, it managed the 5-year US$ 300 m. credit for the European Community. The bank has specialised further in project financing and has been able to record its first major successes. It was highly active on the London foreign exchange and money markets. The balance sheet total rose to £ 257 m. (US$ 437 m.).

The European Pacific Finance Corporation Limited (EPFC), Melbourne, which operates branches in Sydney and Port Vila, New Hebrides, is active in the Australian-Pacific region. It specialises in medium and long-term industrial financings and is participating increasingly in the syndication of international credits for borrowers in South-East Asia. The company performed successfully in the 1975/76 business year and paid a dividend of 6%. The balance sheet total rose by 17.2% to A$ 191 m. (DM 488 m.) as per June 30, 1976.

The Europäisch Asiatische Bank AG (Eurasbank), Hamburg, with foreign branches in Hong Kong, Jakarta, Karachi, Kuala Lumpur and Singapore and a regional office in Manila, was able to consolidate and further develop its position in the expanding South-East Asian region. The bank's balance sheet total exceeded DM 1 billion for the first time at the end of its fourth full business year (1975: DM 896 m.). Business volume rose to almost DM 1.4 bn. (1975: DM 1,117 m.).

Healthy growth was recorded in credit business, though demand for credit in South-East Asia did not come up to expectations. The bank expanded its activities further in the medium and long-term credit business, including credit syndication. The Eurasbank co-managed a US$ 100 m. credit for the Central Bank of the Philippines. The Hong Kong branch opened two new city sub-branches at the beginning of 1977.

Against the background of a continued favourable development in exports to the Arab countries, the Europäisch-Arabische Bank GmbH, Frankfurt (Main), and the European Arab Bank (Brussels) S.A., Brussels, recorded further growth in their business activities. Both institutions are subsidiaries of the European Arab Holding S.A., Luxembourg.

The activities of the Europäisch-Arabische Bank GmbH are centred chiefly on the settlement and financing of German exports to the Arab world. The business volume reached DM 542 m. at the end of 1976. The European Arab Bank (Brussels) S.A., which is engaged in the syndicated Eurobusiness, chiefly with Arab customers, expanded its balance sheet total to Belg. frs. 17.5 bn. (US$ 486 m.).

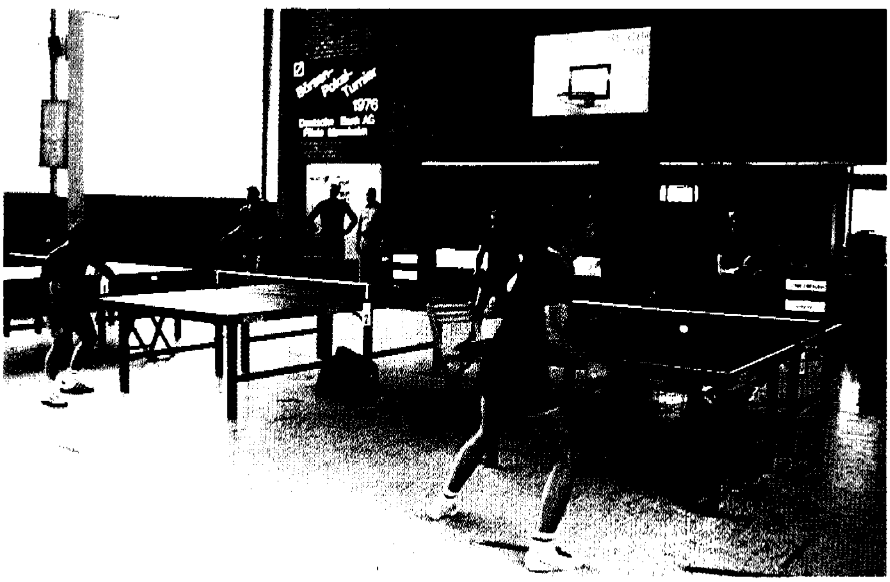
Sport in the bank

More than 10,000 members of the Deutsche Bank staff belong to the bank's 117 sports clubs. Their sporting activity has traditionally been supported by grants from the bank. In line with the varying sizes of the branches, the membership figures for the sports clubs differ greatly. They range from 4 members to over 2,000.

The main sports pursued are swimming, football, handball, bowling, tennis, gymnastics and rambling. But other ball games, judo, air-gun shooting and rowing are also catered for. Several clubs also engage in "mental sports"; the most popular disciplines are chess and "skat".

In addition to contests within the bank, tournaments are sometimes arranged with domestic and foreign banks and companies. The top picture shows one of these football tournaments, which was held in Frankfurt (Main). An international stock exchange table tennis cup tournament takes place each year in Mannheim (centre picture).

For the tennis fans the Board of Managing Directors of Deutsche Bank donated a challenge cup. A tournament is held every two years in a different place. The participants are selected through knock-out matches. The picture below right, shows the presentation of the challenge cup to the winning team at the 1976 tournament in Berlin. In the picture below left, employees of the Frankfurt Central Office are relaxing at their evening gym class.



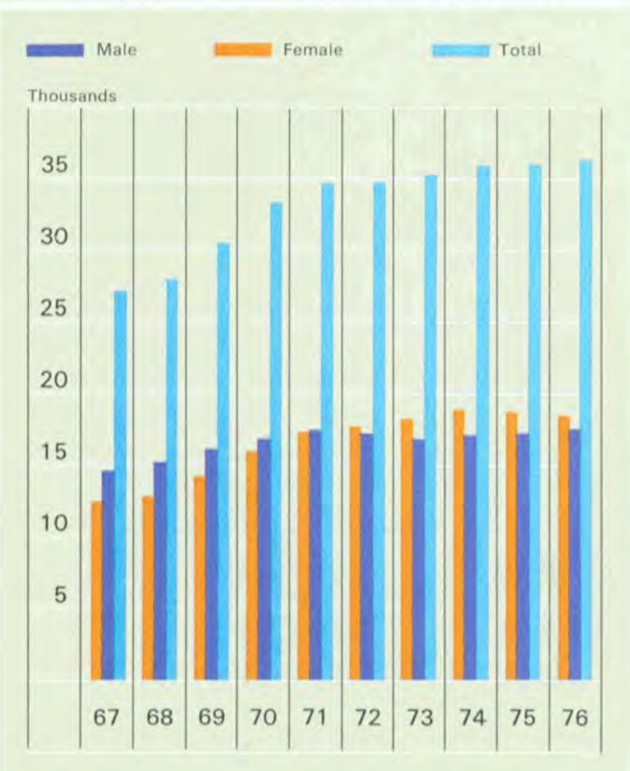
Staff level almost unchanged

In 1976 we again aimed to have adequate staff to look after our business activities at home and abroad without significantly increasing the number of employees. With an expanded volume of business and a greater intake of apprentices, this could only be achieved by further improvement in our staff's qualifications. We were also faced with tasks of a special nature in taking on 370 members of staff of Deutsche Ueberseeische Bank: they have now been fully integrated. At the end of 1976 the bank had 36,319 employees, including the DUB staff taken on. That is only 325 (+0.9%) more than a year earlier. Turnover once again declined. The proportion of women to the staff as a whole fell slightly to 51.2%.

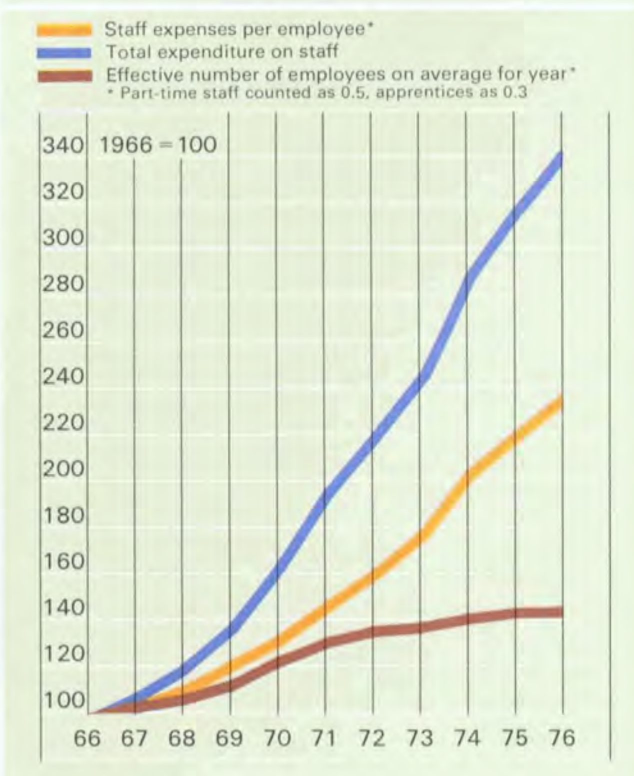
Developing our junior staff

The basic essential for lasting business success is, we believe, systematic training and development of our staff for the future. During the year under review we spent about DM 50 m. on basic and advanced training, including close on 60% for vocational training. That is roughly 5.6% of the salaries paid during the same period. Using assessments, which are carried out at regular intervals according to a method now well tested, and systematic staff planning, we are gradually succeeding in rapidly filling more and more of the positions which fall vacant with members of staff who satisfy the higher requirements. Thanks to thorough personnel work we are also increasingly able to select candidates from our own ranks for almost all managerial positions.

Growth in number of staff from 1967 to 1976
including part-time employees and apprentices



Growth of expenditure on staff



More training places

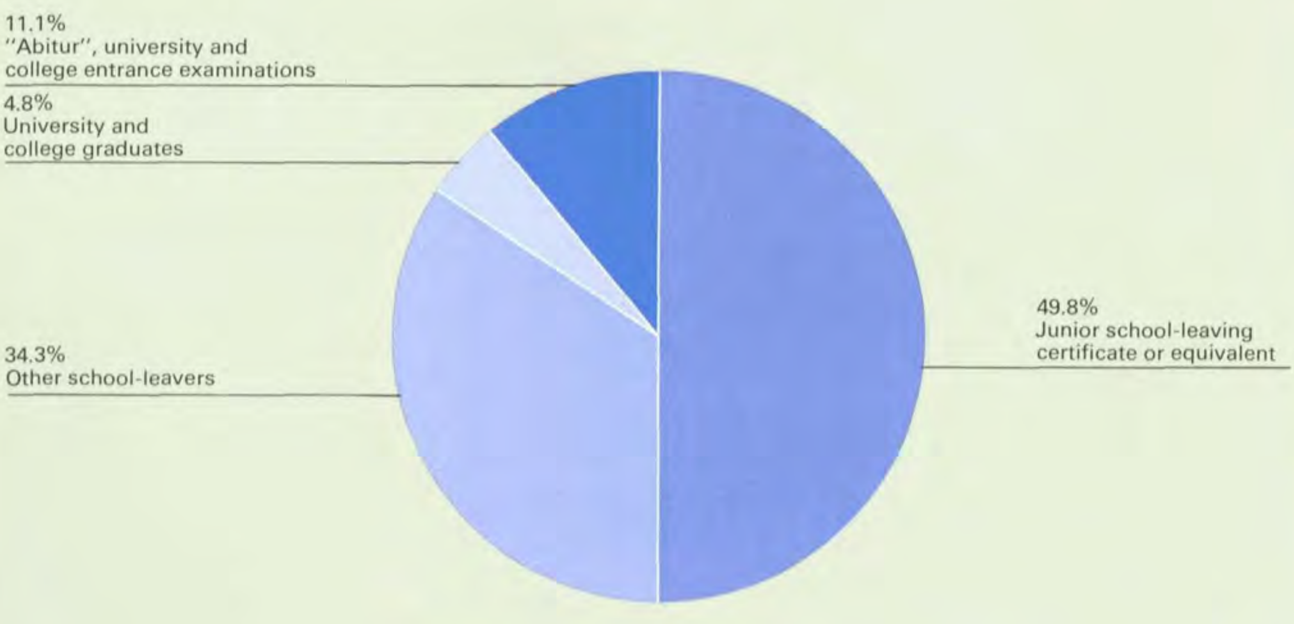
We aimed again in 1976 to give as many young people as possible recognised vocational training. In 1975 we had already strongly increased the number of training places we could offer. Last year we took 1,509 new apprentices. This brought the total number of apprentices with us up to 3,464 at the end of the year, as compared with 3,226 at the end of 1975. Of the new apprentices 52% had passed the "Abitur" examination. In 1977 we shall also do all we can to make as many training places available as possible. At the same time we endeavour to employ most of those who qualify as regular members of staff or to make arrangements for them to join other companies. Staff with sound banking training are highly regarded in business and industry.

Training our staff for the future

The young, qualified bank clerks continue to form the main reservoir which later provides our specialist and managerial staff. In addition we engaged 60 young people with a university background. The majority of them will be prepared for a position in banking through a two-year term as trainee – a system which we have found in the past to function well. For this reason we are planning to take in slightly higher numbers of university graduates in the coming years too.

Special efforts must be devoted to meeting staff requirements for our international business – particularly in connection with the establishment and expansion of offices abroad. With this in mind we have started to build up a staff pool for international business. It is made up of qualified employees from all sectors of business, who are individually prepared for the duties

School background of employees as at 31. 12. 1976



they will take up. Our international business naturally offers good development prospects for a large number of employees. This provides a considerable incentive for staff with the appropriate qualifications.

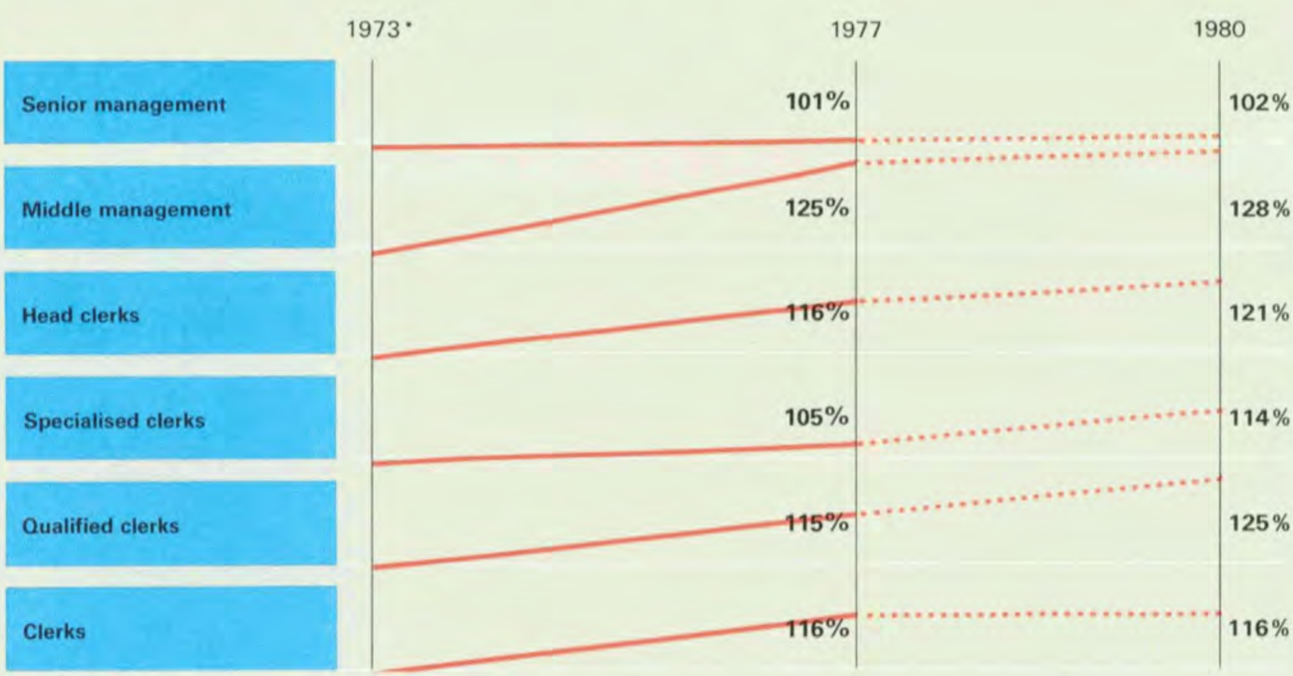
Wide range of advanced training programmes

In the year under review we again provided intensive further training for our staff in the form of specialised and management seminars. One aspect to which we attribute special importance is improving their knowledge of languages.

As marketing becomes more and more strongly oriented towards different groups of customers it is of increasing importance in the banking sector to have versatile all-round staff. To help cater for this we have introduced a special course of seminars for those who look after corporate and private customers. Beyond this, our internal advanced training continued to focus mainly on the credit, international and investment business sectors, and more generally on sales training. On the internal operations side our activities concentrated on accounting/planning, auditing and organisation. For our managerial staff we continued the systematic training in questions relating to personnel and team management, and in conference and public speaking techniques. At a special seminar managerial staff are also given some insight into data processing and the ways it can be used in banking.

In 1976 about 14,600 male and female staff members took part in 752 advanced training seminars. 607 of these were specialised and promotional training seminars with 12,100 participants, and 145 were management training seminars with about 2,500 participants. The majority of the lecturers are members of the bank's own specialised staff or management.

Staff structure by function
Development 1973–1980; from 1977 expected development (banking staff)



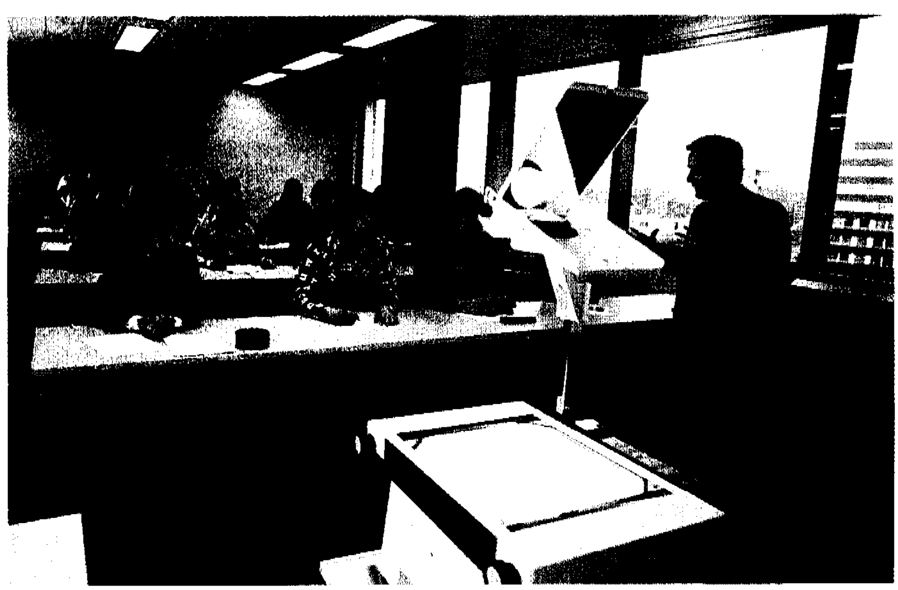
*1973 = 100% (start of systematic staff planning for the entire bank)

Deutsche Bank active in vocational training

Again in 1976 numerous school-leavers applied for an apprenticeship with our bank. Many of them took an aptitude test. In autumn 1,509 young people – half of them males, half females – were able to start their vocational training with Deutsche Bank.

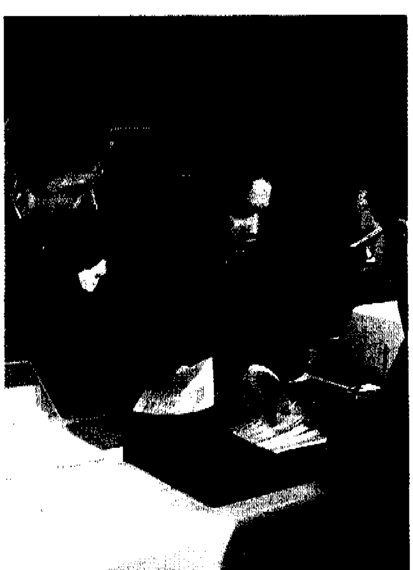
The aim of this training is to prepare the participants for the work of a qualified bank employee and to provide them with the opportunity of acquiring their first practical working experience. The preliminary vocational training for our young colleagues is based on the training plan drawn up by our Central Training Department. It ensures that on the one hand the training satisfies the requirements of the Order on Vocational Training as Bank Clerk, of May 10, 1973. At the same time it gives our branches, where training of the apprentices is carried out decentrally, the opportunity of adapting the training flexibly to their local and individual circumstances.

Practical training starts in the sectors on which training is based, e.g. account-keeping, payments business and savings business. In a small branch the apprentices learn the basic principles of modern customer service and counselling in close contact with the bank's customers. But securities business – the practical side is presented by visits to the stock exchange (picture above right) – international business and the handling of credit matters are also part of thorough training for a bank clerk. In our bank, training is in the hands of experienced employees and lecturers. At



the classes held in the bank the knowledge gained in practice is given a systematic foundation, expanded upon and put into proper perspective as part of the overall flow of business. The pictures give an idea of the wide range covered by our vocational training.

The training ends with the examination at the Chamber of Industry and Commerce and the presentation of the commercial diplomas. After completing the apprenticeship further training is possible under the Deutsche Bank training and advancement system.



Our Kronberg training centre has also increasingly helped to promote the exchange of information between members of staff and the management. It has become a sound tradition that leading personalities from business and industry give lectures in Kronberg on current questions concerning their field of business and talk with members of the staff and guests.

Staff shares in demand

Last year we offered staff shares to the employees and retired members of staff of our bank and our domestic subsidiaries for the third time. The favourable preferential price and our staff's awareness of the advantages of saving through shares brought record results. Our Staff Councils played a noteworthy part in helping to inform the employees. About 80% of the employees purchased up to two staff shares with a nominal value of DM 50 each. Using the tax advantages granted the shares were bought at the preferential price of DM 156.– per share. Including the retired members of staff and those employed by our domestic subsidiaries we achieved an overall participation rate of c. 75%. The number of holders of staff shares (including retired staff) has risen to approximately 35,000 in our bank, and to 38,000 in the Group.

Results of the staff share scheme in 1976

	Entitled to subscribe	Purchase orders No.	in %	Number of shares purchased	
Deutsche Bank AG					
Employees	33,989	27,150	79.9	52,233	
Retired members of staff	8,052	4,600	57.1	9,191	61,424
Domestic subsidiaries					
Employees	3,565	2,622	73.5	5,061	
Retired members of staff	1,003	493	49.2	986	6,047
Deutsche Bank Group	46,609	34,865	74.8		67,471
Comparative figures:					
Overall result 1975	47,051	33,188	70.5		63,876
Overall result 1974	44,489	28,675	64.4		55,106

Good working relations with the Staff Councils

The work with the Staff Councils and their various committees continued in a spirit of cooperation and understanding at all levels. In order to discuss personnel, social and organisational matters the management met on several occasions with the General Staff Council and the Youth Representatives of the entire bank, and also met regularly each month with the General Staff Committee. Numerous suggestions were realised. Economic questions concerning the bank and its environment were discussed in a frank and open manner with the Economic Committee of the General Staff Council. The matters in which mainly the local Staff Councils now by law have a right of co-determination and participation gave rise to a lively exchange of views at the branches. All in all the understanding cooperation helped to maintain the good working atmosphere in the bank. We should like here too to express our thanks and recognition for this.

High proportion of ancillary staff costs

Expenditure on salaries and social security contributions rose during the year under review by 7.9% to DM 1,216 m. This was attributable to the scale-salary rises of 5.4% as from March 1, 1976, to which structural improvements must be added, and above all to the disproportionately high increase once again in social security contributions (16.1%). The proportion of ancillary staff costs to total staff expenses is rising steadily. A one percent increase in salaries at present means additional costs (incl. social security contributions) for the bank of DM 10.5 m. Five years ago the same percentage would only have meant DM 5.8 m.

In addition to the compulsory social security contributions amounting to DM 145.2 m. we paid out DM 167.8 m. for retirement pensions and other benefits. The continued above-average rise in social security contributions and additional burdens imposed by new legislation are restricting the bank's scope for granting voluntary benefits to an ever greater extent. Total staff expenses (salaries, social security contributions, expenditure on retirement pensions and other benefits) rose during the period under review by 5.3% to DM 1,384.4 m.

During the year 395 members of staff retired. At the end of the year we looked after 8,284 retired members of staff and widows and 153 orphans. The fact that our bank was built up again and engaged large numbers of staff at the beginning of the fifties is reflected in the rising number of employees celebrating long terms of service. Last year 443 members of staff had been 25 years with the bank. 53 employees celebrated 40 years of service, and 2 were able to look back on 50 years of service with the bank.

Thanks to all the staff

The 1976 results were only achieved through combined successful efforts. We thank all the staff for their contribution.

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

Walter Badura, Bremen
Gerd Beyling, Lübeck
Richard Bieringer, Munich
Uwe Birkenstock, Bielefeld
Udo Block, Düsseldorf
Enno Borowsky, Bremen
Wilhelm Brück, Cologne
Klemens Demuth, Cologne
Margit Dötschl, Coburg
Walter Drösemeier, Osnabrück
Margrit Ebel, Taunus-Zentrum Eschborn
Karl Emsbach, Neuwied
Manfried Engelke, Hamburg
Edith Flink, Offenbach
Leo Freymann, Düsseldorf
Herbert Fürhoff, Bielefeld
Friedhilde Gelbke, Düsseldorf
Hildegard Gerschermann, Essen
Bertus Hartz, Hohenlimburg
Fritz Hering, Ludwigshafen (Rhein)
Eckard-Wulferich von Heyden, Frankfurt (Main)
Gisela Hoffmann, Düsseldorf
Regina Kerler, Friedrichshafen
Karin Klammroth, Dortmund
Paul Knauf, Frankfurt (Main)
Burkhard Krumteich, Cologne
Gerhard Landfahrt, Munich
Heinz Limbach, Taunus-Zentrum Eschborn
Karl Lorenz, Frankfurt (Main)
Lieselotte Markmann, Düsseldorf
Markus Müller, Frankfurt (Main)
Ursula Müller, Hanau
Helga Neif, Taunus-Zentrum Eschborn
Joao Augusto de Oliveira, Düsseldorf
Erwin Walter Plewnia, Düsseldorf
Reinhard Pötter, Wuppertal
Werner Rauser, Siegen
Gisela Reinhäckel, Frankfurt (Main)
Heinrich Saam, Frankfurt (Main)
Dr. Joachim Seidel, Mannheim
Gottfried Speer, Stuttgart
Kurt Schlichting, Kiel
Katharina Schmidt, Munich
Heinz F. Schulz, Hamburg
Yasmin Stichnoth, Hanover
Friedrich Strähle, Stuttgart
Peter Stübig, Goslar
Heinrich Tillmanns, Opladen
Helmut Volmer, Cologne
Ernst Weber, Recklinghausen
Josef Weber, Düsseldorf
Kurt Welz, Cologne
Friedrich Zweydinger, Essen

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

We shall always honour their memory.

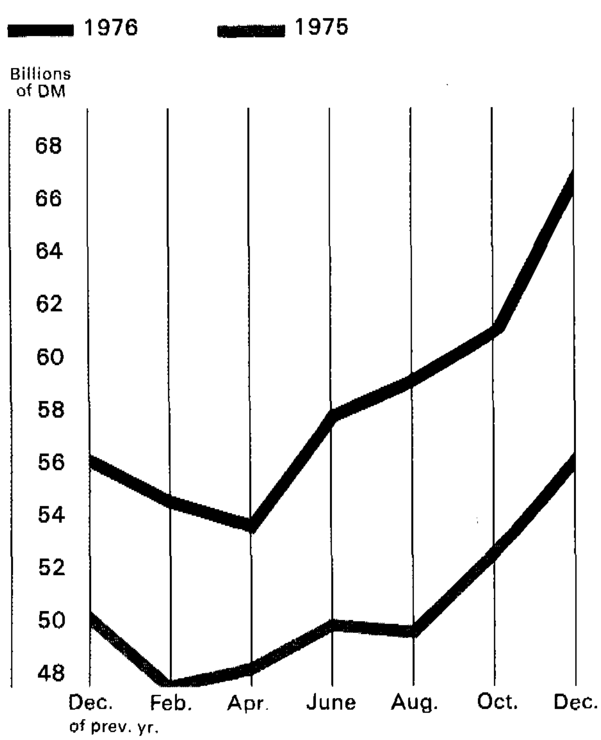
Balance Sheet

Volume of business

In the 1976 financial year the *balance sheet total* rose by DM 10.5 bn. = 18.5% to DM 67.4 bn.; including endorsement liabilities, the bank's *volume of business* grew by DM 10.8 bn. = 19.0% to DM 67.8 bn. The volume of credit accounted for DM 7.5 bn. of this growth, rising itself by 21.9%. The inclusion of the Tokyo branch of Deutsche Ueberseeische Bank, which was taken over as of 1. 7. 1976, and the positive development of our London branch, opened at the beginning of 1976, also contributed to this growth. Funds from outside sources rose by DM 9.9 bn. = 19.1%.

This expansion of business was not only considerably larger than that of the preceding financial years in absolute terms, it was also the highest relative increase for 8 years. The development of the volume of business during the year under review, and as compared with the previous year, is shown in the graph below.

Growth in the volume of business during the year



The major changes in our balance sheet in 1976 are shown in the diagram "Financing balance" on p. 30, broken down according to the source and use of the funds. The most important items on the balance sheet showed the following changes against 1975:

Assets	in millions of DM
Cash reserve	– 213.2
Cheques, items received for collection	– 75.5
Bills discounted	+ 346.8
Claims on credit institutions	+ 2,699.0
Treasury bills and discountable Treasury bonds	+ 101.8
Bonds and debt instruments	+ 1,070.4
Other securities	+ 345.6
Claims on customers	+ 5,764.5
with agreed life, or subject to agreed period of notice, of	
a) less than four years	+ 2,043.8
b) four years or longer	+ 3,720.7
Investments in subsidiaries and associated companies	+ 77.2
Land and buildings, office furniture and equipment	+ 72.8
Sundry assets	+ 227.6
Other assets	+ 105.7
Balance sheet total	+ 10,522.7

Liabilities	in millions of DM
Liabilities to credit institutions	+ 5,884.4
Banking liabilities to other creditors	+ 2,432.6
including: term deposits	+ 1,425.5
savings deposits	+ 1,041.0
Debt instruments	+ 1,623.8
Provisions for special purposes	+ 167.6
Own funds (capital and published reserves)	+ 100.0
Other liabilities	+ 314.3
Balance sheet total	+ 10,522.7

Turnover on our non-bank customers' accounts rose to DM 2,107 bn. as compared with DM 1,905 bn. in the preceding year. Turnover per member of staff reached DM 65 m. in 1976, and an average of 15,000 business transactions was recorded per employee.

Liquidity

At the end of the year the bank's liquid funds amounted to DM 16.8 bn; they covered 27.0% of the liabilities of DM 62.1 bn. as compared with 33.5% at the end of 1975 *(total liquidity).*

Cash liquidity (ratio of cash reserve to liabilities) fell to 7.3% (9.1% in previous year).

The decline is partly due to interest arbitrage and money transactions, which do not involve any liquidity or interest rate risk, but nevertheless influence the liquidity ratios from the liability side. The structure of our foreign branches' business also played a part here.

The composition of liquid funds and total liabilities is shown in the comparative table.

	End of 1976 – in millions of DM –	End of 1975
Cash reserve		
Cash in hand	301.7	309.6
Balances with the Deutsche Bundesbank	4,194.4	4,406.5
Balances on postal cheque accounts	26.2	19.4
	4,522.3	4,735.5
Other liquid funds		
Cheques, items received for collection	405.6	481.1
Bills rediscountable at the Deutsche Bundesbank	6,053.4	5,819.3
Claims on credit institutions payable on demand	2,976.6	4,644.2
Treasury bills and discountable Treasury bonds	248.4	146.6
Bonds and debt instruments eligible as collateral for Bundesbank advances	2,595.2	1,595.3
Total liquid funds	16,801.5	17,422.0
Liabilities		
Liabilities to credit institutions	19,284.9	13,400.5
Banking liabilities to other creditors	39,827.5	37,394.9
Debt instruments	2,844.0	1,220.2
Own acceptances and promissory notes in circulation	140.0	21.0
Sundry liabilities	24.2	24.5
	62,120.6	52,061.1

During the past year the bank at all times observed 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.

Assets

Securities

Our holdings of *Bonds and debt instruments* rose during the year under review by DM 1.1 bn. to DM 3.1 bn. The increase was largely in short and medium-term paper of public authorities, whereas the holdings of bank bonds fell. DM 2.6 bn. = 83.8% was eligible as collateral at the Deutsche Bundesbank.

Securities, so far as they have not to be shown under other items, which consist almost entirely of *shares and investment fund certificates,* rose by DM 345.6 m. to DM 1,875.5 m. This amount includes holdings of DM 1,339.0 m. representing more than 10% of the companies' capital. One of these is a package of Mercedes-Automobil-Holding shares which serve as cover for the bonds we issued during the year under review, bearing the right to subscribe to MAH shares. In addition we had special holdings of DM 191.7 m. from syndicate transactions.

Under securities we also include our holdings of 25% or more in non-banking joint stock companies, which we regard purely as a financial investment and do not show as investments in subsidiaries and associated companies since we do not exert any entrepreneurial influence. Of these holdings of 25% or more of the capital, the following had to be reported in accordance with § 20 Stock Corporation Act:

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 (Hessen)

Volume of credit	End of 1976	End of 1975 – in millions of DM –	Change
Claims on customers			
short and medium-term	16,903.3	14,859.5	+2,043.8 = 13.8%
long-term	13,863.6	10,142.9	+3,720.7 = 36.7%
	30,766.9	25,002.4	+5,764.5 = 23.1%
Discounts	7,300.8	6,622.5	+ 678.3 = 10.2%
Lendings to credit institutions	3,614.3	2,579.7	+1,034.6 = 40.1%
Total volume of credit	41,682.0	34,204.6	+7,477.4 = 21.9%

Schitag Schwäbische Treuhand-Aktiengesellschaft, Stuttgart
Süddeutsche Zucker-Aktiengesellschaft, Mannheim

For information on the development of these companies we refer you to their annual reports.

The holding in Bayerische Elektrizitäts-Werke, Munich, was sold during the year under review. We report on the placing of the 29% stake in the capital of Daimler-Benz AG, Stuttgart, which we had taken over with effect from January 1, 1976, and on the realisation of the bank's placement scheme, in our Annual Report for 1975.

All securities were valued as usual according to the minimum value principle.

Total credit extended

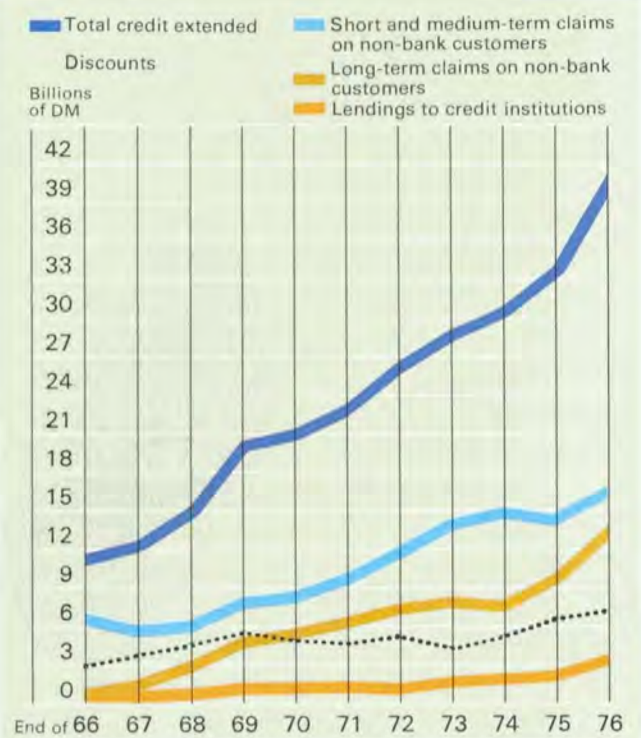
At the end of the year the volume of credit was DM 41.7 bn., which was DM 7.5 bn. = 21.9% higher than at the end of 1975. After contracting considerably during the first 4 months, lending business picked up in the summer, from June to August. In late autumn the volume then increased more rapidly, so that almost two thirds of the total growth for the year was achieved in the last two months alone.

Lendings to credit institutions (not including discounts) grew from DM 1.0 bn. to DM 3.6 bn. They are included, along with clearing balances and funds invested, in the *Claims on credit institutions* which rose altogether by DM 2.7 bn. or 20.3% to DM 16.0 bn. Claims on foreign credit institutions are included in this figure with DM 12.5 bn.

At balance-sheet date we had made *Discounts* of DM 7.3 bn. available to customers and banks; that was DM 0.7 bn. or 10.2% more than at the end of 1975.

Claims on customers exceeded DM 30 bn. at the end of the year. Two thirds of the growth of DM 5.8 bn. (23.1%) was in long-term claims, which rose by DM 3.7 bn. = 36.7% to DM 13.9 bn. Short and medium-term credits increased by DM 2.0 bn. = 13.8% to DM 16.9

Volume of credit 1966–1976



bn. Of the long-term claims on non-bank customers at the end of 1976 DM 7.5 bn. or 54% were due within 4 years. We passed on funds amounting to DM 1.1 bn., provided mainly by the Kreditanstalt für Wiederaufbau from public lending programmes for specific purposes, to the borrowers on the terms fixed by the lenders.

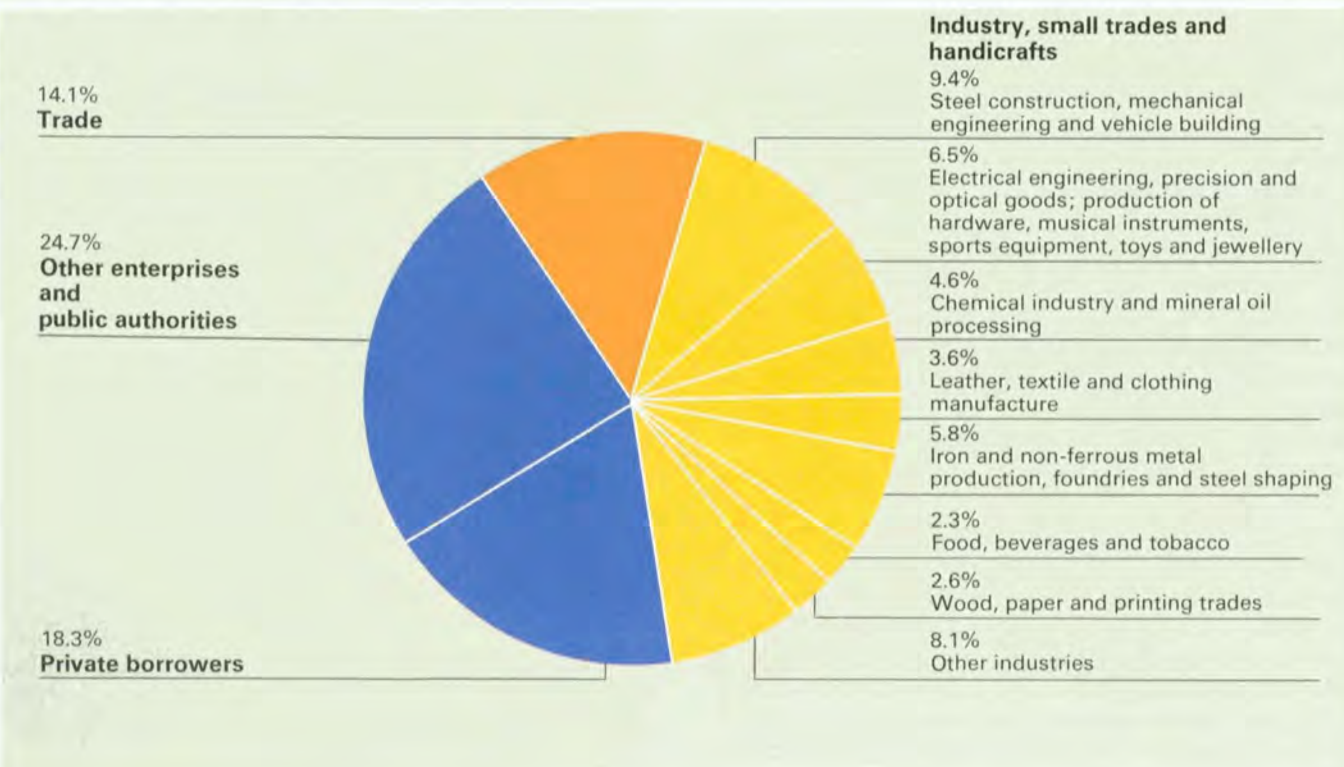
As shown by the graph of the development of the credit volume since 1966 the proportion of long-term credit to total credit has risen strongly over the past years; discounts on the other hand have a comparatively smaller role today than at the beginning of the period reviewed, owing to the wishes of business and industry to consolidate and the restricted rediscount facilities with the Deutsche Bundesbank.

The *Programmed Personal Credits* included in the claims on non-bank customers again rose considerably in 1976, increasing by DM 1.3 bn. or 26.5% to DM 6.2 bn.; including credits for building financing, our standardised credit business reached DM 8.2 bn. (+41.5%) at the end of the year. Details of development in the various types of programmed credit are given on p. 32 of this report.

The diagram based on the categories of borrower used by the Bundesbank and the following table of our lendings to non-bank customers according to size show our credit risks to be widely spread in terms of amount and business sectors. The credits extended to our customers were within the reduced limits for large credits under § 13 Banking Law.

Allowance was made for all discernible risks in lending business through individual adjustments and provisions. For latent risks the prescribed overall adjustments were made.

Breakdown of lendings (claims and discounts) to customers by branch as at December 31, 1976



Number of credits				End of 1976
	up to DM	10,000	945,697 =	79.6%
from DM	10,000 up to DM	100,000	210,980 =	17.8%
from DM	100,000 up to DM	1,000,000	27,759 =	2.3%
more than DM 1,000,000		.. ..	3,766 =	0.3%
			1,188,202 =	100.0%

Investments in subsidiaries and associated companies

In this item of the balance sheet we show participations in credit institutions which represent the bank's interests regionally or internationally or supplement our 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 pp. 52-53, are shown in the balance sheet under "Securities" or – if they are not documented in security form – under "Sundry assets".

The *Investments in subsidiaries and associated companies* are shown in the balance sheet at DM 1,250.2 m., which is DM 77.2 m. higher. Additions of DM 95.9 m. are partly offset by sales of DM 2.0 m. and depreciation of DM 16.7 m.

The additions relate to the following transactions:

Capital increases
Badische Bank, Karlsruhe
Europäisch Asiatische Bank AG, Hamburg
Lombardkasse AG, Berlin – Frankfurt (Main)
Banque Européenne de Crédit, Brussels
Euro-Pacific Finance Corporation Ltd., Melbourne
Foreign Trade Bank of Iran, Tehran
Industrial and Mining Development Bank of Iran, Tehran
Korea Development Finance Corporation, Seoul
Société Ivoirienne de Banque, Abidjan
Süddeutsche Vermögensverwaltung GmbH, Frankfurt (Main)

Capital paid up
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt (Main)
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)
European Arab Holding S.A., Luxembourg

Purchases
Deutsche Centralbodenkredit-AG, Berlin–Cologne
Frankfurter Hypothekenbank, Frankfurt (Main)
Handelsbank in Lübeck, Lübeck
International Mexican Bank Ltd., London

New establishments
Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf
Deutsche Bank (U.K.) Finance Ltd., London.

In addition, when Deutsche Ueberseeische Bank, Berlin–Hamburg, was integrated into our bank we took over the remaining shares of that bank from the former shareholders.

In December 1976 we purchased a holding of just over 25% in the Handelsbank in Lübeck.

The shares in the Liquidations-Casse in Hamburg AG, Hamburg, which were previously included under securities, have been transferred to the investments in subsidiaries and associated companies account.

In the year under review after disposing of those shares in Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt (Main), which had at first been held on a trust basis, we transferred the shares we had shown last year under sundry assets to investments in subsidiaries and associated companies.

We acquired further shares in Banco Comercial Transatlántico, Barcelona, in exchange for shares of Promotora de Edificios para Oficinas S.A., Barcelona.

During the year under review we sold part of our holding in European Arab Holding S.A., Luxembourg.

Our holding in the Rheinische Kapitalanlagegesellschaft mbH, Cologne, was sold at the end of 1976/beginning of 1977.

Due to a visible fall in value it was necessary to make depreciations on a number of foreign participations.

A list of the bank's investments in subsidiaries and associated companies is given on pp. 103 to 105. We comment on the business development and position of the companies included in the consolidated statement of accounts in our Report of the Group, which also contains information on the bank's relations with the associated companies.

Fixed assets

The value of *Land and buildings* shown in the balance sheet has risen to DM 680.8 m. The additions amount to DM 103.6 m.. DM 42.1 m. of this represents land purchased and DM 61.5 m. is due to new building and conversion projects.

Depreciation amounts to DM 26.6 m.; this includes DM 2.5 m. for extraordinary wear and tear. In addition we have used DM 39 m. from capital gains on sales during the year under review for special depreciation in accordance with § 6b of the Income Tax Law.

New buildings were erected and occupied in Göppingen, Lüneburg and Munich.

Office furniture and equipment has risen to DM 225.4 m. following additions of DM 81.1 m. and depreciation of DM 46.3 m. This included DM 13.6 m. for items written off immediately in accordance with § 6 subpara. 2 of the Income Tax Law.

Holding company	holds at least 25% of:
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.)
Rossma Beteiligungsgesellschaft mbH, Frankfurt (Main) – our share 60% –	Bavaria Filmkunst GmbH, Munich Didier-Werke AG, Wiesbaden
Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main) – our share 50% –	Mercedes-Automobil-Holding AG, Frankfurt (Main)
Stern Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main) – our share 25% –	Mercedes-Automobil-Holding AG, Frankfurt (Main)

Other asset items

Equalisation and covering claims on public authorities fell by DM 24.4 m. to DM 363.5 m. Of this, DM 335.2 m. is made up of equalisation claims and DM 28.3 m. of covering claims in accordance with § 252 Equalisation of Burdens Law and § 19 Old Savings Law.

The *Sundry assets* rose by DM 227.6 m. to DM 1,118.2 m. In this item we mainly show share rights not documented by securities which we do not regard as participations.

The bank holds interests through the holding companies mentioned on p. 56, whereby the bank's indirect share in the third companies indicated exceeds 25% of the company's capital in only one case. For information on the development of these companies we refer you to their annual reports. Our shares in Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main), and Stern Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main), may be mentioned as additions.

The sundry assets also cover gold and silver holdings – including DM 75.6 m. held as cover for gold and silver certificates issued to customers – coins and medallions and claims which did not arise in current banking business.

Own shares

As at the end of the year we held 28,100 *Own shares* with a balance sheet value of DM 7.9 m. (average purchase price DM 279.76); they have been offered to the employees of the bank and its domestic subsidiaries, in the meantime, in accordance with § 71 subpara. 1 No. 2 Stock Corporation Act in a fourth staff share scheme.

During the year under review we purchased 67,471 Deutsche Bank shares at an average price of DM 317.07. They were passed on to our employees and the staff of the domestic members of our Group at DM 156.– per share.

In addition, within the scope of securities dealings which have to be reported in accordance with § 71 subpara. 1 No. 1 Stock Corporation Act, the bank and its associated companies purchased 748,612 Deutsche Bank shares at current prices, at an average price of DM 301.55, and sold them again at an average price of DM 300.90. The sales proceeds remained in the working funds.

104,722 Deutsche Bank shares had been pledged to the bank and its associated companies as at 31. 12. 1976.

Liabilities

Funds from outside sources

The funds from outside sources expanded by DM 9.9 bn. = 19.1% in the past year, reaching a total of DM 62.0 bn.

DM 5.9 bn. of the expansion was due to higher *Liabilities towards credit institutions,* whereby the inflow of term deposits from banks was particularly strong (+DM 5.2 bn. = 66.2%). This reflects above all the importance of our international business, which we settle through our foreign branches and foreign subsidiaries, through the ventures established jointly with other EBIC banks and in dealings with our correspondent banks. 77% or DM 14.8 bn. of the total liabilities to credit institutions of DM 19.3 bn. (+43.9%), as at the end of 1976, was to foreign banks. Banks' deposits also include tied funds, especially from the Kreditanstalt für Wiederaufbau, which we passed on under the conditions stipulated by the lenders.

The *Liabilities towards non-bank customers* rose by DM 2.4 bn. = 6.5% to DM 39.8 bn. Whereas demand deposits fell slightly to DM 11.6 bn (– DM 33.9 m.) we increased our term deposits – which we had reduced by DM 1.8 bn. in each of the two preceding years – again in 1976 by DM 1.4 bn., or 15.6%, to DM 10.5 bn.

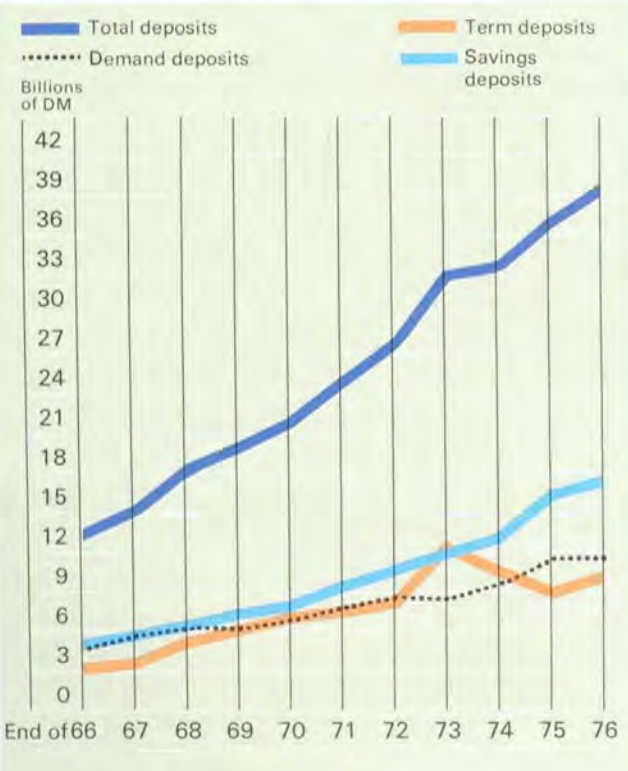
The volume of *Savings deposits* was DM 17.7 bn. (+6.3%) at the end of 1976. Savings deposits with a statutory period of notice grew by 8.5%, i.e. more rapidly, as in the two previous years, than other forms of saving (+4.0%) whose share in total savings deposits declined to 48.2% (previous year 49.2%).

The graph on p. 58, showing the development of non-bank customers' deposits in the past ten years, illustrates clearly how strongly the importance of savings deposits has increased for our bank's deposit business.

Although in 1976 savings deposits did not match the extraordinary growth of the previous year, total new savings of our customers – including securities purchases with funds from savings accounts – and savings certificate purchases remained high. In 1976 new savings

Funds from outside sources	End of 1976 – in millions of DM –	End of 1975
Liabilities towards credit institutions		
demand deposits	5,864.9 = 9.5%	5,076.7 = 9.8%
term deposits	12,963.4 = 20.9%	7,800.6 = 15.0%
customers' drawings on credits opened at other institutions	456.6 = 0.7%	523.2 = 1.0%
	19,284.9 = 31.1%	13,400.5 = 25.8%
Liabilities towards non-bank customers		
demand deposits	11,624.8 = 18.8%	11,658.7 = 22.4%
term deposits	10,548.7 = 17.0%	9,123.2 = 17.6%
savings deposits	17,654.0 = 28.5%	16,613.0 = 31.9%
	39,827.5 = 64.3%	37,394.9 = 71.9%
Debt instruments	2,844.0 = 4.6%	1,220.2 = 2.3%
Total funds from outside sources	61,956.4 = 100.0%	52,015.6 = 100.0%

Non-bank customers' deposits 1966–1976



totalled DM 3.6 bn. after DM 5.0 bn. in 1975; the proportion saved through securities jumped from 31% to almost two thirds (DM 2.3 bn.) of the savings volume.

The bank's own *Debt instruments* in circulation amounted to DM 2.8 bn. on balance sheet date, and had thus more than doubled as compared with the previous year. Besides bonds which served to refinance our long-term fixed-interest credits, having congruent interest rates and maturities, we also show the bonds which were issued in the past year bearing a subscription right to Mercedes-Automobil-Holding AG shares under this item at DM 273.6 m.

Provisions for special purposes

Provisions for pensions are shown at the actuarial part value of DM 805.4 m. The DM 63.8 m. = 8.6% increase as compared with the previous year includes the part value for pension liabilities towards former employees of Deutsche Ueberseeische Bank, which we assumed in the past year in connection with the integration of that company.

Other provisions amount to DM 493.3 m. In addition to provisions for uncertain liabilities and for taxes, the item also includes the portion of the prescribed overall adjustment which cannot be offset against assets.

Other liability items

Sundry liabilities total DM 24.0 m. In this item we show liabilities which have not arisen within the scope of banking business as such, including wage and church tax and social security contributions payable.

The *Special items including reserves* are shown at a total of DM 46.0 m. The special item in accordance with the Tax Law regarding Developing Countries stands at DM 14.3 m.. DM 4.0 m. of capital gains on sales during the year under review has been allocated to the special item in accordance with § 6b Income Tax Law, and DM 39.0 m. has been used for special depreciation on land and buildings.

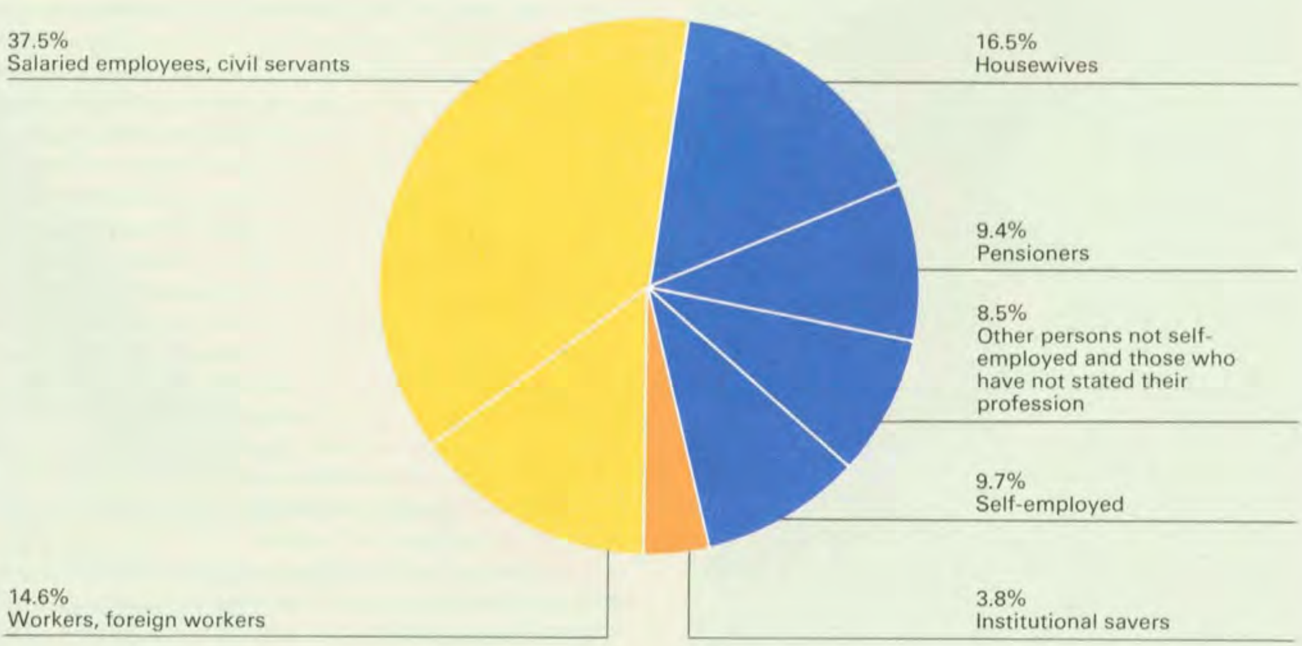
At least one third of the special item amounting to DM 41.5 m., which had been formed in 1974 in accordance with the administrative tax regulation on overall adjustments, was due for release this year, and the item is now shown at DM 27.7 m. The remainder will have to be dissolved in the next two business years, affecting taxes accordingly.

Comments

Endorsement liabilities on rediscounted bills of exchange totalled DM 436.9 m. as compared with DM 124.8 m. a year previously. Further bills valued at DM 146.2 m. were in the process of collection.

Liabilities arising out of guarantees of various kinds and warranty contracts rose, owing to the expansion in international business and the increased activities of German construction firms abroad, by DM 4.5 bn. (37.9%) to DM 16.4 bn.

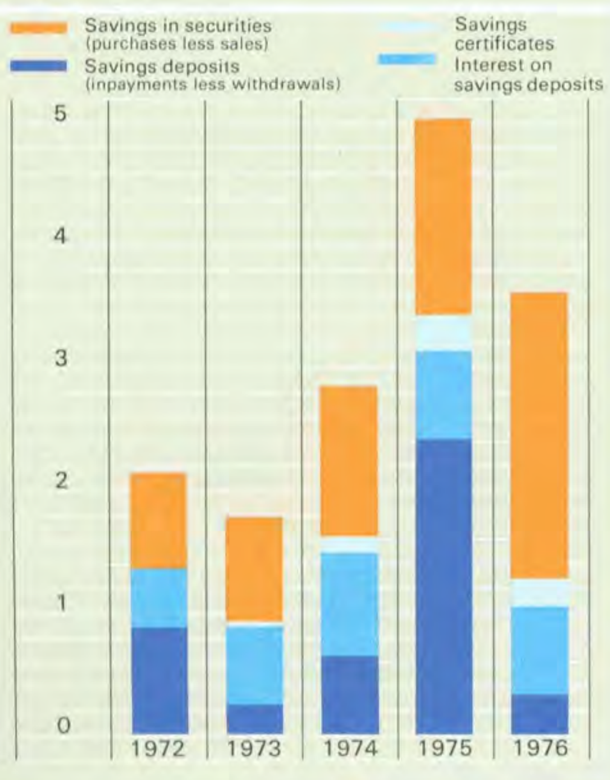
Breakdown of savings deposits according to groups of savers as at December 31, 1976



Obligations to repurchase items assigned en pension amounted to DM 1.2 bn., compared with DM 1.6 bn. in the preceding year. This figure includes transactions with banks at DM 0.9 bn. The items assigned en pension are DM 0.4 bn. bonds and debt instruments and DM 0.8 bn. notes and registered debt instruments.

Liabilities for possible calls on shares not fully paid up in public and private limited companies were DM 34.6 m. Our share of liability for third-party obligations for possible calls in accordance with § 24 "GmbH" Act total DM 38.7 m. In respect of the participation in the Liquiditäts-Konsortialbank GmbH, Frankfurt (Main), there is an obligation to pay further capital of up to DM 44.6 m.; in addition, we have assumed 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



In accordance with § 5 subpara. 10 of the Statute of the Deposit Insurance Fund we have undertaken to indemnify the Bundesverband deutscher Banken e. V. for any losses which may be incurred through measures in favour of credit institutions in which we have a majority holding.

We bear a statutory share of liability (§ 322 Stock Corporation Act) for the obligations of the Deutsche Ueberseeische Bank, now integrated into our bank.

Profit and Loss Account

Earnings on the volume of business

Growth of the average volume of business accelerated again. The rate of growth was 14.3% and was hence considerably above the previous year's rate of 5%. But the increase in earnings due to the large growth in volume only just compensated the decline resulting from the narrower interest margin.

The continued fall in the interest level made itself most noticeable in lending conditions. Interest rates for term and savings deposits, on the other hand, were not reduced by as much. This development is reflected in the fall in interest receipts from lending and money market transactions by DM 88.3 m. = 2.7%, while almost the same amount was required for interest expenditure as in the previous year. Current receipts from fixed-interest securities and debt register claims rose by DM 51.4 m., due mainly to the purchase of public authority medium-term notes. As a result of increased holdings and higher dividends, receipts from shares and investments in subsidiaries and associated companies rose by DM 34.3 m. to DM 191.9 m.; as in the previous year, most of them enjoy the concessions granted on holdings of over 25%.

The total *interest surplus* amounted to DM 1,696.2 m.; that was DM 1.2 m. less than in the previous year. Unlike the two preceding years it no longer covered staff and material expenditure.

Earnings on the volume of business developed as follows:

	1976	1975
	– in millions of DM –	
Interest and similar receipts from lending and money market transactions	3,169.0	3,257.3
Current receipts from securities, debt register claims, and investments in subsidiaries and associated companies	383.4	297.7
	3,552.4	3,555.0
Interest and similar expenses	1,856.2	1,857.6
Earnings on the volume of business *(interest surplus)*	1,696.2	1,697.4

Earnings on services

Growth in *Commissions and other receipts from service transactions* slowed down. The increase achieved in the year under review was DM 22.1 m., after DM 67.5 m. a year earlier. This is primarily due to the fact that the contribution from the securities sector was lower than in 1975 owing to the decline in share business. International business on the other hand brought higher receipts as a result of strong expansion in the volume of foreign trade. This sector produced the greater part of the increase in earnings on service transactions. As the number of transactions increased once again there was also growth in commissions in payments business.

After deduction of the expenditure on commissions, service transactions produced a surplus which was up DM 20.0 m. = 3.9% to DM 534.8 m. Since staff and material expenditure rose by DM 129.1 m. = 7.8%, the proportion covered by the commission surplus fell from 31.3% to 30.1%.

Other receipts

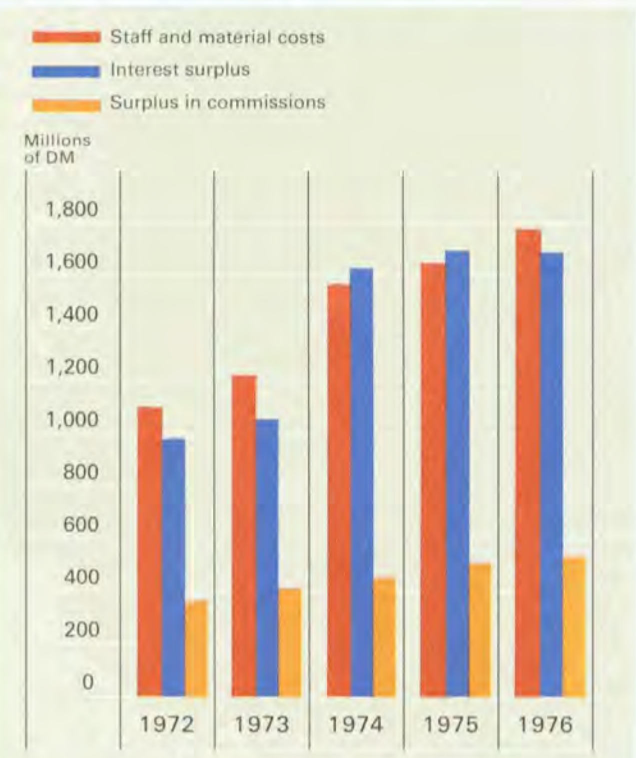
The *Other receipts* from ordinary and extraordinary business are shown at DM 347.9 m. after DM 170.2 m. in the previous year. They include the surplus left over after part of the earnings on securities dealings, earnings from securities sales, receipts from claims written off and from released adjustments and provisions for possible loan losses had been offset against depreciation and adjustments on claims and securities and allocations to provisions for possible loan losses. Thus, it was no longer necessary to show the item *Depreciation and adjustments on claims and securities and allocations to provisions for possible loan losses* (1975: DM 49.1 m.).

Adequate allowance was made for risks in the lending business by the formation of appropriate provisions. The amount required was lower than in 1975. The higher volume of credit caused us to raise the overall adjustment by DM 35.5 m.. DM 13.8 m. of the special item including reserves had to be released in accordance with the administrative taxation regulations on overall adjustments.

Depreciation on securities was more than offset by considerably higher gains from securities sales. In addition, earnings on securities dealings increased further.

Earnings from foreign exchange and gold dealings were once again satisfactory.

Staff and material costs in relation to interest surplus and surplus in commissions



Staff and material expenditure

Staff expenses (salaries and wages, social security contributions, expenditure on retirement pensions and other benefits) amounted to DM 1,384.4 m., which was DM 69.9 m = 5.3% more than in the previous year. The increase in the provisions for pensions according to the part value principle which had been completed in 1975 helped to keep expenditure down in the year under review. In addition the total average number of persons employed during the year did not rise any further (1975: +1.5%). The pay negotiations in 1976 brought an increase of 5.4% in agreed-scale salaries as from March 1 (1975: +6.9%). Salaries not covered by the agreed scale were raised accordingly.

Wages and salaries increased by DM 68.9 m. = 6.9%. Once again social security contributions rose at a relatively stronger pace by 16.1%; they now account for 10.5% of total staff expenditure. Expenditure on retirement pensions and other benefits fell by DM 19.2 m. = 10.3%.

Affected by higher prices, *Material expenditure for the banking business* continued to rise, showing an increase of DM 59.2 m. = 17.8%. Expenditure on maintenance and running costs for bank premises rose particularly strongly. Continued rationalisation – especially through terminals – was reflected in higher rental fees for data processing systems.

Depreciation

DM 111.9 m. (1975: DM 106.7 m.) was needed for *Depreciation on land and buildings, and on office furniture and equipment.* Under § 6b of the Income Tax Law it was possible to use DM 39.0 m. from earnings on securities for additional depreciation.

Depreciation on investments in subsidiaries and associated companies refers to value adjustments on foreign participations, due mainly to alterations in currency parities.

Other expenses

The *Other expenses* amounted to DM 130.7 m. This included, amongst other things, our contribution of DM 23.3 m. to the Deposit Insurance Fund of the Bundesverband deutscher Banken, including the special payment in respect of Pfalz-Kredit-Bank, and the provision for 1976 holidays not yet taken. Depreciation required on securities held through holding companies is also included in this item.

Total emoluments of the Board of Managing Directors amount to DM 8,052,555.23. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received payments aggregating DM 2,385,265.40.

The Supervisory Board received DM 306,450.– as fixed emoluments; the Supervisory Board's dividend-related payments amounted to DM 770,975.27. Members of the Advisory Board received DM 359,720.– and the members of the Regional Advisory Councils DM 1,732,475.–.

Taxes

The *operating result,* i.e. the surplus on current business, declined by 12.3%. Owing to the lower amount required to cover extraordinary expenditure, this decline was not merely offset, pre-tax profits were even improved.

Taxes on income, earnings and property rose DM 19.0 m. to DM 279.0 m.; total taxes – including *Other taxes* (DM 13.8 m.) – are DM 292.8 m. (1975: DM 279.4 m.).

Proposed appropriation of profits

The profit and loss account shows:

Receipts	DM 4,495,249,045.40
Expenses	DM 4,215,249,045.40
Year's net earnings	DM 280,000,000.—
Allocations to published reserves	DM 100,000,000.—
Disposable profit	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.

Capital and reserves

We have allocated DM 100.0 m. (1975: DM 101 m.) of the *Year's net earnings* to published reserves. The bank's *own funds* thus total DM 3.1 bn.; they are made up as follows:

Capital	DM 900.0 m.
Published reserves	
a) statutory reserve fund	DM 1,085.0 m.
b) other reserves	DM 1,115.0 m.
Total	DM 3,100.0 m.

Frankfurt (Main), March 1977

The Board of Managing Directors

New start 25 years ago

In 1977 Deutsche Bank can look back upon a special jubilee period. With effect from January 1, 1952 three successor banks were formed from the old Deutsche Bank. That was the first phase in the reamalgamation of the bank, which had been split up by the Occupation Forces into ten regional institutions. In practice, that meant a new start for Deutsche Bank. Five years later the way was also cleared for legal reunification.

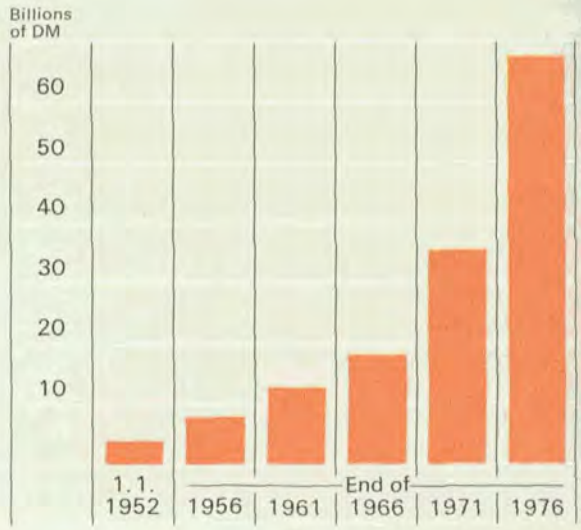
The opening balance sheet of the 3 successor institutions as at January 1, 1952 gave a combined balance sheet total of DM 3.8 bn. In 1964 it was DM 14.8 bn. and at the end of the quarter-century DM 67.4 bn. During the same period a Group was built up, alongside the parent company, with a balance sheet total of DM 105.2 bn.

One of the most important tasks was to expand the branch network of the bank again and to make it more closely knit, in line with customers' requirements. In 1952 the successor institutions had 259 offices in the Federal Territory. At the end of 1976 there were 1,132 domestic branches.

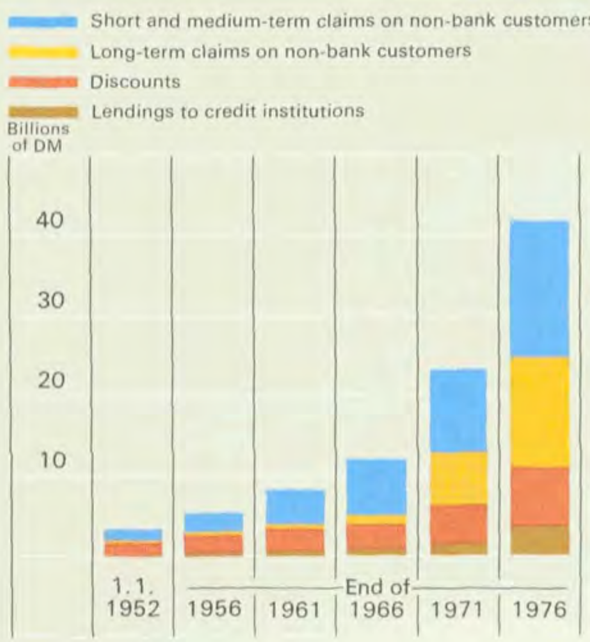
The range of services was expanded steadily, and, step by step, the bank took up new lines of business. How strongly the Deutsche Bank is today anchored not only in the corporate sector but also in private customer business is shown by the DM 18 bn. held in savings deposits as at the end of 1976. At the beginning of 1952 they only amounted to DM 197 m.

The bank's traditional position as a leader in international business was regained and expanded. After the war all the foreign branches had been expropriated. At the end of 1976 the bank had 69 bases in 45 countries.

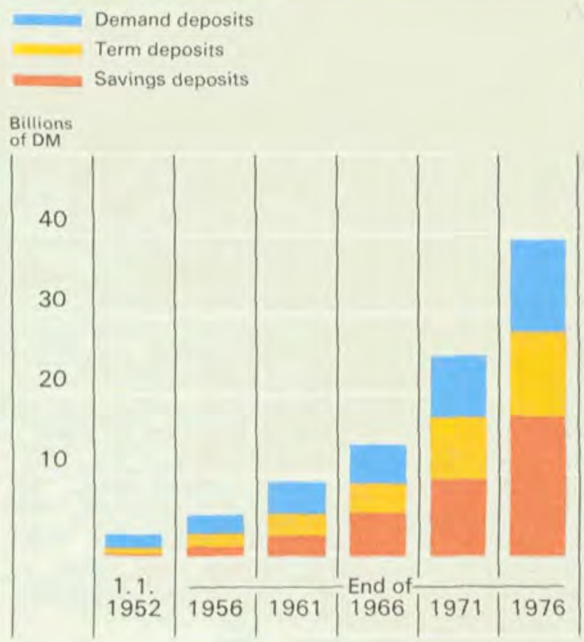
Development of the balance sheet total
1. 1. 1952 – 31. 12. 1976



Development of the volume of credit
1. 1. 1952 – 31. 12. 1976



Development of non-bank customers' deposits
1. 1. 1952 – 31. 12. 1976



Growth of Capital and Reserves

	Capital DM	Published Reserves DM	Capital and Reserves Total 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.—
Allocation from the net earnings 1976		100,000,000.—	100,000,000.—
December 31, 1976	900,000,000.—	2,200,000,000.—	3,100,000,000.—

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*)	1,125,500,000.—
Premium from capital increases	1,034,000,000.—
Total published reserves	2,200,000,000.—

*) 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. Besides the balance sheet and earnings account, the monetary and currency situation, the international issuing business, the bank's business policy abroad, the increasing use of electronic data processing and the further development of the bank's range of services were discussed. The economic situation was the subject of detailed reports and discussion. We also examined important individual business transactions and dealt with those matters submitted to us for approval in accordance with legal requirements and the bank's Articles of Association. Questions of staff policy were also discussed by the Supervisory Board.

The Credit Committee of the Supervisory Board called for reports to be given at its meetings of all major loans and 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 Ordinary 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, 1976, the proposed appropriation of the 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.

The Annual Statement of Accounts drawn up by the Board of Managing Directors has been approved by us and has thus been established. We agree to the proposed appropriation of profits.

At the meeting of the Supervisory Board on January 25, 1977, we appointed Herr Hilmar Kopper and Dr. Herbert Zapp as Deputy Members of the Board of Managing Directors. Both gentlemen were previously Assistant General Managers of the bank.

Frankfurt (Main), March 1977

The Supervisory Board

Chairman

Annual Balance Sheet

as of December 31, 1976

Profit and Loss Account

for the period from
January 1 to December 31, 1976

The Growth of the Balance Sheet

from January 1, 1952
until December 31, 1976

Deutsche Bank Aktiengesellschaft

		DM	DM	31. 12. 1975 in DM 1,000
Cash in hand			301,696,630.41	309,657
Balances with the Deutsche Bundesbank			4,194,390,370.06	4,406,489
Balances on postal cheque accounts			26,236,519.39	19,392
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection			405,655,591.02	481,148
Bills discounted			6,625,636,772.98	6,278,824
including:				
a) rediscountable at the Deutsche Bundesbank	DM 6,053,399,428.41			
b) own drawings	DM 19,763,131.76			
Claims on credit institutions				
a) payable on demand		2,976,642,324.81		4,644,172
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months		5,186,591,039.07		1,742,999
bb) at least three months, but less than four years		5,947,520,051.88		5,866,719
bc) four years or longer		1,861,838,014.36		1,019,681
			15,972,591,430.12	13,273,571
Treasury bills and discountable Treasury bonds				
a) of the Federal Republic and the Länder		239,457,638.89		146,583
b) others		8,920,768.53		—
			248,378,407.42	146,583
Bonds and debt instruments				
a) with a life of up to four years				
aa) of the Federal Republic and the Länder	DM 1,607,588,903.56			
ab) of credit institutions	DM 80,441,089.—			
ac) others	DM 7,917.50	1,688,037,910.06		860,005
including:				
eligible as collateral for Bundesbank advances	DM 1,682,548,090.15			
b) with a life of more than four years				
ba) of the Federal Republic and the Länder	DM 250,821,346.23			
bb) of credit institutions	DM 885,307,898.07			
bc) others	DM 273,353,370.78	1,409,482,615.08		1,167,150
including:			3,097,520,525.14	2,027,155
eligible as collateral for Bundesbank advances	DM 912,668,614.12			
Securities, so far as they have not to be included in other items				
a) shares marketable on a stock exchange and investment fund certificates		1,819,313,167.68		1,496,695
b) other securities		56,171,637.59		33,202
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 1,338,974,854.90		1,875,484,805.27	1,529,897
Claims on customers with agreed life, or subject to agreed period of notice, of				
a) less than four years		16,903,310,347.61		14,859,491
b) four years or longer		13,863,581,969.02		10,142,897
including:			30,766,892,316.63	25,002,388
ba) secured by mortgages on real estate	DM 1,201,669,600.04			
bb) communal loans	DM 360,273,446.75			
due in less than four years	DM 7,493,047,000.—			
Equalisation and covering claims on Federal and Länder authorities under the Currency Reform Laws			363,495,527.99	387,929
Loans on a trust basis at third party risk			199,003,352.11	71,767
Investments in subsidiaries and associated companies			1,250,164,300.—	1,172,978
including: in credit institutions	DM 1,090,145,000.—			
Land and buildings			680,755,100.—	642,786
Office furniture and equipment			225,421,300.—	190,555
Own shares			7,861,254.—	—
nominal amount:	DM 1,405,000.—			
Sundry assets			1,118,206,934.93	890,595
Transitory items			1,979,476.25	7,009
		Total Assets	67,361,370,613.72	56,838,723

The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include		
a) claims on associated companies	1,971,851,797.95	2,520,740
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)	515,361,491.60	405,383

The Growth of the Balance Sheet until December 31, 1976

– in millions of DM –

	31. 12. 1976	31. 12. 1975	31. 12. 1974	31. 12. 1973	31. 12. 1972	31. 12. 1971
Assets						
Cash, balances with Deutsche Bundesbank and on postal cheque accounts	4,522	4,735	5,183	6,428	5,138	3,717
Bills discounted	6,626	6,279	4,742	3,457	3,743	3,877
Claims on credit institutions	15,973	13,274	11,066	8,143	5,911	5,450
Treasury bills and discountable Treasury bonds	248	147	—	—	249	725
Bonds and debt instruments	3,098	2,027	1,466	1,258	1,272	1,058
Securities, so far as they have not to be included in other items	1,875	1,530	1,123	1,106	1,148	1,147
Claims on customers	30,767	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	16,903	14,859	15,147	14,452	12,082	10,283
b) four years and longer	13,864	10,143	8,147	8,294	7,741	6,541
Equalisation and covering claims on Federal and Länder authorities	363	388	402	422	443	462
Loans on a trust basis	199	72	61	64	105	71
Investments in subsidiaries and associated companies	1,250	1,173	1,051	900	773	590
Land and buildings	681	643	575	457	389	332
Office furniture and equipment	225	191	169	159	142	123
Other assets	1,534	1,378	1,201	1,124	1,098	812
Balance sheet total	67,361	56,839	50,333	46,264	40,234	35,188

	31. 12. 1976	31. 12. 1975	31. 12. 1974	31. 12. 1973	31. 12. 1972	31. 12. 1971
Liabilities						
Liabilities to credit institutions	19,285	13,401	12,031	9,553	8,901	7,391
Banking liabilities to other creditors	39,828	37,395	33,905	33,091	28,182	25,213
including: term deposits	10,549	9,123	10,915	12,752	8,450	7,750
savings deposits	17,654	16,613	13,444	11,957	11,048	9,667
Debt instruments	2,844	1,220	528	200	—	—
Own acceptances and promissory notes in circulation	140	21	34	33	96	33
Loans on a trust basis	199	72	61	64	105	71
Provisions for special purposes	1,298	1,131	973	696	666	558
a) for pensions	805	742	658	485	433	387
b) others	493	389	315	211	233	171
Capital	900	900	720	720	640	560
Published reserves	2,200	2,100	1,549	1,459	1,274	1,064
a) statutory reserve fund	1,085	1,085	634	634	474	314
b) other reserves (voluntary reserve fund)	1,115	1,015	915	825	800	750
Other liabilities	487	419	388	318	262	197
Disposable profit	180	180	144	130	108	101
Balance sheet total	67,361	56,839	50,333	46,264	40,234	35,188
Endorsement liabilities on rediscounted bills of exchange	437	125	502	715	1,432	780
Liabilities arising from guarantees of various kinds and warranty contracts	16,445	11,927	9,007	6,081	4,406	4,387
Year's net earnings	280	281	234	155	158	141
Allocations to published reserves	100	101	90	25	50	40
Disposable profit	180	180	144	130	108	101
Dividend in DM per share	10.–	10.–	10.—	9.—	9.—	9.—
Dividend in %	(20%)	(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.

for the period from January 1 to December 31, 1976 — Receipts

	DM	DM	1975 in DM 1,000
Interest and similar receipts from lending and money market transactions		3,169,007,127.46	3,257,273
Current receipts from			
a) fixed-interest securities and debt register claims	191,480,777.85		140,152
b) other securities	139,530,542.46		111,975
c) investments in subsidiaries and associated companies	52,355,925.53		45,642
		383,367,245.84	297,769
Commissions and other receipts from service transactions		554,321,546.79	532,189
Other receipts, including those from the writing back of provisions for possible loan losses		347,894,659.45	170,182
Receipts from profit pooling agreements, and from agreements for transfer and for partial transfer of profits		11,796,732.98	11,648
Receipts from the writing back of provisions for special purposes, so far as they have not to be shown under "Other receipts"		14,609,133.64	18,366
Receipts from the writing back of special items including reserves		14,252,599.24	32,777
Total Receipts		4,495,249,045.40	4,320,204

DM	DM	1975 DM
	280,000,000.—	281,000,000.—
—		
100,000,000.—	100,000,000.—	101,000,000.—
	180,000,000.—	180,000,000.—

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

Frankfurt (Main), March 22, 1977

Treuverkehr AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf
Wirtschaftsprüfer
(Chartered Accountant)

Fandré
Wirtschaftsprüfer
(Chartered Accountant)

	DM	DM	1975 in DM 1,000
Interest and similar expenses		1,856,176,044.30	1,857,629
Commissions and similar expenses in respect of service transactions		19,519,600.87	17,431
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		—	49,070
Salaries and wages		1,071,391,555.16	1,002,541
Social security contributions		145,160,742.82	125,020
Expenditure on retirement pensions and other benefits		167,787,202.12	187,019
Material expenditure for the banking business		391,614,230.55	332,346
Depreciation and adjustments on land and buildings, and on office furniture and equipment		111,863,403.95	106,717
Depreciation and adjustments on investments in subsidiaries and associated companies		16,765,292.97	285
Taxes			
a) on income, earnings and property	278,996,911.20		260,040
b) others	13,810,408.61		19,364
		292,807,319.81	279,404
Allocations to special items including reserves		11,466,645.51	1,785
Other expenses		130,697,007.34	79,957
Year's net earnings		280,000,000.—	281,000
Total Expenses		4,495,249,045.40	4,320,204

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 84,899,569.49 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%, 122%, 138%, 150% and 167% of the abovementioned amount.

Frankfurt (Main), March 1977

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Burgard *Christians* *Ehret* *Guth*

Herrhausen *van Hooven* *Kleffel* *Leibkutsch*

Mertin *Thierbach* *Kopper* *Zapp*

Balance Sheet as of December 31, 1976 — Liabilities

	DM	DM	DM	31. 12. 1975 in DM 1,000
Liabilities to credit institutions				
a) payable on demand		5,864,881,593.96		5,076,670
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	5,948,480,352.65			
bb) at least three months, but less than four years	5,819,377,071.24			
bc) four years or longer	1,195,494,980.53	12,963,352,404.42		7,800,651
including: due in less than four years DM 743,457,362.16				
c) customers' drawings on credits opened at other institutions		456,604,813.72		523,176
			19,284,838,812.10	13,400,497
Banking liabilities to other creditors				
a) payable on demand		11,624,835,162.34		11,658,682
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	7,696,554,093.38			
bb) at least three months, but less than four years	2,071,150,397.72			
bc) four years or longer	780,982,099.11	10,548,686,590.21		9,123,218
including: due in less than four years DM 701,568,977.04				
c) savings deposits				
ca) subject to legal period of notice	9,149,956,020.43			
cb) others	8,504,058,248.75	17,654,014,269.18		16,613,019
			39,827,536,021.73	37,394,919
Debt instruments with a life of				
a) up to four years		907,926,500.—		110,289
b) more than four years		1,936,122,000.—		1,109,901
including: due in less than four years DM 1,100,000,000.—			2,844,048,500.—	1,220,190
Own acceptances and promissory notes in circulation			139,945,413.50	21,038
Loans on a trust basis at third party risk			199,003,352.11	71,767
Provisions for special purposes				
a) for pensions		805,369,000.—		741,589
b) others		493,307,459.27		389,565
			1,298,676,459.27	1,131,154
Sundry liabilities			24,034,677.77	24,320
Franz Urbig and Oscar Schlitter Endowment				
assets of the Endowment		1,791,689.90		1,646
less investments in securities		1,600,322.26		1,505
			191,367.64	141
Transitory items			417,103,780.06	345,919
Special items including reserves				
a) in accordance with the Tax Law regarding Developing Countries		14,305,138.53		7,278
b) in accordance with Article 6b of the Income Tax Law		4,020,424.34		—
c) in accordance with the tax regulation regarding overall adjustments		27,666,666.67		41,500
			45,992,229.54	48,778
Capital			900,000,000.—	900,000
Published reserves				
a) statutory reserve fund		1,085,000,000.—		1,085,000
b) other reserves (voluntary reserve fund)	1,015,000,000.—			
allocation from the year's net earnings	100,000,000.—	1,115,000,000.—		1,015,000
			2,200,000,000.—	2,100,000
Disposable profit			180,000,000.—	180,000
Total Liabilities			67,361,370,613.72	56,838,723

	DM	31. 12. 1975 in DM 1,000
Endorsement liabilities on rediscounted bills of exchange	436,872,431.43	124,815
Liabilities arising from guarantees of various kinds and warranty contracts (see also page 59 of the Annual Report)	16,444,643,835.15	11,926,500
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side	1,249,563,883.70	1,617,959
Savings premiums under the Savings Premium Law	499,664,017.44	478,376
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies	2,484,171,565.66	901,518

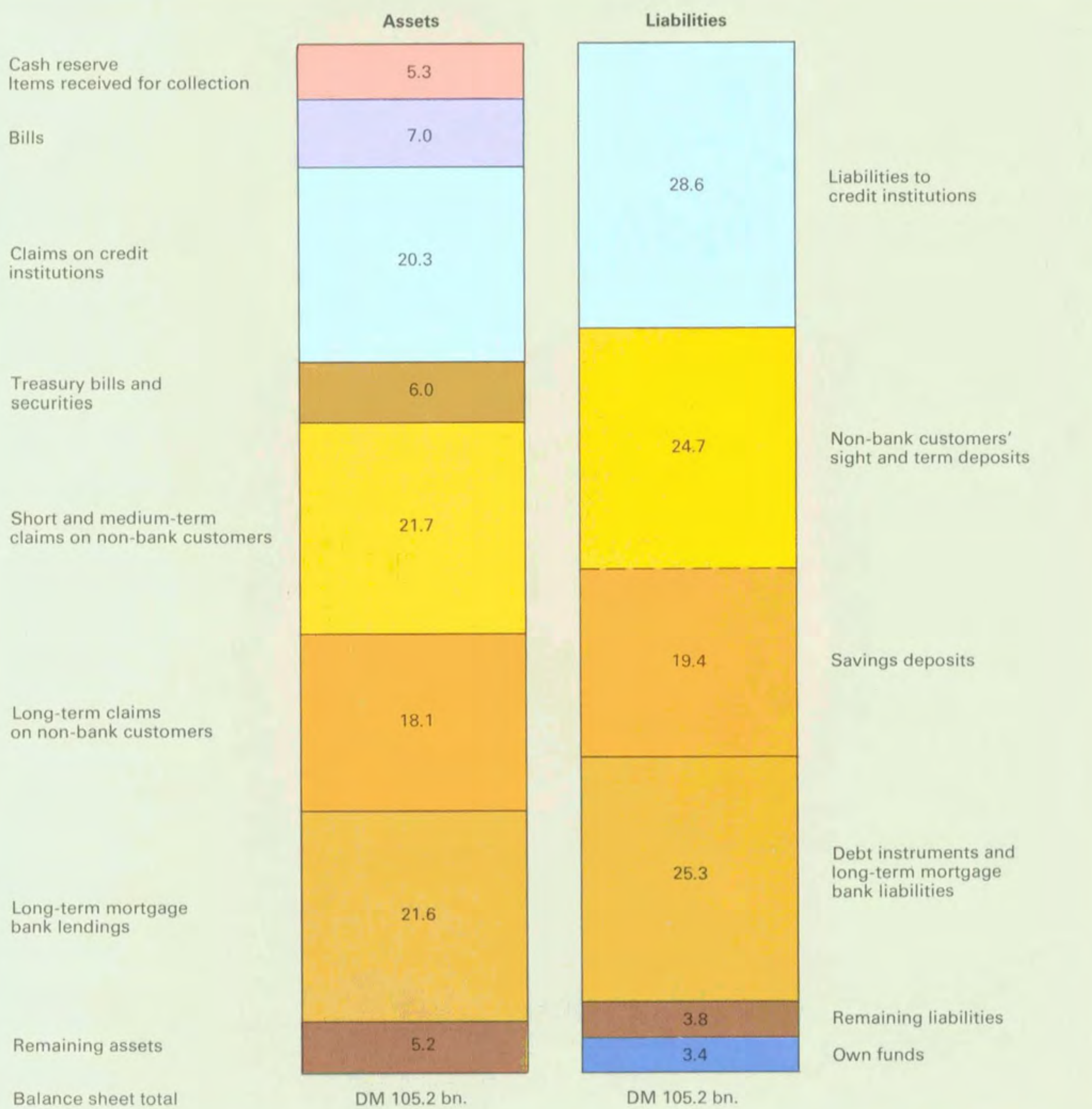
31. 12. 1970	31. 12. 1969	31. 12. 1968	31. 12. 1967	31. 12. 1966	31. 12. 1965	31. 12. 1960	31. 12. 1956	1. 1. 1952
2,763	1,673	1,931	1,379	1,859	1,609	1,388	699	417
4,095	4,186	4,532	3,777	2,890	2,711	2,109	1,897	598
4,303	3,462	2,843	2,329	1,760	1,285	983	686	347
408	—	1,878	1,704	705	203	482	54	64
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%	

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

Report of the Group for 1976

Deutsche Bank
Aktiengesellschaft

Balance sheet structure of the Deutsche Bank Group as of 31. 12. 1976



Survey

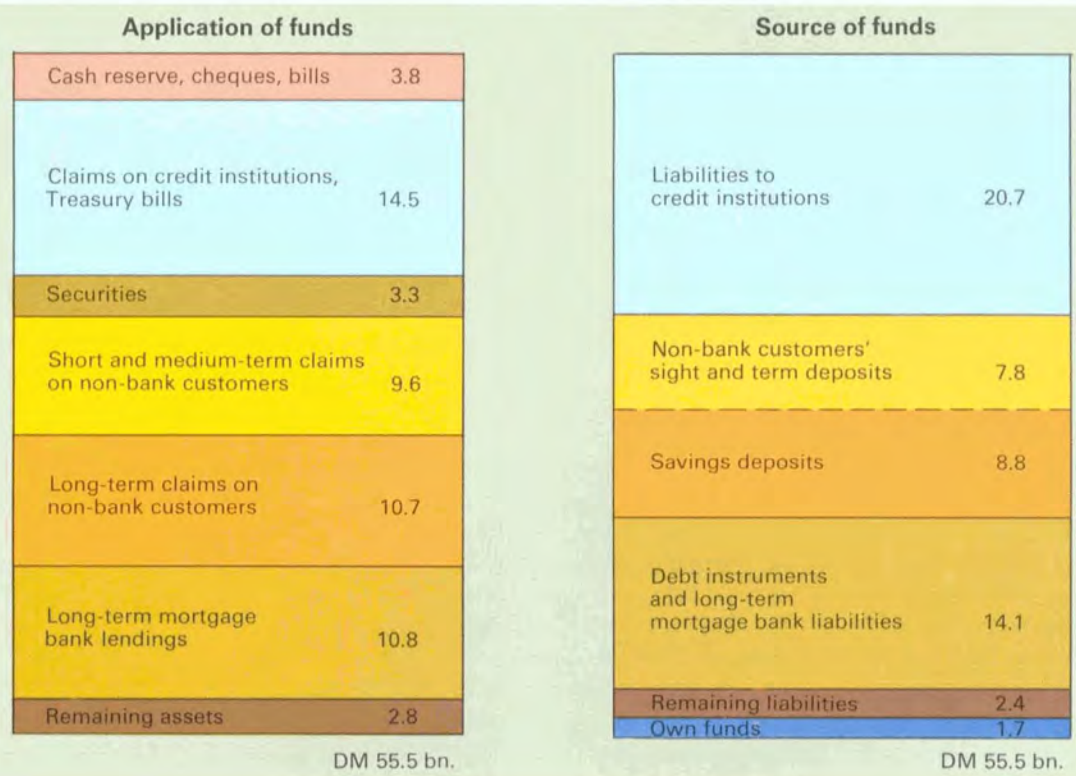
The Deutsche Bank Group's *balance sheet total* rose in the past year by DM 13.7 bn., or 15.0%, to DM 105.2 bn. at the end of 1976. The *volume of business* was DM 105.9 bn. (DM 91.7 bn. at the end of 1975).

With growth of DM 55.5 bn. the consolidated balance sheet total has more than doubled since the end of 1971. Deutsche Bank AG accounted for more than one half of this growth. A major contribution was also made by the two mortgage banks and the Compagnie Financière de la Deutsche Bank AG, Luxembourg. Our Luxembourg subsidiary was included in the consolidated accounts in 1974 and, since then, its business volume has expanded rapidly.

The structure of our volume of business at the end of 1976 and the financing of the increased volume during the last five years are shown in the two diagrams. Long-term claims on customers together with long-term mortgage bank lendings rose by DM 21.5 bn. (or 118%), i.e. almost 40% of the total funds received. In the same period the total of the Group's mortgage bonds and debt instruments in circulation increased by DM 14.1 bn. (or 126%); savings deposits grew by DM 8.8 bn. (or 82%).

At the end of 1976 the Group's *staff* numbered 40,772 persons; Deutsche Bank AG accounted for 89.1%. The Group banks maintain a total of 1,281 *offices,* 17 of which are located abroad.

Growth of the Deutsche Bank Group's balance sheet from 1971 to 1976



Consolidated companies

The consolidated annual statement of accounts per December 31, 1976, includes, as last year, the results of the following companies in addition to Deutsche Bank Aktiengesellschaft:

	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	77.6%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	100 %
Deutsche Kreditbank für Baufinanzierung AG, Cologne	75 %
Deutsche Gesellschaft für Immobilien-Leasing mbH, Düsseldorf	75 %
Deutsche Ueberseeische Bank, Berlin–Hamburg	100 %
Frankfurter Hypothekenbank, Frankfurt (Main)	88.1%
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 %

The Group's course of business in the past year was substantially influenced by developments in Deutsche Bank AG, which accounts for 61% of the Group's balance sheet total (before consolidation); 21% is due to the two mortgage banks, 9% to Compagnie Financière de la Deutsche Bank AG and 8% to other credit institutions; less than 1% is attributable to the leasing, managing and finance companies.

With regard to the companies included in the consolidated statements we report as follows:

With DM 4.3 bn. the balance sheet total of *Berliner Disconto Bank AG, Berlin,* which operates as an all-round bank, exceeded the four billion mark in the year reviewed. Net earnings rose from DM 25.9 m. to DM 29.1 m.; out of this DM 14.0 m. will be allocated to published reserves. It is planned to pay a dividend of 18% (up from 16%) and to add another DM 3.0 m. to published reserves. Own funds will then amount to DM 205.0 m., or 4.8%, of the balance sheet total.

Having opened a branch in Lichtenrade and taken over the operations of the Berlin branch of the Deutsche Ueberseeische Bank, which was integrated into Deutsche Bank AG, the bank is represented by 72 offices in Berlin.

Amongst the properties leased from Trinitas Vermögensverwaltung GmbH, Frankfurt (Main), are the bank's premises in Otto-Suhr-Allee 6/16, Berlin 10.

Compagnie Financière de la Deutsche Bank AG, Luxembourg, ended the 1975–76 financial year successfully. The balance sheet total, having increased steadily in the preceding years, rose strongly again by 23.2% to the equivalent of DM 11.0 bn. as of 30. 9. 1976.

This development was due substantially to money dealings with banks. Total credit extended grew to the equivalent of DM 6.3 bn. The bank managed to further strengthen its position in the market. This was clearly reflected not least in its participation in the management of a large number of big international credits.

With a share of 95% in the funds from outside sources, deposits from credit institutions were, as before, the main source of refinancing. As the higher demand for refinancing funds was also covered in the past financial year by taking up money from banks, the liabilities to credit institutions rose by 23.1% to the equivalent of DM 10.0 bn.

Owing to the continuing business expansion, the bank increased its capital in October 1975 by LF 600 m. (DM 40 m.) to LF 1,500 m. (DM 99 m.). To further strengthen its own capital base the profit of LF 681 m. (DM 45 m.) for the financial year ending 30. 9. 1976 was allocated to reserves. This brings the capital and published reserves to LF 3,327 m. (DM 220 m.).

The favourable development of our Luxembourg subsidiary's business continued also in the first months of the new financial year.

Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne, as a mortgage bank, conducts all the business allowed under the Mortgage Bank Law in the Federal Territory and West Berlin, especially the granting of mortgage and communal loans as well as the issuing of mortgage and communal bonds to refinance these loans.

As a result of the general decline in building activity, the bank's lending and borrowing business decreased in 1976 by comparison with the preceding year; business in communal loans slackened off as well. Mortgage commitments in 1976 totalled DM 593 m. (1975: DM 862 m.). Owing to the public authorities' still heavy demand for credit, new business was dominated by communal loans with commitments of DM 900 m. (1975: DM 1,324 m.). Altogether loan commitments thus amounted to DM 1,493 m. against DM 2,186 m. in the year before (–32%).

The balance sheet total rose by DM 1,121 m. (or 12.0%) to DM 10,485 m. (1975: +DM 1,756 m. or 23.1%). Out of the net earnings of DM 38.0 m., it is intended to allocate DM 18.3 m. to published reserves. At the Annual General Meeting it will be proposed to transfer another DM 7.0 m. to statutory reserves. If this proposal is accepted, the bank's own funds will total DM 257.0 m.

Payment of a dividend of DM 10.– and a bonus of DM 1.– per share of DM 50.– par value is planned for the 1976 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 funds continued to rise in the past financial year. The assets of 80 funds totalled DM 2 bn. at the end of 1976 (1975: DM 1.6 bn.). The Shareholders' Meeting resolved to increase the capital by DM 0.5 m. to DM 2.5 m. from the reserves which had grown to DM 1.05 m. and to make a distribution again of 8% thereon for the 1975–76 financial year.

In spite of a further overall decline in house-building, *Deutsche Kreditbank für Baufinanzierung AG, Cologne,* succeeded in increasing the volume of its credits granted by about two thirds. The bank continued to concentrate even more on financing one and two-family houses and builders' minor projects, supported by the further development of traditional forms of construction financing and introduction of new credit programmes.

The volume of credit commitments for the purchase of real estate, development, builders' and interim construction loans in short-term business expanded by 86% to DM 424 m.

In long-term business, new credits granted rose from DM 175 m. a year ago to DM 250 m. in 1976. The decline in the financing of building-owner models was more than offset by growth of normal overall construction financings and the contribution of new credit programmes – flexible-interest mortgages and bridging loans.

With an unchanged capital of DM 42 m. and own funds of DM 60.7 m., the balance sheet total rose by 11.9% to DM 1,957 m. After a period of time in which no dividend was paid, to strengthen the reserves, a distribution of 8% is scheduled for 1976.

Its wholly-owned subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Düsseldorf,* concentrated its activities again on the construction of office and factory buildings. In spite of trade and industry's falling propensity to invest and the company's voluntary restraint in the commercial business sector, it was possible to further increase the number of contracts as compared with the year before.

As of October 1, 1976 Deutsche Bank AG merged its real estate leasing interests with those of Commerzbank AG in a new company, Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH in Düsseldorf.

The leasing subsidiary of Deutsche Kreditbank für Baufinanzierung hence no longer takes on new business. It is, however, completing existing contracts, using the new leasing company as trustee.

Deutsche Ueberseeische Bank, Berlin – Hamburg, was integrated into Deutsche Bank AG pursuant to §§ 319 ff. Stock Corporation Act. The integration was resolved by the Ordinary General Meetings of the two companies in May 1976 and became effective in the middle of 1976. Operations of the Tokyo branch, which was closed down with effect from 30. 6. 1976, were taken over by the branch of Deutsche Bank AG, which was opened there on 1. 7. 1976; the Luxembourg branch terminated its activities early in August 1976. Later in 1976 the branches in Düsseldorf, Cologne and Stuttgart were closed; the second central office in Berlin was closed at the beginning of this year. The business operations of the bank's domestic offices were transferred to the branches of Deutsche Bank AG or Berliner Disconto Bank AG located at the respective centres.

The operations of Deutsche Ueberseeische Bank – acting in close cooperation with the German and foreign offices of Deutsche Bank AG – are now restricted mainly to Latin America through legally dependent branches under the style of Banco Alemán Transatlántico in Buenos Aires (Argentina) (with a sub-branch in Rosario, Province of Sta. Fé, and ten municipal branches in the greater Buenos Aires area) and in Asunción (Paraguay), and under the style of Banco Alemão Transatlântico in São Paulo (Brazil). The liable funds are DM 91.5 m.

The balance sheet total of DM 405.7 m. is mainly composed of the individual balance sheets of the branches in South America. The course of business of these branches in 1976 was satisfactory.

The disposable profit is DM 7.2 m.; it will be used to pay a dividend of DM 6.– per share of DM 50.– par value, i.e. 12%, on the capital of DM 60 m.

Frankfurter Hypothekenbank, Frankfurt (Main), conducts all the banking operations of a mortgage bank; it is the oldest and largest private mortgage bank. It operates throughout the Federal Territory and in West Berlin. It also grants communal loans to customers in the EC area. Loan commitments in 1976 came to DM 2,124.8 m., DM 500.7 m. of which was attributable to mortgage business and DM 1,601.9 m. to communal loans. The balance sheet total rose by 7.5% to DM 13,355 m. (+15.3% a year earlier).

The capital is DM 63.4 m. After allocating, as scheduled, DM 15 m. from the 1976 net earnings, the published reserves will be shown at DM 289.4 m. A further DM 5 m. is to be added to the reserves by resolution of the General Meeting. Own funds will then total DM 357.8 m.

A dividend of DM 10.– per share of DM 50.– par value is to be paid for the 1976 financial year as well.

The Frankfurter Hypothekenbank holds all the shares of Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt (Main), which owns, in each case, 95% 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), and which wholly owns the Nordhamburgische Bauträgergesellschaft mbH, Hamburg.

Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal, with its subsidiaries Gefa-Leasing GmbH, Wuppertal, and Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf, offers medium-term financing of capital and consumer goods, leasing of movables, hire purchase and factoring.

The combined balance sheet total of the Gefa Group grew in the year reviewed by 20% to DM 1,521 m.. DM 9 m. of the net earnings was allocated to Gefa's published reserves. Gefa's own funds now total DM 60 m. Under the existing profit and loss transfer agreement DM 10.8 m. was transferred to Deutsche Bank AG.

Gefa, which is linked by profit and loss transfer agreements to its two subsidiaries, Gefa-Leasing and Efgee, still holds all the shares of Gefi Gesellschaft für Finanzierungsvermittlung mbH, Berlin, and Heinz Langer Versicherungsdienst GmbH, Stuttgart.

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 of Crédit Industriel et Commercial; about 19% of this is owned by Crédit Industriel d'Alsace et de Lorraine.

The bank with its 19 branches in the Saar area conducts all the banking business of an all-round bank. The balance sheet total increased by DM 21.7 m. (or 2.5%) to DM 891.7 m. A dividend of again 12% is to be paid

Deutsche Bank AG, Frankfurt (Main)

Capital and published reserves DM 3.1 bn.

Included in the Group statement were:

Commercial banks

	Capital	Participation
Berliner Disconto Bank AG Berlin	DM 60.0 m.	100%
Saarländische Kreditbank AG Saarbrücken	DM 25.0 m.	68.9%

Mortgage banks

	Capital	Participation
Deutsche Central-bodenkredit-AG Berlin – Cologne	DM 48.0 m.	77.6%
Frankfurter Hypothekenbank Frankfurt (Main)	DM 63.4 m.	88.1

Specialised banks

	Capital	Participation
Compagnie Financière de la Deutsche Bank AG Luxembourg	LF 1,500 m.	99.9%
Deutsche Gesellschaft für Fondsverwaltung mbH Frankfurt (Main)	DM 2.0 m.	100%
Deutsche Kreditbank für Baufinanzierung AG Cologne	DM 42.0 m.	75%
Deutsche Ueberseeische Bank Berlin – Hamburg	DM 60.0 m.	100%
Gefa Gesellschaft für Absatzfinanz. mbH Wuppertal	DM 30.0 m.	100%

Managing companies

	Capital	Participation
Hessische Immobilien-Verwaltungs-GmbH Frankfurt (Main)	DM 1.0 m.	100%
Matura Vermögensverwaltung mbH Düsseldorf	DM 0.3 m.	100%
Süddt. Vermögensverwaltung GmbH Frankfurt (Main)	DM 4.0 m.	100%
Trinitas Vermögensverwaltung GmbH Frankfurt (Main)	DM 1.0 m.	100%

for the 1976 financial year. Own funds (capital and published reserves) total DM 50 m. as of December 31, 1976.

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 Deutsche Bank AG 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-Verwaltungs-Gesellschaft mbH, Frankfurt (Main), owns and administers land and buildings which are mainly utilised by Deutsche Bank AG, including 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. There is a profit and loss transfer agreement with Deutsche Bank AG.

Non-consolidated companies

Because of their small importance the following *German members of the Group* have not been included in the consolidated statements pursuant to § 329 Stock Corporation Act. The balance sheet totals as of 31. 12. 1976 amounted to DM 200 m. Their inclusion would have increased the Group's balance sheet total by 1.9‰. Thus, insight into the Group's net asset and earnings position is not impaired by their exclusion.

Wilh. Ahlmann GmbH, Kiel
"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, Düsseldorf
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
Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Hamburg
Heinz Langer Versicherungsdienst GmbH, Stuttgart
Nordhamburgische Bauträgergesellschaft mbH, Hamburg
Nordwestdeutscher Wohnungsbauträger GmbH, Braunschweig
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
Transgermania Verwaltungs-GmbH, Hamburg
Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Düsseldorf

The following associated companies domiciled in Germany are *not under the sole management of Deutsche Bank AG,* and hence are not eligible for consolidation:

Deutsche Eisenbahn Consulting GmbH, Frankfurt (Main)
Deutsche Gesellschaft für Anlageverwaltung mbH, Frankfurt (Main)
Deutsche Gesellschaft für Immobilien-Anlagen "America" mbH, Bad Homburg vdH
Exportkreditbank AG, Berlin
Kistra Beteiligungsgesellschaft mbH, Frankfurt (Main)
Rossma Beteiligungsgesellschaft mbH, Frankfurt (Main)

There are no business transactions capable of materially affecting Deutsche Bank AG'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.

Business between the companies of the Group was transacted at normal market conditions.

Principles of consolidation

The consolidated annual statement of accounts was drawn up on the special sheets published for credit institutions with the legal form of an Aktiengesellschaft (public limited company) and for mortgage banks.

The valuations of the individual balance sheets were taken over unchanged into the consolidated balance sheet. The financial years of the companies are concurrent with the exception of two companies for which an interim statement was prepared. The interim report of our Luxembourg subsidiary was not formally established by the statutory bodies of Compagnie Financière de la Deutsche Bank AG but it was approved by its Board of Directors for inclusion in the consolidated statement of accounts according to § 331 subpara. 3, sentence 3, Stock Corporation Act; conversion was made at the rate of DM 1 = LF 15.13

The book values of the participations in the consolidated companies were offset against the subsidiaries' proportionate own funds (capital and published reserves). The difference is shown as reserves arising from consolidation; they are a form of own capital.

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

In the consolidated profit and loss account the receipts shown in the individual statements of accounts, as far as they are compensation for mutual services of the consolidated companies – almost exclusively interest and commissions – have been offset against the respective expenses. There were no inter-company profits to be reported. Amounts received in 1976 by Deutsche Bank AG from holdings in member companies of the Group, which represent distributions from the 1975 profits, were included under profit brought forward.

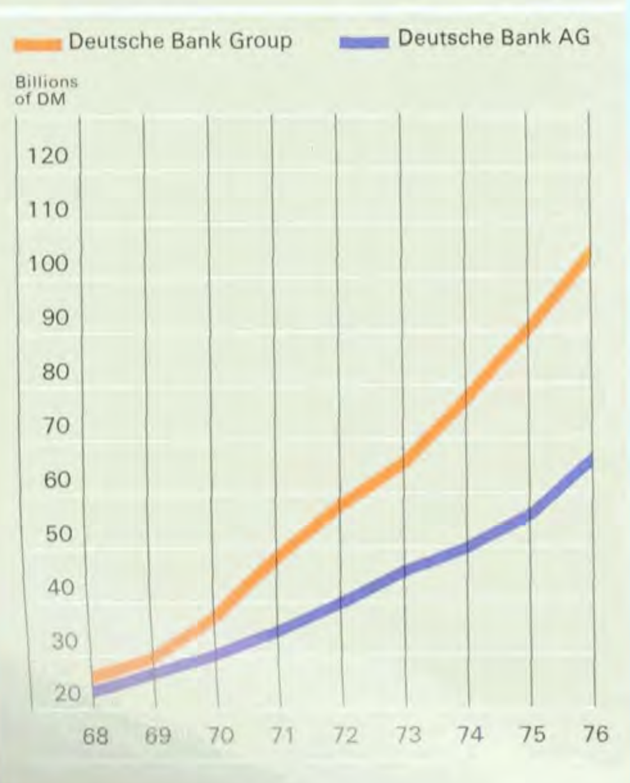
Notes on the consolidated statement of accounts

Liquidity

The *cash reserve* (cash in hand, balances with the Deutsche Bundesbank and on postal cheque accounts) was DM 4.8 bn. as of December 31, 1976; compared with Group liabilities of DM 76.3 bn. – excluding long-term mortgage bank business – the *cash liquidity ratio* comes to 6.3% (7.8% a year earlier).

Total liquid assets (cash reserve, items received for collection, bills rediscountable at the Deutsche Bundesbank, *claims on credit institutions* payable on demand, Treasury bills and discountable Treasury bonds, and bonds and debt instruments eligible as collateral for Bundesbank advances) were DM 18.9 bn. Hence the *total liquidity ratio* (in % of the liabilities mentioned) stands at 24.8% (29.0% a year earlier).

Growth of the balance sheet total



Assets

Securities

Bonds and debt instruments are shown at DM 3.9 bn., an increase of DM 1.4 bn. 83.4% of this was eligible as collateral at the Deutsche Bundesbank.

Debt instruments issued by members of the Group, i.e. Deutsche Bank AG and the two mortgage banks, were held in the amount of DM 582.8 m.

Of the DM 1,880.6 m. *Securities, so far as they have not to be included in other items,* 97.0% was investment certificates and shares marketable on a stock exchange.

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

Total credit extended

Total credit extended grew by DM 8.5 bn., or 13.0%, to DM 73.7 bn. The Group's credit expansion was supported by long-term business; with DM 6.0 bn. a good two thirds is attributable to the increase in *Long-term claims on non-bank customers* including long-term lendings in mortgage bank business.

Short and medium-term claims on non-bank customers increased slightly by DM 0.7 bn. (or 3.2%) to DM 21.7 bn., *Discounts* rose to DM 7.8 bn. (+4.6%). Loans to credit institutions expanded by DM 1.4 bn. (or 47.1%) to DM 4.5 bn.

In addition there were rights of recourse in respect of "per aval" guarantees and letters of credit in the amount of DM 14.3 bn. at the end of the year. They are not included in the aforementioned volume of credit. The DM 1.9 bn. increase was especially due to guarantees in foreign business.

Investments in subsidiaries and associated companies

Holdings in non-consolidated companies are shown at DM 434.8 m. after totalling DM 374.4 m. in the previous year. Apart from holdings in managing and financing companies, this item covers participations in credit institutions worth DM 268.6 m. or 61.8%. They are mainly minority participations in foreign credit institutions.

Total credit extended	End of 1976	End of 1975	Change
	– in millions of DM –		
Claims on non-bank customers			
short and medium-term claims	21,729	21,052	+ 677 = 3.2%
long-term claims	18,073	14,108	+3,965 = 28.1%
	39,802	35,160	+4,642 = 13.2%
Long-term claims in mortgage bank business	21,578	19,527	+2,051 = 10.5%
Discounts	7,825	7,482	+ 343 = 4.6%
Lendings to credit institutions	4,469	3,039	+1,430 = 47.1%
Total credit extended	73,674	65,208	+8,466 = 13.0%

Fixed assets

Land and buildings are shown at DM 801.1 m., including DM 744 m. of land and buildings used for banking purposes.

Office furniture and equipment is entered at DM 241.4 m.

Leasing equipment amounts to DM 635.8 m., including DM 186.1 m. worth of property rented out or intended for renting out by Deutsche Gesellschaft für Immobilien-Leasing mbH, and DM 449.7 m. worth of movable leasing goods of Gefa-Leasing GmbH. In view of the importance and business character of the leasing sector, we have shown this item separately, for the first time, in the consolidated balance sheet. We have adjusted the comparative figures of the previous year accordingly.

Sundry assets

The item *Sundry assets* shown at DM 1,167.5 m. consists primarily of share rights which do not represent longer-term participations; moreover, it contains holdings in gold and silver, including the holdings used as cover for registered gold and silver certificates.

Liabilities

Funds from outside sources

At the year-end the Deutsche Bank Group had accepted funds from outside sources totalling DM 97.9 bn., DM 13.1 bn., or 15.5%, more than at the end of 1975. *Banks' deposits* were raised by DM 7.0 bn. or 32.4%; no less than DM 6.3 bn. of this was attributable to term deposits from credit institutions originating mainly from abroad.

On the other hand, *Liabilities to non-bank customers* grew more slowly in 1976 than in the year before, namely by 6.0% to DM 44.1 bn. Demand deposits declined slightly (– DM 0.2 bn.), whilst non-bank customers' term deposits increased by DM 1.6 bn. (+15.2%) and savings deposits by DM 1.1 bn. (+5.8%).

The current volume of *Debt instruments* issued by members of the Group, including those deliverable, increased by DM 3.4 bn. in the year reviewed (1975: DM 3.7 bn.) to DM 23.6 bn.; almost half the growth, DM 1.6 bn., was due to debt instruments of Deutsche Bank AG, DM 1.8 bn. to mortgage and communal bonds of Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank.

The consolidated companies had secured loans in the amount of DM 37.6 m. by mortgages on real estate.

Included in banking liabilities towards other creditors is DM 71.1 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").

Funds from outside sources	End of 1976		End of 1975	
	– in millions of DM –			
Liabilities towards credit institutions				
demand deposits	5,958 =	6.1%	5,201 =	6.1%
term deposits	22,154 =	22.6%	15,813 =	18.6%
customers' drawings on credits opened at other institutions	462 =	0.5%	560 =	0.7%
	28,574 =	29.2%	21,574 =	25.4%
Liabilities to non-bank customers				
demand deposits	12,568 =	12.8%	12,735 =	15.0%
term deposits	12,064 =	12.3%	10,469 =	12.3%
savings deposits	19,441 =	19.9%	18,367 =	21.7%
	44,073 =	45.0%	41,571 =	49.0%
Debt instruments issued (including debt instruments deliverable)	23,638 =	24.1%	20,212 =	23.8%
Long-term loans taken up in mortgage bank business	1,012 =	1.0%	902 =	1.1%
Pro rata interest and interest due in mortgage bank business	633 =	0.7%	550 =	0.7%
	25,283 =	25.8%	21,664 =	25.6%
Total funds from outside sources	97,930 =	100.0%	84,809 =	100.0%

Other liability items

Of the *Provisions for special purposes* totalling DM 1,629 m., DM 907 m. is due to *Provisions for pensions,* indicated on the balance sheet at the actuarially computed part value; DM 722 m. is attributable to *Other provisions* for liabilities of uncertain amount and taxes, as well as overall adjustments to rights of recourse which cannot be offset against assets.

Among the *Transitory items* on the liabilities side totalling DM 629 m. items in the amount of DM 106 m. are shown separately pursuant to § 25 Mortgage Bank Act.

Comments

The Group's *Endorsement liabilities* from rediscounted bills and own drawings are shown at DM 605 m. after DM 142 m. at the end of 1975.

Liabilities arising from guarantees of various kinds and warranty contracts rose to DM 14.3 bn. The increase of DM 1.9 bn., or 15.3%, reflects the further expansion of our international business.

Obligations to repurchase items assigned en pension amounted to DM 1.2 bn. at the end of the year against DM 1.6 bn. a year earlier.

Liabilities for possible calls on shares in public and private limited companies stood at DM 35.0 m. at the 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.

Moreover, we refer to the statement of backing, given in the notes to the Group controlling company's statement of accounts, for those affiliates on which Deutsche Bank AG exerts an entrepreneurial influence.

The *Claims on* and *Liabilities towards associated companies* shown below the line in the balance sheet after consolidation of the respective debts refer exclusively to companies not included in the consolidated accounts.

Consolidated Profit and Loss Account

Earnings on the volume of business

In spite of the Group's considerably higher volume of business, the total interest surplus, owing to a strong decline in the interest margin, rose by only DM 37 m. (+1.7%) to DM 2,166 m. *Earnings on the volume of business* (interest surplus) of the consolidated companies were higher than staff and material expenditure. The interest receipts and expenses are in detail as follows:

	1976 in millions of DM	1975 in millions of DM
Interest and similar receipts from lending and money market transactions	4,084	4,229
Interest earned in mortgage bank business	1,659	1,444
Current receipts from securities, etc.	460	339
Total interest receipts	6,203	6,012
Interest and similar expenses	2,494	2,518
Interest paid in mortgage bank business	1,543	1,365
Total interest expenses	4,037	3,883
Earnings on the volume of business (interest surplus)	2,166	2,129

Earnings on services

The surplus from *Commission received* of DM 624 m. and *Commission paid* of DM 22 m. was DM 602 m., DM 22 m., or 3.8%, more than a year earlier.

Other receipts

Non-recurrent receipts from the mortgage banks' issue and loan business are shown at DM 104 m. after DM 100 m. the year before. The corresponding *non-recurrent expenses* amounted to DM 91 m. (DM 96 m. a year earlier).

After the permissible offsetting against *Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses, Other receipts, including those from the writing back of provisions for possible loan losses* for the Group rose by DM 200 m. to DM 482 m.

Staff and material expenditure

The Group's *Staff expenses* totalled DM 1,553 m. in 1976 (+4.6%). While salaries and wages rose by DM 71 m. (+6.3%) and social security contributions by DM 22 m. (+15.4%), expenditure on retirement pensions and other benefits decreased by DM 24 m. (–11.6%), after the change from current value to part value in the Group's provisions for pensions had already been largely completed in 1975.

Material expenditure for the banking business again increased by an above-average amount of DM 61 m., or 15.8%, to DM 446 m. Altogether the staff and material expenditure of the consolidated companies of the Deutsche Bank Group reached almost DM 2 bn. in 1976 as against DM 1,870 m. the year before.

Other expenses

Depreciation and adjustments on land and buildings and on office furniture and equipment rose by DM 57.0 m. to DM 232.5 m.; DM 39.0 m. (DM 38.5 m. a year earlier) of this was due to special depreciation in accordance with § 6b Income Tax Law.

The *Taxes* paid by the consolidated companies were DM 455.2 m. *Taxes on income, earnings and property* went up by DM 43.2 m. to DM 438.6 m. *Other taxes* came to DM 16.7 m. after DM 22.0 m. a year earlier.

Not accounted for in the Group's tax expenses was corporation tax payable in 1977 on subsidiaries' profits intended for distribution to the parent company in 1977; corporation tax, which may be reduced on application in the year of transition to the new corporation tax system, is DM 14 m. Not included either are the extra expenses in accordance with § 170 subpara. 2 Stock Corporation Act, following provisional dividend proposals of Berliner Disconto Bank AG, Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank.

Profit, capital and reserves

Out of the Group's *Net earnings for the year* of DM 440.0 m., DM 162.1 m. was allocated to published reserves, DM 62.1 m. of which in subsidiaries.

Including profit brought forward of DM 39.8 m. and after deduction of the profit share of DM 9.5 m. due to outside shareholders, *Profit of the Group* amounts to DM 308.2 m.

The *Group's own funds* as of December 31, 1976 are made up as follows:

Capital	DM 900.0 m.
Published reserves	DM 2,200.0 m.
Reserve arising from consolidation	DM 293.3 m.
Total	DM 3,393.3 m.

The *Reserve arising from consolidation* after offsetting the book balues of the participations against own capital resources is DM 293.3 m. As a result of allocations to reserves by Group companies, it increased by DM 100.9 m.

The *Compensatory item for shares held by others* is shown at DM 138.6 m. Apart from the DM 129.1 m. share in the own capital resources attributable to outside shareholders of Deutsche Centralbodenkredit-AG, Deutsche Kreditbank für Baufinanzierung AG, Frankfurter Hypothekenbank and Saarländische Kreditbank AG, a DM 9.5 m. outside profit share is included.

Frankfurt (Main), March 1977

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Burgard *Christians* *Ehret* *Guth*

Herrhausen *van Hooven* *Kleffel* *Leibkutsch*

Mertin *Thierbach* *Kopper* *Zapp*

Consolidated Balance Sheet

as of December 31, 1976

Consolidated Profit and Loss Account

for the period from
January 1 to December 31, 1976

	DM	DM	31. 12. 1975 in DM 1,000
Cash in hand		335,703,084.05	343,332
Balances with the Deutsche Bundesbank		4,469,245,466.71	4,734,055
Balances on postal cheque accounts		40,060,124.09	28,823
Cheques on other banks, matured bonds, interest and dividend coupons and items received for collection		419,567,232.97	496,479
Bills discounted		6,951,772,305.96	7,075,999
including:			
a) rediscountable at the Deutsche Bundesbank .. DM 6,174,320,625.69			
b) own drawings .. DM 82,752,044.05			
Claims on credit institutions			
a) payable on demand	3,971,035,233.53		4,652,602
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	6,176,140,938.—		1,948,887
bb) at least three months, but less than four years	7,611,592,584.47		7,537,912
bc) four years or longer	2,574,912,088.19		1,447,842
including:		20,333,680,844.19	15,587,243
used as cover in mortgage bank business .. DM 4,000,000.—			
Treasury bills and discountable Treasury bonds			
a) of the Federal Republic and the Länder	258,421,180.56		185,584
b) others	16,837,948.25		3,650
		275,259,128.81	189,234
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Länder .. DM 1,819,850,907.36			
ab) of credit institutions .. DM 140,147,368.07			
ac) others .. DM 121,454,418.07	2,081,452,693.50		1,087,621
including:			
eligible as collateral for Bundesbank advances .. DM 1,950,830,723.02			
used as cover in mortgage bank business .. DM 155,327,500.—			
b) with a life of more than four years			
ba) of the Federal Republic and the Länder .. DM 466,837,336.08			
bb) of credit institutions .. DM 868,758,725.54			
bc) others .. DM 443,153,648.30	1,778,749,709.92		1,345,843
including:		3,860,202,403.42	2,433,464
eligible as collateral for Bundesbank advances .. DM 1,269,490,531.79			
used as cover in mortgage bank business .. DM 104,563,409.90			
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	1,823,376,523.83		1,503,625
b) other securities	57,176,057.57		34,234
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 1,339,589,666.59		1,880,552,581.40	1,537,859
Carried forward		38,566,043,171.60	32,426,488

Assets			
			Consolidated Balance Sheet

	DM	DM	31. 12. 1975 in DM 1,000
Brought forward		38,566,043,171.60	32,426,488
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	21,728,538,931.18		21,052,021
including: used as cover in mortgage bank business .. DM 692,805,782.45			
b) four years or longer	18,073,411,246.10		14,107,502
including:		39,801,950,177.28	35,159,523
ba) secured by mortgages on real estate .. DM 1,263,714,237.10			
bb) communal loans .. DM 787,422,469.93			
due in less than four years .. DM 9,707,767,000.—			
Mortgage bank lendings with agreed life of four years or longer			
a) mortgages	10,359,851,129.82		9,910,527
used as cover .. DM 9,591,933,916.05			
b) communal loans	10,789,715,993.65		9,232,328
used as cover .. DM 10,512,859,435.05			
c) others	85,925,374.54		115,119
including: to credit institutions .. DM 1,215,439,568.72		21,235,492,498.01	19,257,974
Interest on long-term mortgage bank lendings			
a) pro rata interest	302,280,964.47		220,005
b) interest due after October 31, 1976 and on January 2, 1977	40,432,851.60		49,483
c) interest arrears	—		—
		342,713,816.07	269,488
Equalisation and covering claims on Federal and Länder authorities under the Currency Reform Laws		474,990,203.25	513,162
including: used as cover in mortgage bank business .. DM 75,246,835.81			
Loans on a trust basis at third party risk		947,317,022.69	783,228
Investments in subsidiaries and associated companies		434,846,238.24	374,352
including: in credit institutions .. DM 268,562,195.16			
Land and buildings		801,140,438.95	738,708
including: taken over in mortgage business .. DM 20,918,886.78			
Office furniture and equipment		241,419,496.82	208,038
Leasing equipment			
a) land and buildings	186,119,116.57		157,107
b) movable leasing goods	449,699,723.43		310,442
		635,818,840.—	467,549
Own shares		7,861,254.—	—
nominal amount: .. DM 1,405,000.—			
Debt instruments issued by members of the Group		582,758,934.93	410,491
nominal amount: .. DM 585,673,340.—			
Sundry assets		1,167,456,041.73	915,588
Transitory items		7,478,550.31	14,783
Total Assets		105,247,286,683.88	91,539,372

		DM	31. 12. 1975 in DM 1,000
The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include			
a) claims on associated companies		241,603,837.50	139,686
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)		548,098,763.39	435,744

	DM	DM	DM	31. 12. 1975 in DM 1,000
Brought forward			96,285,893,764.65	83,357,739
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		485,356,261.63		425,118
b) others		526,400,205.31		476,445
including:			1,011,756,466.94	901,563
with partial liability DM	2,429,351.08			
due in less than four years DM	492,080,554.41			
Interest on debt instruments issued and loans taken up in mortgage bank business				
a) pro rata interest		433,350,962.75		345,519
b) interest due (including that due on January 2, 1977)		199,436,516.42		204,500
			632,787,479.17	550,019
Own acceptances and promissory notes in circulation			158,922,693.60	216,798
Loans on a trust basis at third party risk			947,317,022.69	783,228
Provisions for special purposes				
a) for pensions		906,948,857.87		843,674
b) others		721,749,824.52		616,491
			1,628,698,682.39	1,460,165
Sundry liabilities			61,910,789.65	66,499
Endowments and benevolent funds				
assets of the endowments		1,993,719.79		1,914
less investments in securities		1,781,946.51		1,757
			211,773,28	157
Transitory items				
a) in accordance with Article 25 of the Mortgage Bank Law		106,479,621.94		97,898
b) others		522,340,097.31		440,231
Special items including reserves			628,819,719.25	538,129
a) in accordance with the Tax Law regarding Developing Countries		17,658,138.53		10,678
b) in accordance with Article 6b of the Income Tax Law		4,049,734.11		30
c) in accordance with the tax regulation regarding overall adjustments		29,201,628.67		44,289
			50,909,501.31	54,997
Capital			900,000,000.—	900,000
Published reserves				
a) statutory reserve fund		1,085,000,000.—		1,085,000
b) other reserves (voluntary reserve fund)		1,115,000,000.—		1,015,000
			2,200,000,000.—	2,100,000
Reserve arising from consolidation			293,268,952.70	192,403
Compensatory item for shares held by others			138,614,727.98	140,132
including: from profit DM	9,539,391.21			
Profit of the Group			308,175,110.27	277,543
Total Liabilities			105,247,286,683.88	91,539,372
Own drawings in circulation			2,269,443.48	3,774
including those discounted for borrowers' account DM 1,649,000.18				
Endorsement liabilities on rediscounted bills of exchange			603,059,967.91	138,112
Liabilities arising from guarantees of various kinds and warranty contracts			14,325,835,108.15	12,429,305
Obligations to repurchase items assigned en pension, so far as these obligations have not to be shown on the liabilities side			1,245,119,889.70	1,604,967
Savings premiums under the Savings Premium Law			554,386,361.08	531,132
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			24,087,039.91	25,610

	DM	DM	1975 in DM 1,000
Interest and similar expenses		2,494,185,768.89	2,517,968
Interest expenditure in mortgage bank business on			
a) mortgage bonds	684,639,464.22		642,717
b) communal bonds	752,344,915.07		630,460
c) bonds in accordance with Article 5, para. 1, item 4 c of the Mortgage Bank Law	25,601,388.89		21,635
d) loans taken up	79,963,907.50		70,355
		1,542,549,675.68	1,365,167
Commissions and similar expenses in respect of service transactions		22,172,320.91	20,632
Non-recurrent expenses in respect of the mortgage banks' issue and loan business		90,591,487.21	95,501
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		—	102,109
Salaries and wages		1,202,577,074.67	1,131,450
Compulsory social security contributions		163,390,194.46	141,599
Expenditure on retirement pensions and other benefits		186,808,080.49	211,305
Material expenditure for the banking business		446,103,621.20	385,267
Depreciation and adjustments on land and buildings and on office furniture and equipment		232,531,382.65	175,493
Depreciation and adjustments on investments in subsidiaries and associated companies		16,765,292.97	285
Taxes			
a) on income, earnings and property	438,564,241.36		395,385
b) others	16,676,088.31		22,048
		455,240,329.67	417,433
Allocations to special items including reserves		11,691,162.53	2,134
Other expenses		148,517,465.40	96,258
Year's net earnings		440,038,108.89	390,930
Total Expenses		7,453,161,965.62	7,053,531

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 1977

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Burgard *Christians* *Ehret* *Guth*

Herrhausen *van Hooven* *Kleffel* *Leibkutsch*

Mertin *Thierbach* *Kopper* *Zapp*

for the period from January 1 to December 31, 1976 — Receipts

	DM	DM	1975 in DM 1,000
Interest and similar receipts from lending and money market transactions		4,084,525,797.79	4,229,117
Current receipts from			
a) fixed-interest securities and debt register claims	298,160,663.40		209,309
b) other securities	139,946,504.47		113,031
c) investments in subsidiaries and associated companies	21,763,363.22		16,391
		459,870,531.09	338,731
Interest earned in mortgage bank business from			
a) mortgages	799,324,671.55		737,601
b) communal loans	859,295,339.34		706,468
		1,658,620,010.89	1,444,069
Commissions and other receipts from service transactions		623,976,207.20	600,638
Non-recurrent receipts from the mortgage banks' issue and loan business		103,912,906.77	100,152
Other receipts, including those from the writing back of provisions for possible loan losses		481,731,277.37	281,910
Receipts from the writing back of provisions for special purposes, so far as they have not to be shown under "Other receipts"		24,746,961.27	22,939
Receipts from the writing back of special items including reserves		15,778,273.24	35,975
Total Receipts		7,453,161,965.62	7,053,531

DM	1975 DM
440,038,108.89	390,930,475.15
39,776,392.59	46,824,499.31
479,814,501.48	437,754,974.46
162,100,000.—	152,700,000.—
317,714,501.48	285,054,974.46
9,539,391.21	7,511,758.06
308,175,110.27	277,543,216.40

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

Frankfurt (Main), March 25, 1977

Treuverkehr AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf
Wirtschaftsprüfer
(Chartered Accountant)

Fandré
Wirtschaftsprüfer
(Chartered Accountant)

List of Deutsche Bank's investments in subsidiaries and associated companies

German credit institutions

		Capital	Our holding
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main)	DM	40.0 m.	27.0%
Badische Bank, Karlsruhe	DM	26.0 m.	25.1%
Berliner Disconto Bank Aktiengesellschaft, Berlin	DM	60.0 m.	100 %
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	DM	48.0 m.	77.6%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	DM	2.0 m.	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	DM	13.0 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.	100 %
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v d H	DM	1.0 m.	60.0%
Europäisch Asiatische Bank Aktiengesellschaft, Hamburg	DM	56.0 m.	14.3%
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt (Main)	DM	5.0 m.	25.0%
Frankfurter Hypothekenbank, Frankfurt (Main)	DM	63.4 m.	88.1%
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%
Handelsbank in Lübeck, Lübeck	DM	12.0 m.	25.1%
Industriebank von Japan (Deutschland) Aktiengesellschaft – The Industrial Bank of Japan (Germany) –, Frankfurt (Main)	DM	40.0 m.	25.0%
Liquidations-Casse in Hamburg AG, Hamburg	DM	1.2 m.	24.8%
Liquiditäts-Konsortialbank GmbH, Frankfurt (Main)	DM	250.0 m.	5.9%
Lombardkasse Aktiengesellschaft, Berlin – Frankfurt (Main)	DM	4.5 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$	512.9 m.	5.0%
Banco Comercial Transatlántico, Barcelona	Ptas.	1,296.4 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%

		Capital	Our holding
Banque Européenne de Crédit, Brussels	Belg. frs.	2,240.0 m.	14.3%
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$	10.0 m.	8.0%
European Asian Finance (HK) Ltd., Hong Kong	HK$	10.0 m.	10.0%
European Banking Company Ltd., London	£	10.2 m.	14.0%
European Brazilian Bank Ltd., London	£	9.0 m.	12.2%
Foreign Trade Bank of Iran, Tehran/Iran	Rials	2,100.0 m.	11.8%
Industrial and Mining Development Bank of Iran, Tehran/Iran	Rials	12,000.0 m.	3.0%
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.	11.5%
Iran Overseas Investment Bank Ltd., London	£	8.0 m.	6.3%
Korea Development Finance Corporation, Seoul/South Korea	Won	5,000.0 m.	2.5%
Malaysian Industrial Development Finance Berhad, Kuala Lumpur/Malaysia	M$	79.6 m.	0.5%
National Investment Bank for Industrial Development S.A., 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	57.2 m.	1.9%
Société Camerounaise de Banque, Yaoundé/Cameroon	CFA-francs	2,300.0 m.	5.0%
Société Ivoirienne de Banque, Abidjan/Ivory Coast	CFA-francs	1,500.0 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-Grundbesitzverwaltungsgesellschaft mbH, Frankfurt (Main)	DM	0.1 m.	55.0%
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt (Main)	DM	0.5 m.	90.0%

		Capital	Our holding
Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf	DM	10.0 m.	50.0%
Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	DM	0.04 m.	37.5%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt (Main)	DM	10.0 m.	14.0%
Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt (Main)	DM	0.03 m.	12.0%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	DM	1.0 m.	95.0%
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	4.0 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%
Deutsche Bank (U.K.) Finance Ltd., London	£	0.2 m.	99.9%
EDESA Société Anonyme Holding, Luxembourg	US$	11.0 m.	4.6%
European Arab Holding S.A., Luxembourg	Lux. francs	2,000.0 m.	5.5%
European Banks' International Company S.A., Brussels	Belg. frs.	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$	29.0 m.	0.7%
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

$8\frac{1}{4}\%$, 8%, $7\frac{1}{2}\%$, $7\frac{1}{4}\%$ and 7% bond issues of the Bundesrepublik Deutschland of 1976
$8\frac{1}{4}\%$ and 8% bond issues of the Deutsche Bundesbahn of 1976
$7\frac{1}{2}\%$ bond issue of the Freistaat Bayern of 1976
$7\frac{1}{2}\%$ bond issue of the Land Berlin of 1976
8% bond issues of the Land Nordrhein-Westfalen of 1976
8% bond issue of the Land Schleswig-Holstein of 1976
$8\frac{1}{2}\%$, 8%, $7\frac{1}{2}\%$ and 7% annuity and communal bond issues as well as mortgage bonds of the Deutsche Siedlungs- und Landesrentenbank – Issues 145, 150–155, Series 24–32 –
8% bond issue of the Kreditanstalt für Wiederaufbau of 1976
8% and $7\frac{3}{4}\%$ bond issues of the Lastenausgleichsbank of 1976 – Issues 16, 17 –

Other domestic bond issues, mortgage and communal bonds

Deutsche Hypothekenbank (Actien-Gesellschaft)
Kaufhof Aktiengesellschaft
Schiffshypothekenbank zu Lübeck Aktiengesellschaft

Convertible and option bonds of domestic and foreign issuers

denominated in Deutsche Mark:
Komatsu Ltd.
Mitsubishi Chemical Industries Limited
Sekisui Prefab Homes, Ltd.

denominated in foreign currencies:
Bührmann-Tetterode Antilliana N.V., Curaçao
Compagnie Financière de Paris et des Pays-Bas
Credit Suisse (Bahamas) Limited
The Daiei, Inc.
Marui Co., Ltd.
Mitsubishi Corporation
Mitsubishi Heavy Industries, Ltd.
Nationale-Nederlanden Finance Corporation (Curaçao) N.V.
Sandoz Overseas Limited
Sumitomo Metal Industries, Ltd.
Union Bank of Switzerland (Luxembourg)

Bonds of foreign issuers

denominated in Deutsche Mark:
ADELA Investment Company S.A.
AKZO N.V.
ARBED FINANCE S.A.
Asiatische Entwicklungsbank
AUMAR Autopistas del Mare Nostrum, S.A., Concesionaria del Estado
Australian Shipping Commission
Australien
Banco Nacional de Obras y Servicios Públicos, S.A.
Banque Française du Commerce Extérieur
BEC FINANCE N.V.
Beecham Financiering B.V.
Föderative Republik Brasilien
Caisse Centrale de Coopération Economique
Caisse Nationale des Télécommunications
Companhia Vale do Rio Doce
Königreich Dänemark
Den Danske Bank af 1871, Aktieselskab
ESTEL NV
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial
Europäische Gemeinschaft für Kohle und Stahl

Europäische Investitionsbank
Europäische Wirtschaftsgemeinschaft
Republik Finnland
FRANCETEL Société Française de Financement des Télécommunications S.A.
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Guest, Keen and Nettlefolds Finance B.V.
Hitachi Zosen Kabushiki Kaisha
I.C.I. International Finance Limited
Inter-Amerikanische Entwicklungsbank
Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)
Republik Irland
The Japan Development Bank
Aktieselskabet Kjøbenhavns Handelsbank
Stadt Kobe
Kommunlåneinstitutet Aktiebolag
Stadt Kopenhagen
Stadt Malmö
Stadt Montreal
Neuseeland
Nippon Telegraph & Telephone Public Corporation
Norges Kommunalbank
Norpipe a.s
Norsea Gas A/S
Norsk Hydro a.s
Königreich Norwegen
Republik Österreich
Petroleos Mexicanos
Red Nacional de los Ferrocarriles Españoles
Singapore Airlines Limited
Sociétés de Développement Régional
Vereinigte Mexikanische Staaten
Wiedereingliederungsfonds des Europarates für die nationalen Flüchtlinge und die Überbevölkerung in Europa

denominated in foreign currencies:
AKZO N.V.
Aluminum Company of Canada, Limited
Alusuisse International N.V.
Amsterdam-Rotterdam Bank N.V.
Australian Shipping Commission
Australien
Automobiles Peugeot
Bank of Montreal
The Bank of Tokyo, Ltd.
Banque Française du Commerce Extérieur
Bell Canada
The Bowater Corporation Limited
Brascan International Capital Corporation
Föderative Republik Brasilien
British Gas Corporation
Caisse Nationale des Autoroutes
Calgary Power Ltd.
Canada Permanent Mortgage Corporation
Canada Trustco Mortgage Company
Canadian National Railway Company
Canadian Pacific Securities Limited
Charbonnages de France
Compagnie Financière Michelin Overseas N.V.
Compagnie Française des Pétroles
Compagnie Nationale du Rhône
Crédit Foncier Franco Canadien
Crédit National
Königreich Dänemark
Dow Chemical Overseas Capital N.V.
DSM (Naamloze Vennootschap DSM)
Du Pont of Canada Limited
The Electricity Council
Enso-Gutzeit Osakeyhtiö
ESTEL NV
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial
Europäische Gemeinschaft für Kohle und Stahl
Europäische Investitionsbank
Europäische Wirtschaftsgemeinschaft
Finnish Export Credit Ltd.
Ford Motor Credit Company
Ford Motor Credit Company of Canada, Limited
Fruehauf International Limited
General Motors Acceptance Corporation of Canada, Limited
AB Götaverken
Greater London Council
Groupement de l'Industrie Sidérurgique
Gulf & Western International N.V.
Hamersley Holdings Limited
Home & Oil Company Limited
Hydro-Québec
IAC Limited
Industrial and Mining Development Bank of Iran
The Industrial Bank of Japan, Limited
Industrialization Fund of Finland Ltd.

International Harvester Credit Corporation
of Canada Limited
ISE Canadian Finance Ltd.
Ishikawajima-Harima Heavy Industries Co., Ltd.
C. Itoh & Co., Ltd.
K mart (Australia) Finance Limited
Kockums Mekaniska Verkstads Aktiebolag
Stadt Kopenhagen
The Long-Term Credit Bank of Japan Limited
Manufacture Française des Pneumatiques Michelin
Massey Ferguson Nederland N.V.
Midland International Financial Services B.V.
Mitsui Engineering & Shipbuilding Co., Ltd.
Mitsui Mining & Smelting Company, Limited
Mo och Domsjö Aktiebolag
Municipal Telephone Company of Funen
Nacional Financiera S.A.
National Coal Board
National Westminster Bank Limited
Neuseeland
Provinz New Brunswick
The New Brunswick Electric Power Commission
Newfoundland Municipal Financing Corporation
The Nippon Fudosan Bank, Limited
Nissho-Iwai Co., Ltd.
Noranda Mines Limited
Norges Kommunalbank
Norpipe a.s
Norsk Hydro a.s
Königreich Norwegen
Provinz Nova Scotia
N.Y.K. International Luxembourg S.A.
Republik Österreich
Offshore Mining Company Limited
OKI Electric Industry Company, Limited
Olivetti International S.A.
Ontario Hydro
Orient Leasing (Caribbean) N.V.
Stadt Oslo
Pakhoed Holding N.V.
PanCanadian Petroleum Limited
Péchiney Ugine Kuhlmann
N.V. Philips' Gloeilampenfabrieken
Pierson, Heldring & Pierson N.V.
Polysar Limited
Ports Autonomes
The Provincial Bank of Canada
Provinz Québec
Red Nacional de los Ferrocarriles Españoles
Rhône-Poulenc S.A.
The Royal Bank of Canada
The Royal Trust Company Mortgage Corporation
RoyMor Ltd.
RoyNat Ltd.
Sandvik Aktiebolag
Provinz Saskatchewan
The Seagram Company Ltd.
Showa Line, Ltd.
Skandinaviska Enskilda Banken
Simpsons-Sears Acceptance Company Limited
Société Financière Européenne
Société Financière Internationale Renault
„SOFINREN" S.A. (Renault Acceptance)
Södra Skogsägarna Aktiebolag
South of Scotland Electricity Board
Republik Südafrika
Sparbankernas Bank AB
Svenska Handelsbanken
Swedish Export Credit Corporation
Sydsvenska Kraftaktiebolaget
Telefonaktiebolaget LM Ericsson
Texasgulf Canada Ltd.
The Toronto-Dominion Bank
Union Carbide Canada Limited
Stadt Vancouver
Vereinigte Mexikanische Staaten

Domestic shares

Adt Aktiengesellschaft
Aktiengesellschaft Kühnle, Kopp & Kausch
Allgäuer Alpenmilch Aktiengesellschaft
Allgemeine Deutsche Credit-Anstalt
Allgemeine Elektricitäts-Gesellschaft AEG-TELEFUNKEN
Allianz Versicherungs-Aktiengesellschaft
Augsburger Kammgarn Spinnerei
Badische Bank
Badische Gas- und Elektrizitätsversorgung
Aktiengesellschaft
Balcke-Dürr Aktiengesellschaft
BASF Aktiengesellschaft

Bayer Aktiengesellschaft
Bayerische Hypotheken- und Wechsel-Bank
Bayerische Motoren Werke Aktiengesellschaft
Bayerische Vereinsbank
Berlinische Feuer-Versicherungs-Anstalt
Beton- und Monierbau Aktien-Gesellschaft
Biewag Investitions-Aktiengesellschaft
Brauerei Cluss
Bremer Vulkan Schiffbau und Maschinenfabrik
Colonia Lebensversicherung Aktiengesellschaft
Concordia-Chemie Aktiengesellschaft
Deutsche Babcock Aktiengesellschaft
Deutsche Dampfschifffahrts-Gesellschaft „Hansa"
Deutsche Hypothekenbank
Die Blauen Quellen Fritz Meyer & Co. Aktiengesellschaft
Dortmunder Union-Schultheiss Brauerei Aktiengesellschaft
Einkaufskontor Stuttgart des südwestdeutschen Nahrungsmittelgrosshandels – Aktiengesellschaft
ERBA Aktiengesellschaft für Textilindustrie
Frankona Rück- und Mitversicherungs-Aktien-Gesellschaft
Gelsenwasser Aktiengesellschaft
Arn. Georg Aktiengesellschaft
Gutehoffnungshütte Aktienverein
Hacker-Pschorr Bräu Aktiengesellschaft
Hannoversche Papierfabriken Alfeld-Gronau vorm. Gebr. Woge
Hapag-Lloyd Aktiengesellschaft
Hartmann & Braun Aktiengesellschaft
Henninger-Bräu Kommanditgesellschaft auf Aktien
Fr. Hesser Maschinenfabrik Aktiengesellschaft
Hussel Holding Aktiengesellschaft
Industrie-Werke Karlsruhe Augsburg Aktiengesellschaft
Klöckner-Humboldt-Deutz Aktiengesellschaft
Kraftwerk Altwürttemberg Aktiengesellschaft
Kraftübertragungswerke Rheinfelden
KWS Kleinwanzlebener Saatzucht Aktiengesellschaft vorm. Rabbethge & Giesecke
Liquidations-Casse in Hamburg Aktiengesellschaft
Lombardkasse Aktiengesellschaft
Löwenbrauerei – Böhmisches Brauhaus Aktiengesellschaft
Magdeburger Rückversicherungs-Actien-Gesellschaft
Mannesmann Aktiengesellschaft
Mannheimer Versicherungsgesellschaft
Mercedes-Automobil-Holding Aktiengesellschaft
MEZ Aktiengesellschaft
Motorenwerke Mannheim Aktiengesellschaft vorm. Benz Abt. stat. Motorenbau
Münchener Rückversicherungs-Gesellschaft
Neckarwerke Elektrizitätsversorgungs-Aktiengesellschaft
Otavi Minen AG
PWA Papierwerke Waldhof-Aschaffenburg Aktiengesellschaft
Schering Aktiengesellschaft
Schubert & Salzer Maschinenfabrik Aktiengesellschaft
Siemens Aktiengesellschaft
SR Beteiligungen Aktiengesellschaft
Stollwerck Aktiengesellschaft
Otto Stumpf Aktiengesellschaft
Stuttgarter Hofbräu Aktiengesellschaft
August Thyssen-Hütte Aktiengesellschaft
Thyssen Industrie Aktiengesellschaft
VARTA Aktiengesellschaft
Vereinsbank in Nürnberg
Westfälische Zellstoff Aktiengesellschaft
Württembergische und Badische Versicherungs-Aktiengesellschaft
Württembergische Hypothekenbank
Württembergische Metallwarenfabrik

Foreign shares

Amsterdam-Rotterdam Bank N.V.
Atlas Copco Aktiebolag
Bank America Corporation
C. T. Bowring & Co. Limited
Compagnie Bruxelles Lambert pour la Finance et l'Industrie S.A.
Compagnie Financière de Suez S.A.
Consolidated Gold Fields Limited
Diamond Shamrock Corporation
Fisons Limited
Fujitsu Limited
Imperial Chemical Industries Limited
Komatsu Ltd.
Lucas Industries Limited
Mitsubishi Chemical Industries Limited
National Westminster Bank Limited

Norton Simon Inc.
Nippon Meat Packers, Inc.
Reed International Limited
Renown Incorporated
The Rio Tinto-Zinc Corporation Limited
Rolinco N.V.
Rotterdamsch Beleggingsconsortium N.V.
Schweizerischer Bankverein
Selection Trust Limited
Steyr-Daimler-Puch Aktiengesellschaft
Taisho Marine and Fire Insurance Company, Limited
TDK Electronics Co., Ltd.
Telefonaktiebolaget LM Ericsson
Thomson-Brandt S.A.
United Technologies Corporation
Aktiebolaget Volvo

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Wilhelm Karmann GmbH, Osnabrück

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Gronau (Westf.)

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Chairman of the Board of Managing Directors,
Gildemeister AG, Bielefeld

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Partner and Managing Director,
Messrs. Hermann Windel, Windelsbleiche

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Germania-Epe Spinnerei AG, Epe (Westf.)

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F. H. Hammersen GmbH, Osnabrück

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Partner in
Messrs. Dyckhoff & Stoeveken, Baumwoll-Spinnerei,
Rheine (Westf.)

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Erdgas-Verkaufs-Gesellschaft mbH,
Münster (Westf.)

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Osnabrück

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

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

Dipl.-Holzwirt Otto Künnemeyer,
Partner and Managing Director,
HORNITEX WERKE Gebr. Künnemeyer, Horn-Bad Meinberg

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Partner in Miele & Cie., Gütersloh

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Industrie KG Hueck & Co., Lippstadt

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Modische Strickerei GmbH/Heinz Rössler & Söhne KG,
Osnabrück

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Messrs. Ostermann & Scheiwe,
Münster (Westf.)

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General Manager,
Rudolf A. Oetker Zentralverwaltung, Bielefeld

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Gesellschaft für Chemisch-Metallurgische
Erzeugnisse mbH, Borken

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Frottierweberei Vossen GmbH, Gütersloh

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of Kurt A. Becher, Bremen

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Deutsche Schiffahrtsbank AG, Bremen

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of Karl Geuther & Co., Bremen

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Aktiengesellschaft, Bremen

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Bremen

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Rundfunk KG, Bremen

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Cologne

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Cologne

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RHENAG Rheinische Energie AG, Cologne

Heinz Heudorf,
Hilchenbach-Dahlbruch Krs. Siegen

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Dynamit Nobel AG, Troisdorf

Helmut Kranefuss,
Dortmund

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Frechen

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Mauser-Werke KG, Brühl

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Glockengasse Nr. 4711 gegenüber der Pferdepost
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Gerd Prawitz,
Partner and Managing Director, Messrs. W. Ernst Haas &
Sohn, Sinn (Dillkreis)

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Deutsche Centralbodenkredit-AG, Cologne

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Kaufhof AG, Cologne

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Bernhard Schadeberg GmbH & Co.,
Kreuztal-Krombach Krs. Siegen

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Stahlwerke Südwestfalen AG, Siegen

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Gerling Group, Cologne

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Dalli-Werke Mäurer & Wirtz, Stolberg (Rhld.)

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Managing Director of Wolf Geräte GmbH, Betzdorf (Sieg)

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Theodor Wuppermann GmbH, Leverkusen

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Bergisch Gladbach and Düren,
Bergisch Gladbach

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Düsseldorf

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Honorary Chairman of the Supervisory Board,
Gerresheimer Glas AG, Düsseldorf

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Dipl.-Kfm. Wilhelm Fehler,
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Hein, Lehmann AG, Düsseldorf

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Partner in
Messrs. G. Beckers & Le Hanne, Krefeld-Hüls

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Rank Xerox GmbH, Düsseldorf

Konsul Rudolf Grolman,
Proprietor of Gustav Grolman, Düsseldorf

Bernd Hebbering,
Member of the Board of Managing Directors,
Horten AG, Düsseldorf

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Partner and Managing Director of Kleinewefers GmbH,
Krefeld

Dipl.-Kfm. Otto Klötzer,
Chairman of the Management,
Gustav Hoffmann GmbH, Kleve (Rhld.)

Dr. Heinz Mittag,
Chairman of the Supervisory Board, Dr. Carl Hahn, GmbH,
Düsseldorf

Caspar Monforts von Hobe,
Partner in A. Monforts Maschinenfabrik, Mönchengladbach

Edgar Pfersdorf,
Chairman of the Board of Managing Directors,
Langbein-Pfanhauser Werke AG, Neuss

Dr. Lothar Pohl,
Member of the Supervisory Board,
Vereinigte Seidenwebereien AG, Krefeld

Werner P. Roell,
Chairman of the Supervisory Board,
Jagenberg-Werke AG, Düsseldorf

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Partner and Managing Director,
Maschinenfabrik Sack GmbH, Düsseldorf

Hellmuth Scheibler-Meurer,
Partner and Managing Director,
Scheibler Peltzer & Co., Krefeld

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Partner and Managing Director of Muskator-Werke
Hermann Schmidt GmbH & Co. KG, Düsseldorf

Professor Dr.-Ing. Günther Schwietzke,
Partner in J. G. Schwietzke Metallwerke, Düsseldorf

Dieter Siempelkamp,
Partner and Managing Director of
G. Siempelkamp GmbH & Co., Maschinenfabrik, Krefeld

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Chairman of the Supervisory Board,
GfE Gesellschaft für Elektrometallurgie mbH, Düsseldorf

Dr. Friedrich Stockhausen,
Partner and Managing Director,
Chemische Fabrik Stockhausen & Cie., Krefeld

Dipl.-Ing. Hermann Storm,
Partner in Messrs. Schmolz + Bickenbach, Düsseldorf

Jürgen R. Thumann,
Managing Director,
Messrs. Hille & Müller, Düsseldorf

Emil Underberg,
Partner and Managing Director,
Underberg oHG, Rheinberg (Rhld.)

Dipl.-Ing. Albrecht Woeste,
Partner in R. Woeste & Co., Düsseldorf

Dipl.-Ing. Eduard Robert Zapp,
Partner in Robert Zapp, Düsseldorf

Advisory Council of Essen

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Chairman of the Advisory Council, Salvia-Werk, Gesellschaft zur Herstellung chemischer und pharmazeutischer Erzeugnisse mbH, Homburg (Saar), Baden-Baden

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Partner in Messrs. Henkel & Grosse, Pforzheim

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Schloss Guttenberg (Oberfranken)

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Lawyer, Mannheim

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Geyer Schaltanlagen KG, Geyer KG, Nuremberg

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Berlinische Feuer-Versicherungs-Anstalt,
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Stuttgart

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BIZERBA-Werke Wilhelm Kraut KG, Balingen (Württemberg)

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Schloss Wolfegg

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

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Managing Director, Bausparkasse Gemeinschaft der Freunde Wüstenrot, gemeinnützige GmbH, Ludwigsburg

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Schwelmer Eisenwerk Müller & Co. GmbH, Schwelm

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Peter Frowein,
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Kurt Henkels,
Co-proprietor of Messrs. Stocko Metallwarenfabriken Henkels und Sohn GmbH & Co., Wuppertal

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Metallwalz- und Presswerk, Lüdenscheid

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Solinger Papierfabrik (GmbH & Co.), Solingen

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

Dipl.-Wirtsch.-Ing. Diether Klingelnberg,
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W. Ferd. Klingelnberg Söhne, Remscheid

Dipl.-Ing. Kurt Krawinkel,
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Leop. Krawinkel, Bergneustadt

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

Dr.-Ing. Erich Mittelsten Scheid,
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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. Franz J. Rankl,
Chairman of the Management Board,
Dr. Kurt Herberts & Co. GmbH
formerly Otto Louis Herberts, Wuppertal

Dr. Walter Salzer,
Wuppertal

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BARMAG Barmer Maschinenfabrik AG, Remscheid

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

Hans Martin Wälzholz-Junius,
Co-proprietor of Messrs. C. D. Wälzholz, Hohenlimburg

Dr. Hans Günther Zempelin,
Chairman of the Board of Managing Directors,
Enka Glanzstoff Group, Wuppertal

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

Konrad Freiherr v. Kottwitz,
Hamburg

Conrad Schaefer,
Partner and Managing Director of Messrs G. L. Peine, Hildesheim

Joachim v. Schinckel,
Hamburg

Herbert Waldthausen,
Chairman of the Advisory Board, Lohmann & Co. GmbH, Bremen

We shall always remember them with respect and gratitude.

Domestic branches:

Aachen
with 5 sub-branches
Aalen (Württ)
with 1 sub-branch
Achim (Bz Bremen)
Ahaus
Ahlen (Westf)
Ahrensburg (Holst)
Albstadt
with 1 sub-branch
Alfeld (Leine)
Alsdorf (Rheinl)
Alsfeld (Oberhess)
Altena (Westf)
Altenkirchen (Westerw)
Alzey
Amberg
Andernach
Ansbach
Arnsberg
with 1 sub-branch
Aschaffenburg
Asperg
Attendorn
Augsburg
with 8 sub-branches
Aurich
Backnang
Bad Berleburg
Bad Driburg (Westf)
Bad Dürkheim
Baden-Baden
Bad Harzburg
Bad Hersfeld
Bad Homburg v d Höhe
Bad Honnef
Bad Iburg
Bad Kreuznach
Bad Lauterberg
Bad Lippspringe
Bad Münstereifel
Bad Neuenahr
Bad Oeynhausen
Bad Oldesloe
Bad Pyrmont
Bad Sachsa (Südharz)
Bad Salzuflen
with 1 sub-branch
Bad Segeberg
Bad Tölz
Bad Wildungen
Bad Wörishofen
Bad Zwischenahn
Balingen
Bamberg
Barsinghausen
Baunatal
Bayreuth
Beckum (Bz Münster)
Bendorf (Rhein)
Bensberg
now: Bergisch Gladbach
Bensheim
Bergen-Enkheim
now: Frankfurt
Bergheim (Erft)
Bergisch Gladbach
with 1 sub-branch
Bergneustadt
Bernkastel-Kues
Betzdorf (Sieg)
Beverungen
Biberach (Riss)
Biedenkopf
Bielefeld
with 7 sub-branches
Bietigheim (Württ)
Bingen (Rhein)
Blomberg (Lippe)
Bocholt
Bochum
with 5 sub-branches
Bochum-Wattenscheid
with 1 sub-branch
Bockum-Hövel
Böblingen (Württ)
Bonn
with 6 sub-branches
Bonn-Bad Godesberg
Boppard
Borken
Bottrop
Bramsche (Bz Osnabrück)
Braunschweig
with 12 sub-branches
Bremen
with 14 sub-branches
Bremen-Vegesack
Bremerhaven
with 3 sub-branches
and 1 paying office
Bretten (Baden)
Brilon
Bruchsal
Brühl (Bz Cologne)
Brunsbüttel
Buchholz i d Nordheide
Bühl (Baden)
Bünde
Burgdorf (Han)
Burscheid (Rheinl)
Buxtehude

Castrop-Rauxel
with 1 sub-branch
Celle
Clausthal-Zellerfeld
Cloppenburg
Coburg
Coesfeld
Cologne
with 25 sub-branches
Crailsheim
Cuxhaven

Dachau
Darmstadt
with 5 sub-branches
Datteln (Westf)
Deggendorf
Deidesheim
Delmenhorst
Detmold
Dietzenbach
Dillenburg
Dinslaken (Niederrhein)
with 1 sub-branch
Dormagen (Niederrhein)
Dorsten
Dortmund
with 14 sub-branches
Dreieich
Dülmen
Düren (Rheinl)
with 1 sub-branch
Düsseldorf
with 31 sub-branches
Düsseldorf-Benrath
with 1 sub-branch
Duisburg
with 19 sub-branches
Duisburg-Hamborn
with 3 sub-branches
Duisburg-Rheinhausen
Duisburg-Ruhrort

Einbeck
Eiserfeld (Sieg)
Eislingen
Eitorf
Ellwangen (Jagst)
Elmshorn
Elten
Eltville
Emden
Emmendingen
Emmerich
Emsdetten
Engelskirchen
Ennepetal (Westf)-Milspe
with 1 sub-branch
Erkelenz
Erkrath (Bz Düsseldorf)
Erlangen
Eschborn
Eschwege
Eschweiler
Espelkamp
Essen
with 24 sub-branches
Esslingen (Neckar)
Ettlingen (Baden)
Euskirchen
Eutin

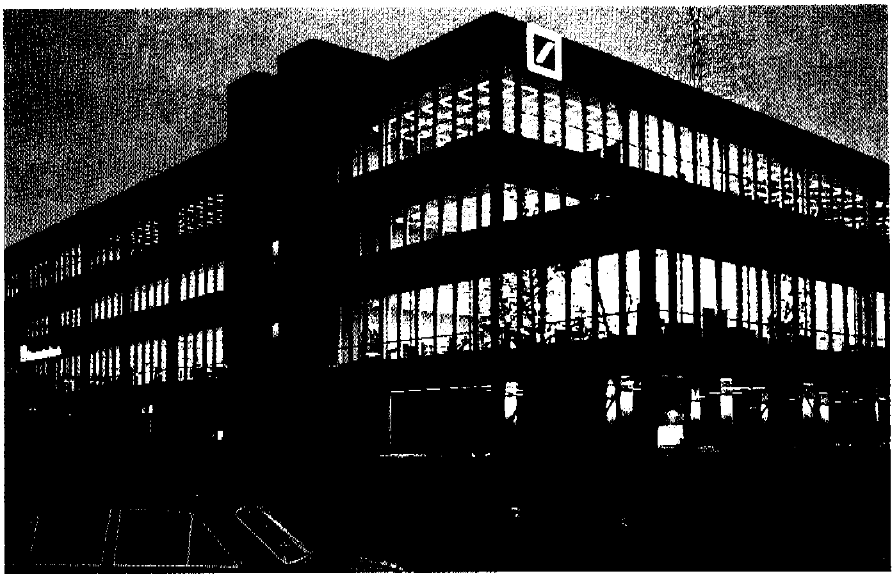
Fellbach (Württ)
Flensburg
with 3 sub-branches
Forchheim
Frankenthal (Pfalz)
Frankfurt (Main)
with 22 sub-branches
and 1 paying office
Frankfurt (Main)-Höchst
Frechen

Hamburg: restored outside, redesigned inside

It took two years to convert our bank's almost 100-year-old building in Hamburg. The object was not only to convert the complex, consisting of four different buildings dating from different periods with a volume of nearly 100,000 cu. metres, but also to create a single, cohesive unit, which at the same time was to be both comfortable and technically up-to-date. The facade (picture top left) which was designed in 1884 by Martin Haller, a well-known Hamburg "masterbuilder", was restored and the inside of the building was completely redesigned.

Now, about 170 members of Deutsche Bank's staff work in the spacious banking hall, with an area of over 2,400 sq. metres (cf. centre and bottom pictures), which is divided into a securities section and a cash section. Marble-faced stairways and dark hardwood counters create a refined atmosphere. The securities section is linked directly with the computer of the Hamburg stock exchange, so that prices can be followed on a screen and an electronically controlled quotation board. In the cash section 11 cashiers' booths are linked by a tele-cheque system with the account clerks on the third floor. From the banking hall there is direct access to the new strongroom with 3,500 safe-deposit boxes which are watertight and floodproof. At the opening of the building at the end of September, Dr. Hans Leibkutsch, Member of the Board of Managing Directors (picture top right), emphasised: "True to the spirit of this city, our guiding principle will always be to preserve proven traditions and to be progressive as we go into the future."

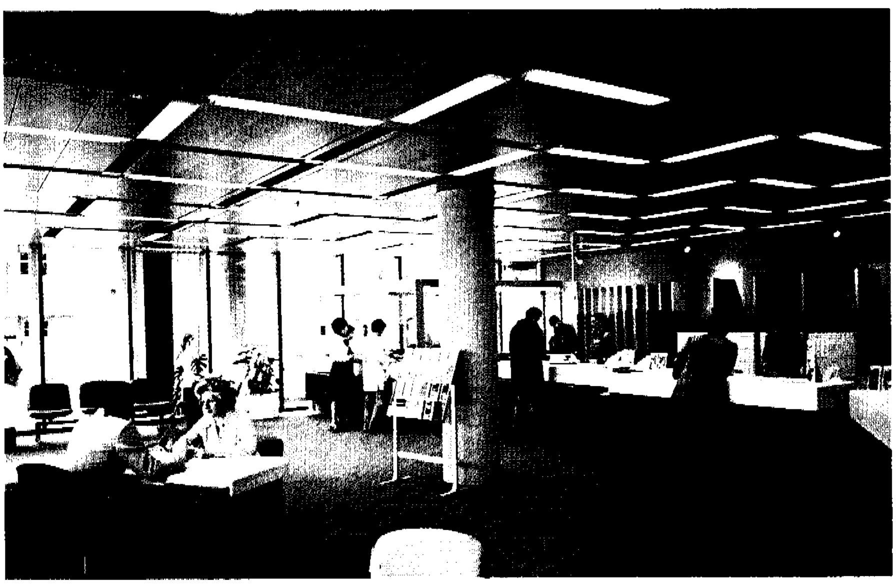
Freiburg (Breisgau)
with 7 sub-branches
Freising
Freudenberg (Kr Siegen)
Friedberg (Hess)
Friedrichsfeld
now: Voerde
Friedrichshafen
Fürstenfeldbruck
Fürth (Bay)
with 1 sub-branch
Fulda
with 1 sub-branch
Gaggenau (Murgtal)
Garmisch-Partenkirchen
Geesthacht
Geislingen (Steige)
with 1 sub-branch
Geldern
Gelsenkirchen
with 5 sub-branches
Gengenbach
Georgsmarienhütte
with 1 sub-branch
Gerlingen (Württ)
Germering
Gernsbach (Murgtal)
Gersthofen
Geseke (Westf)
Gevelsberg
Giengen (Brenz)
Giessen
now: Lahn
Gifhorn
with 1 sub-branch
Ginsheim-Gustavsburg
Gladbeck (Westf)
with 1 sub-branch
Goch
Göppingen
Göttingen
with 1 sub-branch
Goslar
with 1 sub-branch
Grefrath
Grenzach-Wyhlen
Greven (Westf)
Grevenbroich
Griesheim ü/Darmstadt
Gronau (Leine)
Gronau (Westf)
Gross-Gerau
Gütersloh
with 1 sub-branch
Gummersbach
with 1 sub-branch
Haan (Rheinl)
Hagen (Westf)
with 8 sub-branches
Haiger
Halle (Westf)
Hamburg
with 45 sub-branches
Hamburg-Altona
Hamburg-Bergedorf
Hamburg-Harburg
Hameln
Hamm (Westf)
with 2 sub-branches
Hanau
Hanover
with 18 sub-branches
Han. Münden
Harsewinkel ü/Gütersloh
Haslach (Kinzigtal)
Hattingen (Ruhr)
Hausen ü/Offenbach
Heidelberg
with 5 sub-branches
Heidenheim (Brenz)
Heilbronn (Neckar)
with 1 sub-branch
Heiligenhaus (Düsseldorf)
Helmstedt
Hemer
Hennef (Sieg)
Heppenheim
Herborn (Dillkr)
Herdecke (Ruhr)
Herford
Herne
with 4 sub-branches
Herten (Westf)
Herzberg (Harz)
Herzogenrath
with 1 sub-branch
Heusenstamm
Hilden
with 1 sub-branch
Hildesheim
with 3 sub-branches
Hockenheim (Baden)
Höhr-Grenzhausen
Höxter
Hohenlockstedt
Holzminden
Horn – Bad Meinberg
Hückelhoven
Hückeswagen
Hürth (Bz Cologne)
Husum (Nordsee)
Ibbenbüren
Idar-Oberstein
with 1 sub-branch
Ingelheim (Rhein)
Ingolstadt (Donau)
with 2 sub-branches
Iserlohn
with 1 sub-branch
Itzehoe
Jever
Jülich
Kaarst
Kaiserslautern
with 1 sub-branch
Kamp-Lintfort
Karlsruhe
with 6 sub-branches
Kassel
with 5 sub-branches
Kehl
Kempen (Niederrhein)
Kempten (Allgäu)
with 1 sub-branch
Kettwig
now: Essen
Kevelaer
Kiel
with 7 sub-branches
Kierspe (Westf)
Kirchheim unter Teck
Kirchhellen
Kleve (Niederrhein)
with 1 sub-branch
Koblenz
with 1 sub-branch
Königsbrunn
Königstein (Taunus)
Konstanz
with 1 sub-branch
Konz ü/Trier
Korbach
Kornwestheim (Württ)
Korschenbroich
Krefeld
with 7 sub-branches
Krefeld-Uerdingen
Kreuzau
Kreuztal (Kr Siegen)
Kronberg (Taunus)
Kulmbach
Laasphe
Laatzen
Lage (Lippe)
Lahn-Giessen
Lahn-Wetzlar
Lahnstein
Lahr (Schwarzw)
Landau (Pfalz)
Landsberg (Lech)
Landshut
Landstuhl
Langen (Hess)
Langenfeld (Rheinl)
Langenhagen (Han)
with 1 sub-branch
Lauenburg
Lauterbach (Hess)
Leer (Ostfriesl)
Leichlingen (Rheinl)
Leimen
Leinfelden
Lemgo
Lengerich (Westf)
Lennestadt
Leonberg (Württ)
Leutkirch
Leverkusen
with 2 sub-branches
Leverkusen-Opladen
Limburg
Limburgerhof
Lindau (Bodensee)
Lingen



Our new administrative building in Munich

On July 6, 1976, after two and a half years of construction, the new administrative building in Ungererstrasse in Munich was inaugurated. The expansion of business in the Bavarian branch area had made it necessary to build this "technical centre", which is situated near the underground station "Alte Heide". When Deutsche Bank was planning its new main branch on Promenadeplatz in 1957/59, it had 12 offices with about 760 members of staff in the greater Munich area. By the end of 1976 the number of offices had risen to 57 with over 1,600 employees. In the entire Bavarian region there are now 123 branches and sub-branches.

The capacity of the building on Promenadeplatz – which could not be extended because of city regulations (preservation of the rococo facade, only 5 storeys high) – had long been inadequate. For this reason technically sophisticated, purpose-built premises with accessible roof terraces (cf. top picture) were constructed on a 6,500 sq. metre site. Situated within easy reach at the edge of the city, the building should, as a services enterprise beneficial to the environment, at the same time improve the infrastructure of the area. Office space comprises 7,600 sq. metres. 4 storeys accommodate at present about 500 members of staff, from departments which do not deal with the public, in fully air-conditioned functionally designed rooms; there are 2 more floors underground which house technical installations and strongrooms. On the ground floor there is also a sub-branch (cf. centre picture showing the banking hall). The two photos below show the EDP room on the first floor and an open-plan office.



Lippstadt
Löhne (Westf)
Lörrach
with 1 sub-branch
Lohne (Oldb)
Ludwigsburg (Württ)
with 1 sub-branch
Ludwigshafen (Rhein)
with 6 sub-branches
Lübeck
with 6 sub-branches
Lüdenscheid
Lüneburg
with 1 sub-branch
Lünen
with 1 sub-branch
Maikammer
Mainz
with 5 sub-branches
Mannheim
with 18 sub-branches
Marbach
Marburg (Lahn)
Marl (Kr Recklinghausen)
Mayen
Meckenheim (Rheinl)
Meerbusch
with 1 sub-branch
Meinerzhagen (Westf)
Melle
Memmingen
Menden (Sauerl)
Meppen
Mettmann
Metzingen (Württ)
Minden (Westf)
Mönchengladbach
with 8 sub-branches
Mönchengladbach-Rheydt
Moers
with 2 sub-branches
Monheim (Rheinl)
Mosbach (Baden)
Mühlacker (Württ)
Mühldorf (Inn)
Mühlheim (Main)
Mülheim (Ruhr)
with 1 sub-branch
Müllheim (Baden)

Münster (Westf)
with 9 sub-branches
Munich
with 47 sub-branches
Munster
Nagold
Neckarsulm
Nettetal
with 1 sub-branch
Neuburg (Donau)
Neuenrade
Neu Isenburg
Neumünster
Neunkirchen(Kr Siegen)
Neuss
with 4 sub-branches
Neustadt (b Coburg)
Neustadt (Weinstr)
Neu-Ulm
Neuwied
with 1 sub-branch
Nieder-Roden
now: Rodgau
Nienburg (Weser)
Nördlingen
Norden
Norderney
Norderstedt
Nordhorn
Nürtingen
Nuremberg
with 13 sub-branches
Oberhausen (Rheinl)
with 9 sub-branches
Oberkirch (Baden)
Oberursel (Taunus)
Öhringen
Oelde
Oerlinghausen
Offenbach (Main)
with 3 sub-branches
Offenburg (Baden)
Oldenburg (Oldbg)
with 1 sub-branch
Olpe (Westf)
Opladen
now: Leverkusen
Osnabrück
with 5 sub-branches

Osterholz-Scharmbeck
Osterode (Harz)
Ottobrunn
Paderborn
Papenburg
Peine
Pforzheim
with 3 sub-branches
Pfullingen (Württ)
Pinneberg
Pirmasens
with 1 sub-branch
Planegg
Plettenberg
Plochingen
Quakenbrück
Radolfzell
Rastatt
Ratingen
with 3 sub-branches
Raunheim
Ravensburg
with 1 sub-branch
Recklinghausen
Regensburg
with 4 sub-branches
Reinbek (Bz Hamburg)
Remagen
Remscheid
with 5 sub-branches
Rendsburg
Reutlingen
with 1 sub-branch
Rheda-Wiedenbrück
Rheinbach
Rheinberg (Rheinl)
Rheine (Westf)
with 2 sub-branches
Rheinfelden (Baden)
Rheinhausen
now: Duisburg
Rheydt
now: Mönchengladbach
Rinteln (Weser)
Rodgau
Rosenheim (Bay)
Rottenburg
Rottweil

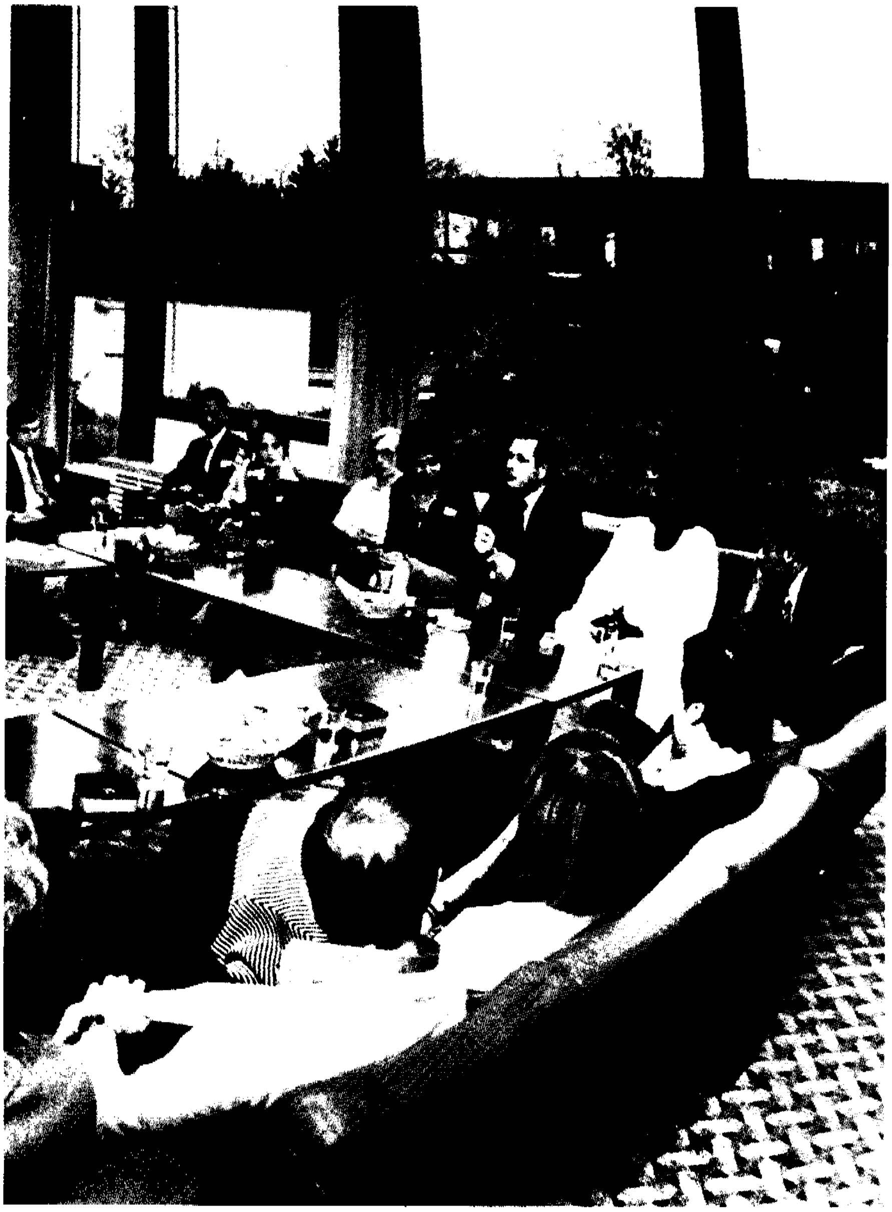
Rüsselsheim (Hess)
with 1 sub-branch
Säckingen
Salzgitter-Bad
with 2 sub-branches
Salzgitter-Lebenstedt
with 1 sub-branch
Salzgitter-Watenstedt
St. Georgen (Schwarzw)
Schmallenberg (Sauerl)
Schopfheim
Schorndorf (Württ)
Schüttorf
Schwäbisch Gmünd
with 1 sub-branch
Schwäbisch Hall
Schweinfurt
Schwelm
Schwenningen (Neckar)
now: VS-Schwenningen
Schwerte (Ruhr)
Schwetzingen
Seesen
Siegburg
Siegen
with 3 sub-branches
Siegertsbrunn
Sindelfingen
Singen (Hohentwiel)
Soest
Solingen
with 4 sub-branches
Soltau
Sonthofen
Spaichingen
Spenge
Speyer
Sprendlingen (Hess)
now: Dreieich
Sprockhövel (Westf)
Stade
Stadtlohn
Starnberg
Steinfurt
with 1 sub-branch
Stolberg (Rheinl)
Straubing
Stuttgart
with 14 sub-branches

Stuttgart-Bad Cannstatt
Sundern (Sauerl)
Titisee-Neustadt
Tönisvorst
Traben-Trarbach
Triberg (Schwarzw)
Trier
with 1 sub-branch
Troisdorf
Tübingen
with 1 sub-branch
Tuttlingen
Übach-Palenberg
Überlingen (Bodensee)
Uelzen
Ulm (Donau)
with 1 sub-branch
Unna
Vechta
Velbert (Rheinl)
with 1 sub-branch
Verden (Aller)
Verl

Viernheim (Hess)
Viersen
with 3 sub-branches
Villingen (Schwarzw)
now: VS-Villingen
Voerde
Vohburg
Vreden (Westf)
Wahlstedt
Waiblingen
Waldbröl
Waldkirch (Breisgau)
Waldshut
Waltrop
Wangen (Allgäu)
Warendorf
Wattenscheid
now: Bochum
Wedel (Holst)
Weener (Ems)
Wegberg
Wehr (Baden)
Weiden (Opf)

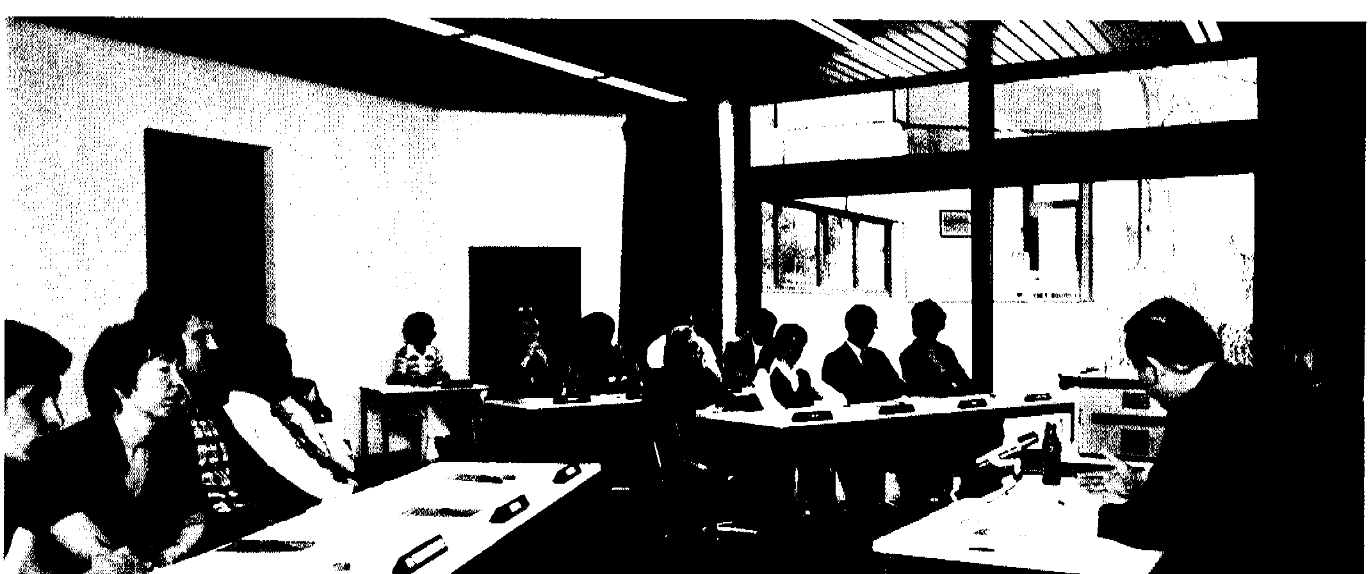
Weil (Rhein)
Weilheim
Weingarten (Württ)
Weinheim (Bergstr)
with 1 sub-branch
Weissenthurm
Werdohl
Werl (Westf)
Wermelskirchen
Werne
Wesel (Niederrhein)
with 1 sub-branch
Wesseling (Bz Cologne)
Westerland
Wetzlar
now: Lahn
Wiesbaden
with 6 sub-branches
Wiesloch
Wilhelmshaven
with 1 sub-branch
Willich (Bz Düsseldorf)
with 1 sub-branch

Wipperfürth
Wissen (Sieg)
Witten
with 2 sub-branches
Wittlich
Wörth am Rhein
Wolfenbüttel
Wolfsburg
with 4 sub-branches
Worms
Wülfrath
Würselen (Kr Aachen)
Würzburg
with 3 sub-branches
Wuppertal-Elberfeld
with 18 sub-branches
and 1 paying office
Wyler (Kr Kleve)
Xanten
Zell (Mosel)
Zirndorf
Zweibrücken



International seminars in Kronberg

Since our training centre was set up in Kronberg 500 seminars have been held for almost 10,000 members of staff. At international seminars we have also looked after staff from foreign banks with which we work. The pictures show scenes from a seminar for foreign staff on an exchange visit. It took place in May 1976. 16 qualified bank employees from 11 countries – from Egypt through Japan to the Republic of Sudan – had the opportunity of spending five days learning about the German banking system through lectures and discussions (bottom picture). Social evenings (picture top left with Hans-Otto Thierbach, Member of the Board of Managing Directors) and a trip on the Rhine to St. Goarshausen (picture right) provided the guests with welcome variety.



Holdings in German banks

Berliner Disconto Bank Aktiengesellschaft, Berlin · 71 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

Foreign branches

Japan:	Tokyo
United Kingdom:	London

Branches of Deutsche Ueberseeische Bank

Argentina:	Buenos Aires and Rosario (Banco Alemán Transatlántico)
Brazil:	São Paulo (Banco Alemão Transatlântico)
Paraguay:	Asunción (Banco Alemán Transatlántico)

Compagnie Financière de la Deutsche Bank AG, Luxembourg

DB Finance (Hong Kong) Ltd., Hong Kong

Deutsche Bank (U.K.) Finance Ltd., London

Representative offices abroad

Africa:	Cairo	Dr. Gerhard Behrens
	Johannesburg	European Banks International
America:	Bogotá	Alberto Veciana
	Caracas	Konrad Zimmermann
	Mexico	Manfred Hamburger
	Rio de Janeiro	Rüdiger Zaddach
	Santiago de Chile	Winfried Kreklau
	Toronto	Klaus Bartels
Asia:	Beirut	Siegfried Brunnenmiller
	Hong Kong	Paul von Benckendorff
	Tehran	Friedrich Otto Wolfensteller
Australia:	Sydney	Joachim Hans Lawonn
Europe:	Istanbul	Wolfgang Hahn
	Madrid	Dr. Thomas Feske
	Moscow	Matthias Hofmann-Werther
	Paris	Hermann Josef Schmidt

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, Manila, 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 Arab Bank Ltd., London European Banking Company Ltd., London
USA:	European-American Banking Corporation, New York, Los Angeles and San Francisco European-American Bank & Trust Company, New York

Other participations

Brazil:	Banco Bradesco de Investimento S.A., São Paulo
Spain:	Banco Comercial Transatlántico, Barcelona
United Kingdom:	Al-Bank Al-Saudi Al-Alami Ltd. (Saudi International Bank), London European Brazilian Bank Ltd., London International Mexican Bank Ltd., London Iran Overseas Investment Bank Ltd., London
USA:	UBS-DB Corporation, New York (together with the Union Bank of Switzerland)

Further participations in banks in

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

* 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 de Banque S.A., Brussels · Société Générale, Paris