



**Deutsche Bank**  
Aktiengesellschaft

## Report for the Year 1978

On February 14, 1979,

## Dr. Hans Leibkutsch

passed away at the age of 54 years.

He served our bank for almost two decades, devoting all his strength and abilities to its development. With his great breadth of knowledge, his untiring energy and outstanding personality, his endeavours were crowned with lasting success and our bank is greatly indebted to him. His wise counsel, founded on rich experience, was highly valued by numerous companies and friends at home and abroad as well as by public authorities. The German export industry, in particular, benefited greatly from his advice and assistance.

With the passing away of this exceptional man, we have suffered an immeasurable loss. We shall always treasure his memory.

On September 16, 1978,

## Fritz Gröning

passed away at the age of 76 years. He had served our bank since 1922, had been a member of the Board of Managing Directors from 1953 to 1968 and subsequently a member of the Supervisory Board until 1971.

During his almost 50 years' activity, Fritz Gröning played a major role in promoting our bank's business in the Düsseldorf area. With his excellent knowledge of capital market affairs and the syndicate business, his services were of great value to the bank, particularly in the reconstruction years. Thanks to his expertise, judgement and human qualities, he was highly esteemed everywhere.

We shall always cherish his memory.

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# Deutsche Bank at a glance

		1978	1977
Business volume . . . . .	DM	92.3 bn.	DM 78.7 bn.
Balance sheet total . . . . .	DM	92.1 bn.	DM 78.6 bn.
Funds from outside sources . . . . .	DM	85.1 bn.	DM 72.4 bn.
Total credit extended . . . . .	DM	52.8 bn.	DM 45.3 bn.
Own funds . . . . .	DM	3,890.5 m.	DM 3,450.0 m.
Earnings on business volume . . . . .	DM	2,087.1 m.	DM 1,943.7 m.
Earnings on services . . . . .	DM	654.6 m.	DM 590.8 m.
Staff and other operating expenses . . . . .	DM	2,107.2 m.	DM 1,920.9 m.
Taxes . . . . .	DM	422.7 m.	DM 332.6 m.
Net income for the year . . . . .	DM	307.2 m.	DM 282.8 m.
Allocations to disclosed reserves . . . . .	DM	120.0 m.	DM 110.0 m.
Total dividend payment . . . . .	DM	187.2 m.	DM 172.8 m.
Dividend per share of DM 50 par value . . . . .	DM	9.–	DM 9.–
Shareholders . . . . .		212,000	205,300
Staff . . . . .		37,729	36,034
Customers (excl. banks) . . . . .		5,100,000	5,000,000
Offices . . . . .		1,142	1,127

## Group

Business volume . . . . .	DM	146.4 bn.	DM 124.5 bn.
Balance sheet total . . . . .	DM	146.1 bn.	DM 124.2 bn.
Funds from outside sources . . . . .	DM	136.4 bn.	DM 115.7 bn.
Total credit extended . . . . .	DM	100.2 bn.	DM 83.7 bn.
Own funds . . . . .	DM	4,573.0 m.	DM 4,003.0 m.
Staff . . . . .		42,494	40,614
Offices . . . . .		1,342	1,279

for the

## Ordinary General Meeting

to be held on Wednesday, May 16, 1979, 10 a.m., in the Jahrhunderthalle  
Hoechst, Pfaffenwiese, Frankfurt 80.

**1.**

Presentation of the established Statement of Accounts and the Reports of  
the Board of Managing Directors and the Supervisory Board for the 1978 fi-  
nancial year

Presentation of the Consolidated Statement of Accounts and the Report of  
the Group for the 1978 financial year

**2.**

Resolution on the appropriation of profits

**3.**

Ratification of the acts of management of the Board of Managing Directors  
for the 1978 financial year

**4.**

Ratification of the acts of management of the Supervisory Board for the 1978  
financial year

**5.**

Election of the auditor for the 1979 financial year

**6.**

Authorized share capital

Hermann J. Abs, Frankfurt (Main)

## Supervisory Board

Franz Heinrich Ulrich, Düsseldorf, *Chairman*

Hans L. Merkle, Stuttgart,  
*Deputy Chairman* up to May 18, 1978  
Chairman of the Management  
of Robert Bosch GmbH

Heinz Osterwind, Frankfurt (Main) (up to May 18, 1978),  
*Deputy Chairman*

Konrad Reeb, Munich\*,  
*Deputy Chairman* from May 18, 1978  
Deutsche Bank AG

Jutta Binner, Berlin\* (up to May 18, 1978)  
Deutsche Bank Berlin AG

Hermann Brandt, Hamburg\* (from May 18, 1978)  
Chairman of Deutsche Angestellten-Gewerkschaft

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

Dr. Helmut Fabricius, Weinheim (Bergstraße)  
(up to May 18, 1978)  
Chairman of the Partners' Committee  
of Freudenberg & Co.

Dr. Hans Feith, Frankfurt (Main)

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

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

Erich Kehder, Pforzheim\* (from May 18, 1978)  
Deutsche Bank AG

Dr. Heinz P. Kemper, Düsseldorf (up to May 18, 1978)  
Honorary President of VEBA AG

Dr. Karl Klasen, Hamburg (from May 18, 1978)  
President of the Bundesbank (retired)

Axel Kohl, Frankfurt (Main)\* (from May 18, 1978)  
Deutsche Bank AG

Karl Messing, Düsseldorf\* (from May 18, 1978)  
Deutsche Bank AG

Dipl.-Ing. Dr.-Ing. E. h. Helmut Meysenburg, Essen  
(up to May 18, 1978)

Josef Pfaff, Cologne\*  
Deutsche Bank AG

Dr. h. c. Herbert Quandt, Bad Homburg v d Höhe  
(up to May 18, 1978)  
Chairman of the Board of Managing Directors  
of ALTANA AG

Irene Rodermund, Salzgitter\* (from May 18, 1978)  
Deutsche Bank AG

Marion Schardt, Essen\*  
Deutsche Bank AG

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

Gisela Töffling, Hamburg\* (up to May 18, 1978)  
Deutsche Bank AG

Heinz Vietheer, Düsseldorf\* (from May 18, 1978)  
First Chairman of Gewerkschaft  
Handel, Banken und Versicherungen

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne\*  
Deutsche Bank AG

Hannelore Winter, Düsseldorf  
Housewife

Gerhard Zietsch, Mannheim\* (up to May 18, 1978)  
Deutsche Bank AG

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\* *elected by the staff*

## Advisory Board

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

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

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 Elektrizitäts-Gesellschaft AEG-TELEFUNKEN

Roger Fauroux, Neuilly-sur-Seine  
President and Managing Director, Saint-Gobain Industries

Professor Dr. Dipl.-Chem. Herbert Grünewald,  
Leverkusen  
Chairman of the Board of Managing Directors  
of BAYER AG

Dr.-Ing. Dr. rer. nat. h. c. Konrad Henkel, Düsseldorf  
Partner and Chairman of the Management  
of Henkel KGaA

Eberhard von Heusinger, Bad Homburg v d Höhe  
(from May 18, 1978)  
Member of the Board of Managing Directors  
of VARTA AG

Dr.-Ing. Günther Klätte, Essen  
Member of the Board of Managing Directors  
of Rheinisch-Westfälisches Elektrizitätswerk AG

Hans Jakob Kruse, Hamburg (from May 18, 1978)  
Spokesman of the Board of Managing Directors  
of Hapag-Lloyd AG

Reinhard Mohn, Gütersloh  
Chairman of the Board of Managing Directors  
of Bertelsmann AG

Dr. Heribald Närgel, 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)  
Chairman of the Board of Managing Directors  
of BASF AG

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

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



Horst Burgard

F. Wilhelm Christians

Robert Ehret

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Andreas Kleffel

Hans Leibkutsch († February 14, 1979)

Klaus Mertin

Hans-Otto Thierbach

Hilmar Kopper, Deputy

Herbert Zapp, Deputy

## **Assistant General Managers**

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

Chief Economist  
Dr. Franz-Josef Trouvain

## **Managers of the Central Office**

Georg Behrendt  
Dr. Helmut Bendig  
Helmut von der Bey  
Erich Bindert  
Michael von Brentano  
Dr. Rolf-Ernst Breuer  
Ulrich Cutik  
Robert Dörner  
Helmut Eckermann  
Hans-Joachim Funck  
Dr. Klaus Gaertner  
Dr. Peter Grasnick  
Rudolf Habicht  
Dr. Ulrich Hoppe  
Gerhard Koenig  
Paul Körtgen  
Ernst Georg Kummer  
Richard Lehmann  
Klaus Leukert  
Dr. Walter Lippens  
Dr. Theo Loevenich  
Hermann Marx  
Dr. Hans Otto Mehl  
Günter Meissner  
Karl Miesel  
Dr. Niels Minners  
Dr. Martin Murtfeld  
Axel Osenberg  
Karlheinz Pfeffer  
Werner Römer  
Hans Rosentalski  
Wilhelm Schlaus,  
Syndic  
Dr. Hans Walter Schlöter  
Dr. Ernst Schneider,  
Syndic  
Dr. Karl Schneiders  
Dr. Werner Schwillig  
Günter Sonnenburg  
Dr. Ernst Taubner  
Christian Vontz  
Walther Weber  
Dr. Olaf Wegner  
Johann Wieland  
Claus Wreth

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

**Bielefeld**  
Ernst Cremer  
Dr. Lothar Gruss  
Ulrich Stucke  
Lothar Zelz

**Bremen**  
Dr. Roland Bellstedt  
Peter Hartmann

**Cologne**  
Dr. Walter Barkhausen  
Dr. Karl-Heinz Böhringer  
Wilhelm Clemens  
Karl-Heinz Fink  
Dr. Wolfgang-Dieter Lange  
Günter M. Schwärzell  
Friedhelm Wolff

**Düsseldorf**  
Günter Geller  
Wolfgang Möller  
Hans Müller-Grundschock  
Günter Sengpiel  
Dr. Rüdiger Weber

**Essen**  
Dr. Herbert F. Jacobs  
Dr. Theodor E. Pietzcker  
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 Friessecke  
Heinrich Garbe  
Günther Hoops  
Johann Pfeiffer

**Hanover**  
Wolfgang Büsselberg  
Dr. Heyko Linnemann  
Werner Rissmann  
Dr. Dieter Wefers

**Mainz**  
Dr. Jan Hiemisch  
Dr. Hans Pütz

**Mannheim**  
Karlheinz Albrecht  
Dr. Michael Endres  
Dr. Fritz Lamb  
Karlheinz Reiter

**Munich**  
Dr. Siegfried Gropper  
Dr. Bernt W. Rohrer  
Dr. Hans-Joachim Schniewind  
Dr. Hans Sedlmayr  
Hans Siegburg

**Stuttgart**  
Hellmut Ballé  
Gerhard Burk  
Norbert Elsen  
Dr. Nikolaus Kunkel  
Paul Leichert

**Wuppertal**  
Dr. Hans Hinrich Asmus  
Dr. Walter A. Blum  
Dr. Gerd Weber

### **Economic climate improved**

In 1978, overall economic activity in the Federal Republic of Germany developed more favourably than was to be expected after the disappointing results of the first few months. Real growth in national product, at 3.4%, was almost in line with the forecasts. Economic expansion was thus somewhat stronger than in the previous year.

At the beginning of the year, unfavourable weather conditions, labour conflicts and persistent turbulence on the currency front depressed economic activity. The second quarter then saw a turn for the better. From mid-year, the cyclical upward-tending forces – particularly on the domestic side – strengthened markedly. The summer slack period was less severe than usual. In the last few months of the year, the business climate showed a considerable improvement on the low point in spring. The prospects of a continued cyclical rise appeared not unfavourable. Although new clouds appeared on the economic horizon at the end of the year with the labour conflict in the steel industry and the onset of a cold weather period, business sentiment, however, remained basically optimistic. On the labour market, the situation improved slightly due to the economic recovery. For the first time since 1974, the annual average number of jobless was again less than a million. The unemployment rate fell from 4.5% to 4.4%. At the same time, the number of vacancies increased substantially compared with the corresponding months of the previous year. Companies were often no longer able to find suitably qualified staff to fill vacant positions.

Capacity utilization in industry fell slightly to begin with, but then rose again from June. At 82% in October 1978 it was slightly higher than the corresponding level of the preceding year, but – with great differences between the various sectors – still considerably lower than optimal utilization.

### **Greater price stability**

The rise in the cost of living was curbed so effectively in 1978 that, at an average 2.6% (previous year 3.9%), it equalled the rates of price rise usual in the sixties. In December, industrial producer prices were only 2.0% up on their 1977 year-end level. Major factors behind the greater stability in the value of money were the further ap-

preciation of the D-Mark and the connected fall in import prices. In addition, it was not possible for a large number of companies to pass on increased costs – especially in the wage sector – in their prices. Persistently weak demand at the same time as tougher domestic and foreign competition prevented this. This enforced price stability led to diminishing profit margins in many branches of industry.

### **Foreign demand lost impetus**

In 1978, foreign demand played only a small part in the recovery in business activity. Until June, only slightly more orders were received from abroad than in the preceding year. In the second half, demand for export goods picked up again somewhat, but did not by any means attain its previous momentum.

Federal German exports rose by 4.1% in real terms. This is about in line with world trade growth. Thus, despite the revaluation of the D-Mark, the German export industry was generally able to maintain its position on international markets. The earning power of many companies has suffered considerably here, however, because price concessions often had to be made to foreign buyers.

In value terms, imports and exports both increased by 4%. In volume terms, however, growth on the import side (+7.3%) was appreciably higher than in exports (+4.1%) – due to the fact that import prices fell, whilst export prices did not change.

The resulting improvement in the real terms of trade between the Federal Republic of Germany and its foreign partners caused the German export surplus to rise by DM 2.3 bn. to DM 40.7 bn. Furthermore, the deficit on services and transfers was down on 1977. Consequently, the surplus on current account rose again for the first time in three years.

### **Private consumption contributed to recovery**

Private consumption proved to be a support for economic activity. Here, the nominal wage increases (+5.2%) considerably strengthened real purchasing power owing to the diminished rise in the cost of living. Additional support came from the tax alleviations passed by the Federal Government in 1977. And, once again, large

amounts released under premium savings agreements were spent on consumption. Besides this, there was a further increase in consumers' recourse to credit at favourable rates of interest.

### **Public sector continues on expansionary course**

In the year under review, the public sector maintained the expansionary financial policy it had pursued since autumn 1977. State spending grew more strongly than revenues. Consequently the public sector deficit increased by roughly one quarter to about DM 40 bn. after the brief consolidation phase in 1976/77. But it was still markedly lower than the record deficit of DM 59 bn. in 1975.

The rise in spending favoured public sector investment above all, whereas growth in consumption remained lower than growth in national product. This meant a correction of less favourable developments in previous years. From 1975 to 1977, public sector investment spending had fallen, not only in relation to the rising budget volume but even in absolute terms as well. A change was urgently needed, for both cyclical and financial policy reasons. This change must not on any account be limited to one budget period only, but should mark a change in the budget policy trend.

The increased investment spending was the result of various programmes to promote business activity, including the "investing for the future" programme providing for a volume of DM 6.5 bn. for 1978. This stronger public sector activity had a positive cyclical effect in the construction and civil engineering field above all and, besides this, contributed to the recovery in the capital goods industry.

### **Recovery in private investment again**

Despite many difficulties and constraints, private investment activity developed relatively favourably after overcoming the shock at the beginning of the year. In 1978, investment in manufacturing industry rose by close on 11% in nominal terms and by no less than 24% in construction.

The growth in investment activity was due, amongst other things, to the improvement in the business climate from the beginning of the second quarter. This develop-

ment was accelerated by the "announcement effect" of the cyclical policy measures discussed at the world economic summit during the summer. Positive repercussions in other branches came from the persistently good development in vehicle construction and the rapidly expanding demand in the building industry.

Thus, while developments in individual sectors showed considerable differences, investment was a source of stimulus for business activity as a whole. Though a large proportion of industrial investment continued to be in rationalization – owing above all to the continued rise in costs – capacity expansion as a motive for investment gained somewhat in importance in 1978 compared with the previous years.

### **Still no self-sustaining business activity**

For the German economy, 1978 brought progress towards price stability and growth. The target of reducing unemployment also came a little closer. As far as external equilibrium is concerned, there was not much change.

This overall balance may seem almost satisfactory. It should not be overlooked, however, that the long hoped-for, self-sustaining upswing has not yet begun. The Government's programmes to stimulate economic activity and thus above all the increased public sector spending were the strongest expansionary factor in 1978. But as long as business activity depends largely on state deficit-spending, it will remain to a certain extent "borrowed". In a highly-developed economy like ours, it should not be the job of fiscal policy to continuously stimulate business activity. In the long run, the Federal Republic cannot afford budget deficits on the scale of the past few years.

Public sector debt rose during the last five years by roughly DM 200 bn. to about DM 400 bn. It has doubled since 1973. Over the same period, the related interest payments increased by 121%. Ultimately, the state can only meet its obligations from tax revenues. Thus, a permanent deficit-spending policy reinforces the already existing tendency to increase the share of national income originating in the public sector.

# Credit, financial and economic policy survey

## 1978

1.1. Most important provisions of Tax Amendment Act of 18. 8. 1977 and Act concerning tax relief and investment promotion of 4. 11. 1977 take effect.

19.1. Bundesbank decides on following technical measures: with effect from 1. 3., banks can set off domestic legal tender against minimum reserve, at the same time forfeiting their "Nebenplatz" privilege. Minimum reserve ratios on liabilities to residents increased by 8%. Transitional regulation foreseen for certain banks.

25.1. Annual economic report approved: real economic growth roughly 3.5%.

27.1. Federal Budget for 1978 approved by Bundestag: expenditure DM 188.7 bn. (+10.5%), net borrowing requirement DM 30.8 bn.

10.2. Norwegian krone devalued by 8% in European currency "snake" with effect from 13. 2. 78.

1.3. For the first time, US-dollar rate in Frankfurt (Main) below DM 2.

10.3. Bundesbank again buys trade bills with agreed repurchase after 10 days (interest rate 3¼%). Discontinued on 19. 6.

13.3. Swap credit line between Bundesbank and U.S. Fed. increased by US\$ 2 bn. to US\$ 4 bn. At the same time, American Treasury provides for sale of 600 million SDR to Bundesbank for procurement of D-Mark.

12.4. Federal Government approves "Overall research and technology concept for small and medium-sized businesses"; direct aid of roughly DM 350 m. in 1978.

24.4. Five economic research institutes publish joint diagnosis (spring report); estimated real growth in 1978: 2.5%.

18.5. With effect from 1. 6., minimum reserve ratios on banks' foreign liabilities reduced and brought into line with lower ratios on domestic liabilities. At the same time, minimum reserve on growth in foreign liabilities discontinued. Minimum reserve ratios on domestic and foreign liabilities reduced by 7% all round from 1. 6., releasing liquidity of roughly DM 4.5 bn. to banks.

29.6. Rediscount quotas increased by DM 3 bn. with effect from 1. 7. At the same time, method of calculation altered.

1.7. DM 4.35 bn.-programme of Federal Government and Länder to promote investments for the conservation of heating energy comes into operation.

6/7.7. European Council in Bremen commissions planning work on new European monetary system.

16/17.7. At Bonn Economic Summit, German delegation announces additional measures totalling up to 1% of GNP to avoid worldwide disturbances of economic equilibrium.

18.7. Bundestag approves 21st Pension Adjustment Act. Pensions increased by 4.5% as of 1. 1. 79; by a further 4% on both 1. 1. 80 and 1. 1. 81. Contribution rate for state pension insurance increased from 18% to 18.5% as of 1. 1. 81.

28.7. Federal Cabinet adopts draft budget plan for 1979: expenditure +8.4%; financing balance DM 36.1 bn. Furthermore, finance plan for 1978 to 1982 adopted. Proposed rises in expenditure: 6% in 1980, 5% in 1981 and 4.5% in 1982, reduction of financing balance to DM 30.5 bn. by 1982. - Following the announcement at the Bonn Economic Summit, Federal Cabinet submits resolutions to strengthen demand and improve economic growth (package of measures). They are intended to give expansionary boost amounting to more than DM 12 bn. (close on 1% of GNP).

30.8. With regard to resolutions of 28. 7., Federal Government approves draft Tax Amendment Act for 1979 and draft Act to amend Federal Children's Allowance Act. Compromise approved on 17. 11. 78 by Bundestag; Bundesrat approves on 24. 11. 78.

18.9. EC Finance Ministers agree on important fundamental questions regarding European Monetary System (EMS).

25.-28.9. Annual Conference of International Monetary Fund (IMF) and World Bank Group in Washington: increase of IMF quotas by 50% from 39 to roughly 58.5 billion SDR; allocation of 4 billion SDR p.a. over 3 years starting in 1979; payment of SDR to IMF amounting to 25% of quota increase.

4.10. Federal Government decides to waive debts of 30 poorest developing countries; interest and redemption payments waived in amount of DM 4.3 bn.

15.10. Finance Ministers and Central Bank Governors of countries participating in currency "snake" agree on revaluation of D-Mark by 4% vis-à-vis Danish and Norwegian krone, by 2% against Dutch guilder as well as Belgian and Luxembourg franc.

19.10. With effect from 1. 11., minimum reserve ratios on banks' domestic foreign liabilities increased by 9%. Bank liquidity totalling a good DM 4 bn. immobilized.

20.10. Bundestag approves changes in the law for "package of measures" of 28. 7. 1978. Still unresolved is question of compensation for lower Payroll Tax revenues at local government level in 1980.

23.10. Five economic research institutes publish their "autumn report": growth in real national product in 1979 estimated at roughly 4%, inflation roughly 3.5%.

30.10. US-dollar rate in Frankfurt (Main) reaches lowest point: US\$ 1 = DM 1.7285.

1.11. Swap credit line between Bundesbank and U.S. Fed. increased to US\$ 6 bn. Bundesbank takes over 600 million SDR from American Treasury. (In connection with the measures announced by the U.S. Administration on 1. 11. to stabilize the dollar.)

20.11. Council of Economic Experts for the Assessment of Overall Economic Trends submits annual report for 1978/79: growth in real national product in 1979 estimated at 3.5% to 4%.

5.12. Nine EC heads of government resolve unanimously on creation of European Monetary System (EMS). Planned introduction date: 1. 1. 1979, with United Kingdom joining later.

6.12. On behalf of U.S.A., Bundesbank announces public offer of DM-denominated promissory notes of the U.S.A. (Carter notes) against corresponding loans. Bundesbank allocates notes for total of DM 3.04 bn.

13/14.12. Announcement of money stock growth target for 1979 too: central bank money stock growth from 4th quarter of 1978 to 4th quarter of 1979 to be kept within range of 6% to 9%.

14.12. Rediscount quotas lowered by about DM 5 bn. with effect from 1. 1. 1979.

## 1979

18.1. From 19. 1., lombard rate raised from 3½% to 4%. From 1. 2., minimum reserve ratios increased by 5%. About DM 3 bn. immobilized.

13.3. European Monetary System (EMS) comes into operation.

29.3. With effect from 30. 3., discount rate raised from 3% to 4% and lombard rate from 4% to 5%. Rediscount quotas increased from 1. 4. by DM 5 bn. to roughly DM 27 bn.

### **Improve profits to secure lasting rise in investment**

The foundations for a further cyclical recovery in 1979 have improved. The basis for an upswing – measured by the branches of industry affected – has broadened. But a lasting rise in business activity cannot be regarded as certain as long as private investment activity and the connected self-sustaining forces in the economy have not fully taken shape. The future growth of the German economy depends largely on whether the increase in private investment in 1978 proves to be only a short-lived, passing phase or whether it marks the beginning of a lasting development.

The profit situation, which is extremely important for companies' propensity to invest, improved slightly in industry in the year under review – with considerable differences between individual sectors and companies. An analysis of national product shows a slight shift in the distribution of income in favour of the business sector. This small increase, after years of redistribution in favour of wage and salary incomes, has already had positive effects on companies' investment intentions – as in 1976 and the first half of 1977. The idea of stimulating investment by correcting the distribution of income in favour of enterprise is right. Though it has long been recommended by the economic experts and acknowledged by the Federal Government, it had not been put into practice with enough consistency during the last few years.

In the "Programme to promote economic growth and employment" of November 1977, which came into effect on January 1, 1978, the cyclical objectives were not given sufficient weight compared with the social policy aspects. In the package of measures agreed by the Federal Government in July 1978 after the world economic summit, the concern with social symmetry prevented a clearer and greater orientation towards stimulating growth. It was sensible to place the main emphasis on tax reductions and not – as in earlier programmes – on increased state spending. But the calls to reduce the burden of non-profit-related taxation on the business sector were only met to a limited extent. In addition, the foreseen tax reductions were not to become effective immediately. Thus, an opportunity to give a strong boost to private investment by improving the taxation environment was not sufficiently used. It seems to be difficult politically to implement a firm growth policy with the consistent promotion of private investment, although it

could make an important contribution to solving the unemployment problem and thus, at the same time, constitute realistic social policy.

### **Stability and productivity-oriented wages policy would pay off**

As a result of the wage agreements concluded in 1978, gross wages and salaries increased by about 5.2% and thus more strongly, again, than productivity (+2.8%). Unit labour costs continued to rise accordingly. The wage agreements were, however, more in line with the state of economic activity than in the previous year, when agreed-scale wages and salaries had risen by far more than twice the growth in productivity. This step towards a more growth-oriented wages policy paid off in the end for employees: owing to the slackening off in inflation, together with tax alleviations, they obtained the highest growth in real wages since 1975.

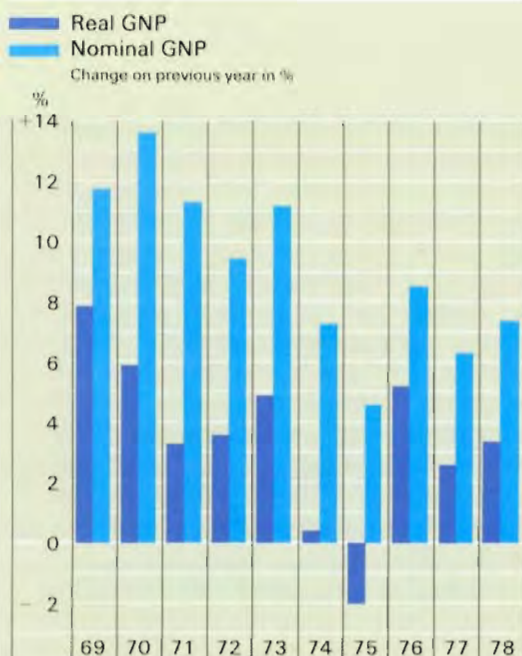
The results achieved in 1978 in the wages policy area indicate that a greater policy orientation towards increasing productivity is in the interests of wage and salary-earners because it contributes to price stability and thus guarantees that as large a share as possible of nominal wage increases represents growth in real purchasing power. Furthermore, it underpins the efforts to come closer to full employment again.

The consequence for 1979 should be an even greater orientation in wages policy towards raising productivity. This could help to ensure that the good prospects at the turn of 1978/79 for an increase in our real economic growth actually materialize.

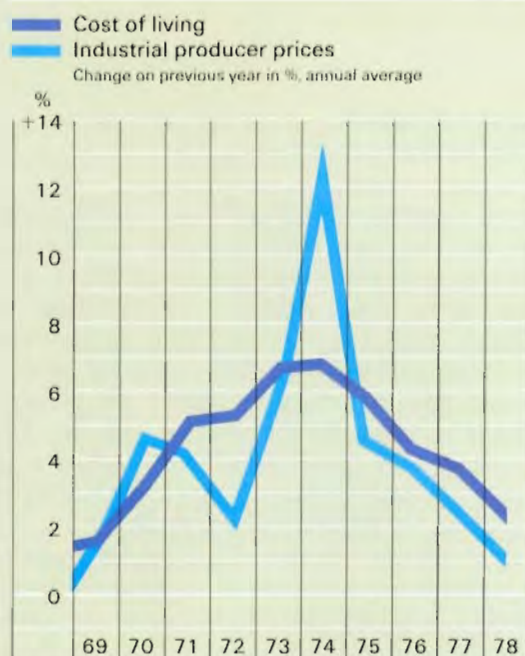
Just recently, claims for nominal wage increases have begun to take second place behind claims for other improvements for employees. One of the unions' principal claims is for reduced working hours – the 35-hour week – as a means of safeguarding jobs. Just like direct wage increases, however, shorter working hours coupled with full wages entail additional costs, necessitate further rationalization and tend to jeopardize existing jobs rather than protect them and create new ones.

# The four principal objectives of economic policy and their realization in the Federal Republic of Germany 1969–1978

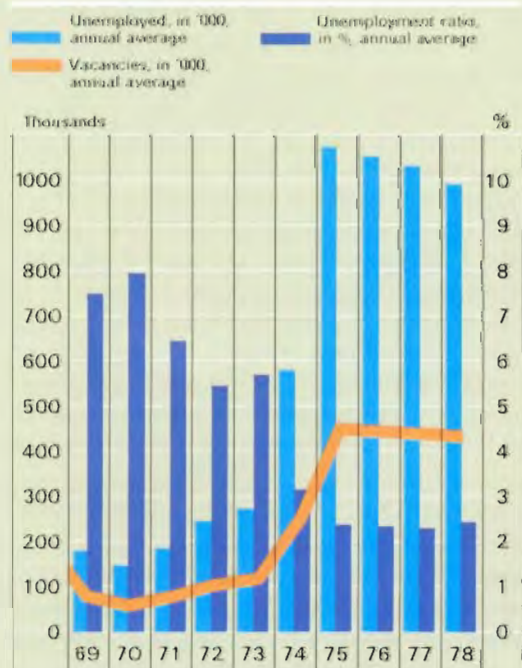
## Economic growth



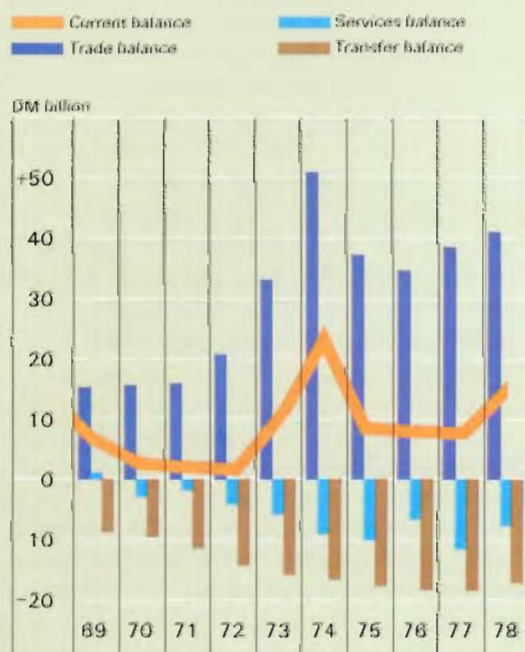
## Price stability



## Full employment



## External equilibrium



### **Structural adjustment – a task for business enterprise**

Growing international competition, revaluation of the D-Mark and the high level of wages in the Federal Republic are increasing the need for structural change in our economy. This is confronting the business sector with difficult tasks. The important thing is to analyse the market opportunities of our own products objectively and realistically, and correctly assess the general demand trend at home and in the world economy. Of major importance then, however, is the willingness to translate these insights into action. This requires sufficient financing funds for the necessary investments.

The state can and should improve the framework conditions for the business sector to carry out the structural adjustment. This includes, for example, the generous promotion of research and development. Furthermore, our taxation system should be geared more closely to performance, not least to reduce companies' susceptibility to crisis as a result of lower profit margins and sinking equity ratios. The dismantling of bureaucratic constraints on investment projects is also urgently necessary.

Direct intervention can easily prove to be a virus in a free economic order. Sometimes, distortions in international competition can make state assistance to individual companies or whole sectors appear understandable. But one should not expect more from such support than it can actually achieve. Above all, however, one should also recognize its disadvantages. These include the possible "snowballing" effect of such interventions. State protection can become a permanent thing and hamper a market-oriented solution. Any breach of the rules of genuine competition worsens – in a long-term view – the overall situation of our own economy and that of the world economy.

### **Bundesbank on a flexible course**

1978 was the fourth year for which the Deutsche Bundesbank had fixed a money stock growth target. As in the three previous years, this target was exceeded. The excessive expansion of money supply was due primarily to the high inflows of foreign exchange from abroad. The Bundesbank had no choice but to intervene on the foreign exchange markets and to cushion overlarge fluc-

tuations, particularly in the dollar rate. The expansion of money supply was largely offset, however, by a relatively low velocity of circulation. Amongst other things, foreigners probably hoarded large amounts of DM-banknotes.

For 1979, the Bundesbank has adhered to its policy of stating a money stock growth target as a kind of guideline. This time, past experience and the changed underlying conditions led the Bundesbank to choose a year-on-year growth target and a target range for money stock expansion which are geared from the start to extensive flexibility in monetary and credit policy. From the fourth quarter of 1978 to the fourth quarter of 1979, central bank money stock growth is to be kept within a range of 6 to 9%.

The choice of this procedure was determined, on the one hand, by the still uncertain cyclical situation at the turn of 1978/79. On the other hand, it takes account of possible complications that could arise out of the future development on the international foreign exchange markets and also from the new European Monetary System.

The Bundesbank, quite rightly, still gives absolute priority to monetary stabilization. Only by continuing on a stabilization policy course can steady growth be achieved in the long run. It will be difficult, however, to maintain the low rate of price rise of 1978, which benefited from a number of special factors. In the closing months of the year under review, inflation had already accelerated slightly, with construction prices in particular rising appreciably. For 1979, there are signs of increases in a wide range of administrative prices. A further fall in agricultural prices, as in the last two years, is not likely. The pressure on import prices as a result of the D-Mark revaluation will probably not recur in 1979 on the same scale as in 1978, above all if it is possible to stabilize the dollar rate. Finally, special problems for price stability will come from the rise in petroleum product prices, a consequence of OPEC's resolution of November 1978 and lost production due to the events in Iran.

At the end of 1978, price increases due to cyclical developments were still very limited. However, the central bank has to take suitable precautions at the right time in case, with an increasing recovery in business activity, the velocity of circulation of money accelerates too sharply and inflationary forces gain in strength. A slight change of course in the direction of a restraining credit policy was carried out by the Bundesbank at the turn of



the year when it lowered the banks' rediscount quotas and raised the minimum reserve ratios and the lombard rate. However, a restrictive policy too vigorously applied could hamper the full development of the cyclical upswing that seems to be approaching. Thus, both the changing cyclical data and the need to safeguard the external economic flank require the highest possible flexibility on the part of the Bundesbank.

### **Saving ratio down again slightly**

Reflecting the population's growing propensity to consume, the saving ratio has again dropped slightly. The propensity to save declined markedly in the first months of the year. Fears were voiced as to whether enough new saving was being effected, whereas in the preceding year there had been public discussion of whether, from a cyclical point of view, too much was being saved. In the final quarter, saving increased again. For the full year 1978, the saving ratio was 14%, half a percentage point lower than in 1977.

The improving cyclical prospects have clearly caused a change in the motives for saving. Fear of a recession and lost jobs had forced the saving ratio up to record levels. With an increasingly positive assessment of economic developments, precautionary saving in liquid investments, stemming from uncertainty, slackened off.

The change in the motives for saving also led to changes in the forms of investment preferred by savers. In the field of private capital formation, primarily construction saving and the purchase of residential property gained in importance again. Monetary wealth formation with banks, as a whole, was only slightly up on the previous year's level.

### **Growing demand for credit**

Growth in credits to domestic customers, at 11.8%, was stronger than in the previous year (+9.0%). This was the result of differences, in the course of the year, in the development of the principal demand components.

The public sector, which accounts for roughly one fifth of total credit extended, took up 15.8% more credit

than in 1977 (+9.0%). Public-sector borrowing was concentrated on the summer months, when the market situation appeared particularly favourable.

Companies and self-employed persons, accounting for a good two fifths of total credit extended, increased their domestic borrowing by +7.7%, only slightly more than in 1977 (+6.9%). The most important branch of industry, the manufacturing sector, actually reduced the rate of growth in its borrowing from 5% (1977) to 2.8%. The increasing recovery in business activity did not have a marked effect here until the fourth quarter. On the other hand, companies in sectors with an above-average share in national product growth, such as trade, construction and agriculture and forestry, had overproportional recourse to credit.

Lending to private households again expanded by almost a quarter. During the last two years, with inflation mentality decreasing, it has grown by more than 50% and reached a good DM 151 bn. For the first DM 100 bn., however, more than 25 years were needed. These figures express the basic change that has taken place in the psychological attitude of private households to borrowing. Such credits are no longer regarded, as they used to be, as unusual, but generally as a welcome aid and supplement in private household and money management.

### **New developments in payment business**

The net operating loss in the payment business is a fact with which the banking industry in the Federal Republic and other countries has to come to terms. The introduction of new payment systems increases cost problems and necessitates the development of joint solutions – as far as possible on a European plane. Therefore, at the International eurocheque Congress that took place in May 1978 with 23 countries participating, suggestions to this effect were put forward, with Deutsche Bank playing a leading role. The aim is to harmonize existing payment systems and to develop them further in Europe on a cooperative basis.

Already 15 European countries participate actively in the eurocheque system, which has 39 members. In the credit card field also, there are now good prospects of achieving a uniform European system. EUROCARD, introduced in 1977 by the German banking industry and valid worldwide as a payment instrument, has mean-

while been taken over by bank groups in 9 European countries as a joint payment instrument.

In the traveller's cheque field, consideration is currently being given to the development of a uniform European traveller's cheque to avoid a further costly division of the traveller's cheque market. In another area of payment business, automatic cash dispensers, banks, savings banks, credit cooperatives and the Deutsche Bundespost intend to collaborate on a common "dispenser pool", as exists in Switzerland for example. Through such cooperation in the payment business, the banks are trying to cushion further cost increases and avoid economically unjustifiable investments.

The varied activities and the different assessments of future developments in payment systems gave rise to the idea of creating a European coordinating body. It was realized at the end of 1978 by the establishment of a European Council for Payment Systems. Its members are senior executives from the banking industries in ten countries. This represents a further step towards harmonization and cooperation in Europe.

### **New objectives for home construction**

In 1978, roughly 370,000 new dwellings were completed. This is the lowest figures since the beginning of the fifties. But it came as no surprise. The construction overhang was 540,000 dwellings at the beginning of 1978, 14% down on the preceding year. Owing to the roughly 20% growth in building permits to about 410,000, the construction overhang and the number of completions are expected to increase this year.

In the bank's Annual Report for 1977 suggestions were made concerning the development of an improved financing offering on the part of the banking industry for the own home sector. Our thoughts centred on a broad construction financing programme, based primarily on the needs of young families and salary-earners in the medium income bracket. Subsequently, an intensive discussion began on this subject in the banking sector. It found a lively echo in the general public. In the meantime, banks and savings banks have developed financing models geared more strongly to the frequently small own capital of young families and the probable future development of their income.

In view of the – in the meantime – quantitatively adequate supply of dwellings for the population, new objec-

tives are needed in housing policy. The political discussion of this subject has begun. In the light of the direct and indirect state subsidies for housing amounting to far more than DM 10 bn. p.a., this discussion has considerable significance. From the point of view of wealth formation policy, priority should be given to further increasing the importance of residential property. In this way, wealth formation can be broadened and a contribution made to stabilizing our economic and social order.

### **Stock market: a gratifying year on balance**

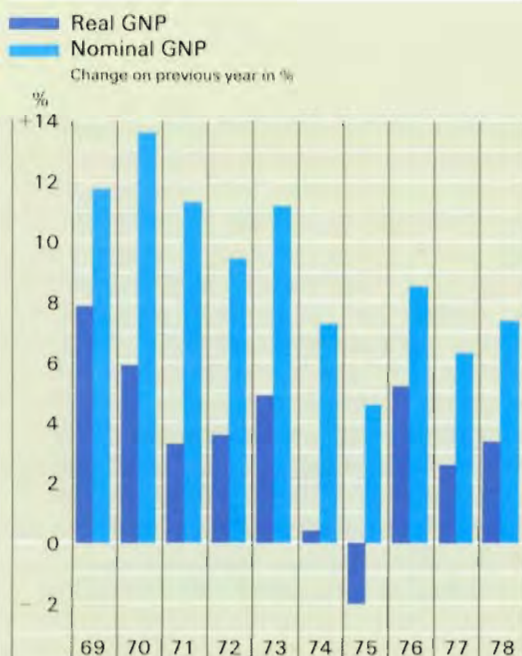
1978 brought shareholders – based on the official share price index (29. 12. 72 = 100) – an average price gain of 7.1%. It was only slightly below the good result of 1977 (+7.4%). On October 16, the share index reached its highest level since November 1969 and came close to the post-war record of 1960. It was 12.6% up on the end-1977 level. In the last weeks of 1978, however, almost 5% of this advance was lost again.

The predominantly favourable state of the share market was supported by persistently ample liquidity. The continuously improving assessment of cyclical prospects acted as an incentive to purchase. Further stimulus came from the increase in domestic shareholders' earnings on share investments due to the corporation tax reform. Most companies reduced their dividends by a small proportion only. As a result of this shareholder-oriented distribution policy, domestic shareholders with unlimited tax liability received an almost 25% higher total dividend, including the tax credit of 9/16ths of the cash dividend. At the end of 1978, the average dividend on quoted German shares had risen to DM 19.07 per DM 100, including the tax credit (end-1977: DM 15.28). What is still unsatisfactory is that foreign shareholders, in spite of all appeals to the Federal Government, do not yet enjoy the tax advantages of the corporation tax reform.

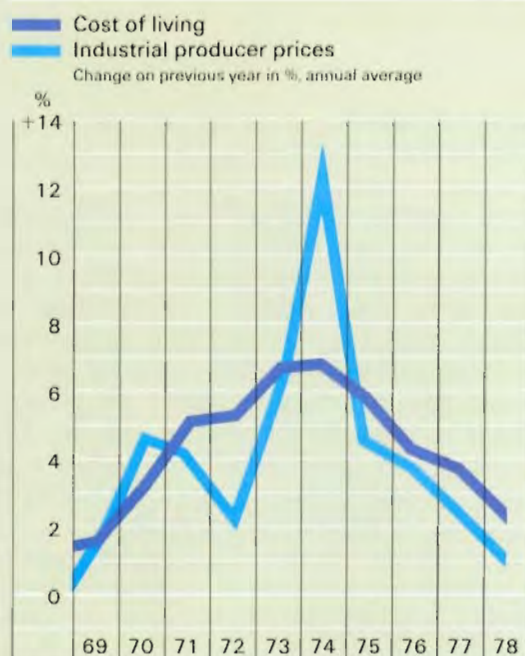
Whilst the development of prices was generally positive, there were strong differences between the various individual branches. The highest price rises were recorded by several groups of shares with a relatively narrow market that profited from the recovery in construction activity, such as the cement industry. There were price falls particularly in shipbuilding and shipping shares.

# The four principal objectives of economic policy and their realization in the Federal Republic of Germany 1969–1978

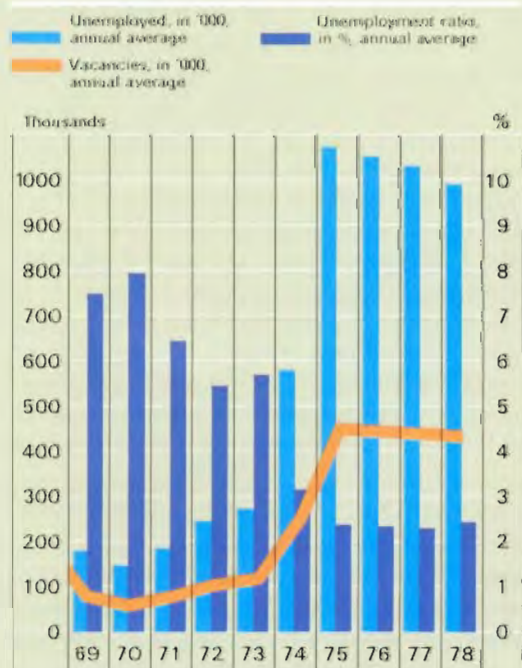
## Economic growth



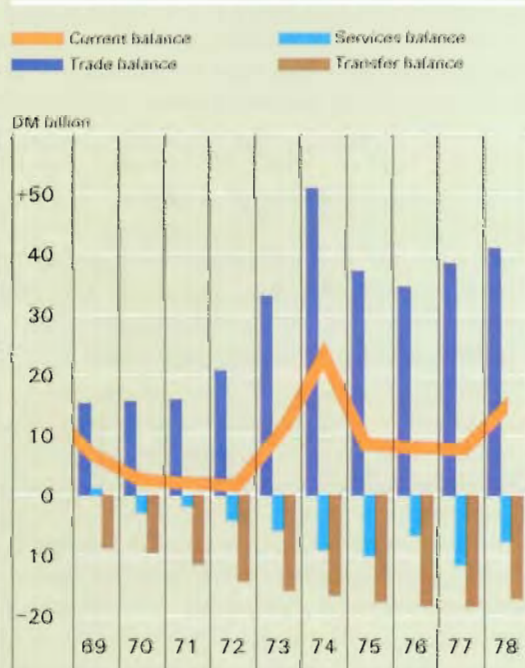
## Price stability



## Full employment



## External equilibrium



### **Bond market: fall in interest rates comes to an end**

The long phase of falling interest rates on the bond market, which had begun in autumn 1974, came to an end in 1978. The downward trend did, however, continue for the first few months. At 5.6%, the average current yield reached its lowest point in a long time in March/April. Repeated fluctuations in the trend marked the following months. Finally, at the end of the year, the interest level was higher than in January.

In spite of two phases of pronounced market weakness, gross sales of fixed-interest securities reached a new record volume at DM 95.4 bn. The previous year's result was topped by 18.5%. Net sales, on the other hand, at DM 44.6 bn. were almost DM 6 bn. down on the previous year's figure, because redemptions – owing mainly to the calling of numerous, high interest bearing, older issues – increased far more strongly than gross sales.

In 1978 too, the public sector was the principal borrower on the capital market – roughly 60% of gross sales – with bond issues and communal bonds. Sales of mortgage bonds increased strongly again. Industry's recourse to the capital market with new issues was even lower than in 1977. In this sector, redemptions have predominated since 1973.

Amongst bond purchasers, banks held first place with a share of 49.3%. Domestic non-banks increased their share again to 42.4%, after it had fallen sharply in the preceding year.

### **Fewer funds placed with investment companies**

At DM 6.3 bn., funds placed with German investment companies in 1978 did not reach the record figure achieved the year before (DM 7.6 bn.). Most of the moneys invested went into bond funds. The assets of these funds increased during the year by almost 30% to DM 19.1 bn., whilst share funds recorded growth of only 5% to DM 11.7 bn. At the end of the year, after continuous growth, roughly DM 3.9 bn. was invested in open-end property funds.

### **Eurocapital market – clouded by currency unrest**

Developments on the Eurocapital market were considerably influenced by the uncertainties in the currency field and by the emergence of upward tendencies in interest rates. Whilst issuing activity had recorded steadily rising results from 1975, new issue volume in 1978, at US\$ 22.1 bn., was just under the previous year's result.

The decisive factor here was the development in Euro-dollar bonds, where performance was more than 30% down on 1977. This resulted both from the dollar weakness and – in the second half of the year – from the rise in U.S. interest rates. The share of the U.S. currency in total new issue volume fell accordingly from 47.8% in 1977 to 30.6% in 1978. The D-Mark thus at times became the strongest new issue currency. Its share of total Euro-issues in the course of the year, at roughly 34%, was considerably up on the average over many years of roughly 25%. In absolute terms, the volume of foreign DM bonds grew by DM 2.4 bn. to DM 15.2 bn.

### **Eurocredit markets – continued high productivity**

Unlike the Eurobond market, the productivity of the Euromoney and Eurocredit markets was not greatly impaired by the currency unrest in 1978. With persistently ample liquidity, they functioned smoothly despite the dollar weakness and contributed largely to meeting worldwide financial needs and to the squaring of payments balances. The volume of these markets (excluding the interbank position) rose to about US\$ 500 bn. by the end of December 1978. European financial centres accounted for about 70% of this figure.

Borrowers on the Euromarket continued to be especially interested in borrowing funds with longer maturities. Due to the highly liquid state of the market and the intensive competition between Eurobanks, they could generally obtain the longer maturities they wanted. The average maturity in 1978 was almost ten years.

Owing to the keen competition on the market, the spreads for first-class borrowers declined again. They almost reached the all-time low of 1973. The conditions for borrowers with lower ratings too came under strong pressure. The differentiation between spreads according to borrowers' creditworthiness became less pronounced, even though international risks increased. The

deterioration in terms and conditions for new agreements was accompanied, in addition, by a tendency towards interest rate changes on outstanding credits and towards premature repayments. A further softening of these terms and conditions appears hardly possible in view of the market risks and for reasons of profitability at the banks active in the Eurobusiness. Even if the market continues to be very liquid, a greater differentiation of terms and conditions according to risk would again be urgently necessary.

In the statistics for Euromarket borrowers, the share of new lendings to industrial countries, at 43%, was slightly higher than in the previous year (39%). The principal borrowers were Canada, the United Kingdom, Italy, Spain, France, the Netherlands and Denmark. The share of the oil-exporting countries declined to 15%, after rising in the previous year to almost 19%. The non-oil-exporting developing countries had greater recourse to international financial markets in 1978, with a share of 36%. The state-trading nations reduced their share from 7% in the year before to 5%.

For the banks, a decisive role is played in the international credit business by the transfer risk attaching to individual countries. Self-imposed limits on their engagements vis-à-vis the respective countries serve to hedge these risks. The continuous observation of a bundle of indicators is intended to allow the danger of impending payments difficulties to be recognized in good time. In cases where payments problems arise in debtor countries, as for example in Peru and Turkey, the involvement of the International Monetary Fund (IMF) is essential. Only on the basis of stabilization programmes firmly agreed between the IMF and the countries concerned can the creditworthiness of these debtors be restored.

The introduction of state control on the Euromarket appears neither realistic nor desirable. This market should, as far as possible, be kept free of official regulation. What is necessary, however, is that the market's hitherto inadequate transparency should be improved. The central banks and, in a coordinating function, the Bank for International Settlements are working on this. In addition, the respective national banking supervisory authorities are rightly endeavouring to obtain the necessary insight into the potential foreign risks of the banks subject to their control. Coordination between these authorities is also in progress. The ultimately decisive factor, however, is that the banks engaged in the Euromarket should, on their own initiative, pursue a re-

sponsible lending policy and keep their risks within the limits which, in case of need, they can cope with themselves. Only then can the functioning of the Euromarkets be safeguarded in the long run and their continued growth in line with international financing needs be secured.

### **World economic activity: change of leader**

In 1978, too, world economic activity lacked momentum. In the industrial countries, growth stayed at the previous year's level of 3½% in real terms.

In the U.S.A., signs of exhaustion began to appear in the fourth year of the upswing after the recession; growth fell from 4.9% to close on 4%. In Japan and West Europe, on the other hand, the cyclical climate improved under the influence of economic policy measures to stimulate business activity in the course of the year. Growth rates increased to just under 6% in Japan (1977: 5.2%) and in Europe to almost 3% (1977: 2.2%). The cyclical differential between the U.S.A. and West Europe has thus contracted.

A self-sustaining upswing, however, has not emerged so far either in Japan or in West Europe. Private investment activity has not yet reached a satisfactory level. The reasons for this did not just lie in the largely unsatisfactory state of profitability. Increased state regulation and bureaucratic obstacles also dampened the propensity to invest in many countries. A further burden proved to be the unstable international currency situation. At the end of the year, the announcement of the unexpectedly large oil price increase and the interruption of Iranian oil exports brought additional uncertainty.

### **Successful fight against inflation – but new dangers**

In West Europe and Japan, the rate of inflation has fallen, partly owing to tough measures of economic policy, partly for cyclical reasons. Stabilization was underpinned in Switzerland, the member countries of the currency snake, Austria and Japan by the fall in import prices induced by the revaluation of their respective currencies. On average, consumer prices in the industrial countries were close on 7% higher in 1978 than in the previous year. This was the smallest increase since 1973.

However, the scope for a further reduction in the inflation rate has decreased. On the contrary, as business activity picks up in Japan and Europe, there will be a growing danger of rising inflation rates again. In the United States, inflation accelerated sharply in 1978. At the end of the year, it was 9%.

### **Gratifying reduction of balance of payments disequilibria**

Considerable progress was made in the reduction of balance of payments disequilibria. The industrial countries, as a group, achieved a surplus on current account for the first time since the 1975 recession – as they did before the oil crisis in 1973. There was a noteworthy improvement in the external position of the previously big deficit countries: the United Kingdom, France and Italy; in the meantime, all three are recording surpluses on current account. In 1978, Italy's surplus reached a record of a good US\$ 5 bn. In the Scandinavian countries, the deficits contracted.

Surprising was the fall in the OPEC countries' surpluses. The weaker world demand for OPEC oil and the decline in the purchasing power of the oil countries' dollar revenues contributed to the reduction in the OPEC group's surpluses from close on US\$ 30 bn. in 1977 to less than US\$ 10 bn. in the year under review. In Saudi Arabia, the surplus has been more than halved within a year. At the same time, the minus balances of the OPEC deficit countries doubled to roughly US\$ 12 bn. Of the 13 members of the Organization of Petroleum Exporting Countries, four countries (Venezuela, Nigeria, Algeria and Indonesia) recorded high deficits. The current deficit of non-European developing countries which do not belong to OPEC increased further in 1978. At close on US\$ 25 bn., however, it was still lower than the record level in 1975 (US\$ 31 bn.).

The deficits of the European state-trading nations have not diminished further. At US\$ 6 to 7 bn. in total, however, they were only half their 1975 magnitude.

The situation progressed far more unfavourably in the United States. Owing to a negative development in the first half, the U.S. deficit on current account in 1978 increased again by US\$ 3 bn. to close on US\$ 18 bn. The Japanese surplus on current account expanded at the same time from US\$ 11 bn. to US\$ 17 bn.

### **Protectionist pressure increases**

The protectionist pressure on world trade has increased. In addition to selective interventions, protective measures for certain product groups and whole branches were introduced or called for. Non-tariff-related trade restrictions in the form of subventions, administrative regulations, "voluntary" export limitation agreements and "agreements to ensure orderly market conditions" are playing an increasingly important role. They are difficult to control and make it harder to combat protectionism. An important topic in the multilateral trade discussions in the Tokyo Round is therefore the extension of the GATT regulations by means of agreements on subventions, government orders, customs value calculations and technical norms.

The safeguarding of free world trade is not only in the interests of the dynamic developing countries whose industrial products – textiles and clothing, shoes, steel and simple machinery and equipment – are affected by the restrictive measures. The industrial countries too must have a vital interest in keeping their markets open. A quarter of their exports are sold in the Third World. Protectionist tendencies also represent a danger for the international financial markets, because the advanced developing countries need growing foreign exchange revenues to service their foreign debt and to be able to take up new credit.

### **Persistent currency unrest**

On the foreign exchange markets, 1978 too saw considerable fluctuations in exchange rates. In a year-on-year comparison, the D-Mark appreciated by 15% vis-à-vis the dollar, 10% vis-à-vis the Italian lira and 8% against the British pound. On the other hand, the value of the D-Mark declined by 7% against the Swiss franc and 6% against the Japanese yen. Taking a weighted average of the currencies of the principal trade partners, the D-Mark was 7% up on its position one year before. Since the end of 1972, the value of the D-Mark has increased by 55% against the principal currencies.

The exchange rate movements went further, in most cases, than the price and cost differential between the various countries. Taking into account the divergent developments in industrial producer prices, the real in-

crease in the value of the D-Mark vis-à-vis the US-dollar was about 7 to 8%. On average, the real upvaluation against all important currencies in the year under review was about 1 to 2%; since 1972, it has been about 10%. This may seem comparatively little. The relatively low average real revaluation of the D-Mark derives from the stability lead of the Federal Republic of Germany which is based on voluntary or forced price restraint on the part of businesses. For individual branches and companies, however, the actual deterioration in their competitive position could well be greater.

The US-dollar was again in the thick of events on the foreign exchange markets. The persistent pressure on the leading currency increased considerably after mid-year. In September and October, the dollar hit record lows. On average, the value of the US-dollar vis-à-vis all currencies (excluding the Canadian dollar) declined in a year-on-year comparison by a good 10%.

Of major importance for the fall in the dollar were the dramatic growth in the U.S. foreign trade deficit and the rise in the inflation rate together with the attendant loss of confidence. Doubts increased as to the ability and willingness of the U.S. Administration to fight inflation and the dollar problem effectively. American economic and monetary policy had fuelled this scepticism. For a long period, one-sided emphasis was placed on squaring the balance of payments via exchange rate changes, which, however, can only restore equilibrium if they are accompanied by internal stabilization measures.

On November 1, 1978, the U.S. Administration and central bank put forward a comprehensive programme for the stabilization of the US-dollar. With this programme, the U.S.A. demonstrated for the first time its responsibility for the dollar rate and its determination to defend it. What was new was the Americans' willingness to use their own reserves and take up foreign currency funds for this purpose. The U.S. Administration's DM denominated promissory notes were placed in the Federal Republic in December 1978. This first tranche of "Carter notes", taken over by German banks, was for roughly DM 3 bn.

Supported by the additional facilities, the Federal Reserve Bank of New York, together with the central banks of the strong currency countries, intervened on a considerable scale from November 1 to stabilize the dollar rate. The value of the U.S. currency settled, to begin with, at a rate in excess of DM 1.90. However, due to the oil price hike and the political unrest in Iran, it came un-

der pressure again and the intervening central banks were content to keep it in the DM 1.80 to 1.85 range.

For the exchange rate movements to be reduced, there will have to be a lasting improvement in the problem areas of the U.S. economy. There are several favourable aspects here. In the U.S. balance of trade, the deficit fell after peaking in the first quarter. A contributory factor here was the reduction of the international cyclical differential. We share the confidence that the U.S. balance of payments deficit can be further reduced in 1979. This reduction will be limited in size, though, as long as the basic questions in connection with the energy balance remain unsolved.

The main problem, however, continues to be the fight against inflation. Rapid, spectacular progress is not to be expected here, despite a restrictive monetary and budget policy, even though the expected dampening of economic activity will support the efforts to achieve greater stability. It would seem to be of paramount importance, therefore, that the consistent anti-inflation policy which has now been introduced and is supported by a broad consensus of opinion, be sustained, even in the face of growing signs of weakness in business activity in the course of the year.

A stabilization of the dollar and a more lasting confidence in the leading currency of our monetary system are all the more necessary today as the crisis in Iran and the related political and economic worries are placing considerable strain on the foreign exchange markets and the international financial markets.

A stabilization of the dollar would still be a gain for the world economy even if it were accompanied by a slowdown in business activity in the United States. The positive effects of a more stable dollar on the overall economic activity of industrialized and developing countries would be greater than the negative effects of reduced growth in the U.S. economy.

## **New European Monetary System**

In the European Community, a new attempt was made in the year under review to further monetary integration, on the initiative of the French President and the Federal German Chancellor. Influenced not least by the persistent dollar weakness, the possibility of establishing a

closer monetary policy association was discussed for the first time in the circle of the nine EC members at the beginning of April 1978 at the Copenhagen Conference of heads of government. On December 5, 1978, the European Council finally resolved on the setting-up of a European Monetary System (EMS).

The aim of the EMS is to establish a zone of stable but adjustable exchange rates. Its success is to be guaranteed by a "policy oriented towards greater internal and external stability both for deficit and surplus countries".

A central role in the EMS is planned for the new European Currency Unit (ECU), which is composed of the currencies of the nine EC countries. For the time being, the ECU will bear no resemblance to a physical currency. It will serve, however, as a reference unit for the exchange rate mechanism and in the settlement of balances between the monetary authorities of the EC and in the joint credit system.

As before in the snake, there is a parity grid consisting of bilateral central rates, from which deviations of up to  $\pm 2.25\%$  are permitted (for certain countries, deviation ranges of up to  $\pm 6\%$  can be established at the beginning). Over and above this, there are "thresholds of divergence" for each currency vis-à-vis the ECU. As soon as they have been crossed, action on the part of the respective monetary authorities is expected but not obligatory.

The existing Community credit facilities were extended by the resolution of 5. 12. 78 to a total of 25 billion ECU in effectively available credit. The central banks of the participating countries are to deposit 20% of their gold and dollar reserves with the European Monetary Cooperation Fund. In exchange, they will receive ECU for the settlement of outstanding balances in the intervention system. Following a two-year transitional phase, the joint credit arrangement is to be anchored in a European Monetary Fund. This fund will then take over the handling of all payments flows between the participating central banks.

We welcome the new monetary system in Europe. The consolidation and further development of the Community appear to us to be expedient and necessary for political and economic reasons. A zone of stable but adjustable exchange rates could create the basis for even more intensive, intra-Community foreign trade relations and thus improve the prospects for growth and employment.

The EMS was originally planned to come into operation at the beginning of 1979, but had to be postponed on account of differences of opinion concerning the treatment of monetary compensation amounts in agricultural trade. This development shows that the EMS would not be viable as a purely monetary arrangement. The basic precondition for its functional durability is the political will on the part of all participants to tackle the unsolved problems in other areas of integration, parallel to their monetary policy efforts, and to map out more clearly the further stages along the path that the EC will follow in the future.

Necessary steps are a further assimilation of economic policy aims and priorities and, in particular, a reduction of the inflation differential – but not at the expense of the more stable countries. It will be important for the success of the EMS, finally, that unavoidable exchange rate adjustments are carried out at the right time, thus ensuring that intervention obligations are kept within limits.

It would be a mistake to expect the EMS to lead, in the short run, to greater independence vis-à-vis the US-dollar. In the foreseeable future, this currency will not be replaceable as the main international transaction and reserve currency. Though the diversification process currently taking place in international currency reserves at the expense of the dollar will probably continue, it will and must retain its dominating position. After the EMS becomes operational, therefore, the Europeans will have no less interest than before in having a strong dollar.



### Strong growth in business volume

The balance sheet total and business volume increased in the past year by more than DM 13 bn. each, i. e. by 17.2%. The balance sheet total rose to DM 92.1 bn. and business volume to DM 92.3 bn. The growth in business volume was, therefore, even somewhat stronger than in the previous year (+ 16.1%). The contraction in business volume usual at the beginning of the year was more than offset by the end of June by the renewed growth which set in in March. From the middle of the year onwards growth accelerated. October values exceeded the year-end figures for 1977 by DM 7.5 bn. and in the last two months of the year business volume rose by a further DM 6.1 bn.

The expansion was caused, above all, by the recovery in domestic credit business and by the growth of the foreign branches. The fact that the branches in South America, taken over from Deutsche Ueberseesische Bank, are making their first appearance in Deutsche Bank's balance sheet figures has a part to play in this expansion.

The Group's consolidated balance sheet total amounted to DM 146.1 bn. at the end of 1978; this represents an increase of DM 21.8 bn. Approximately two thirds of the expansion is attributable to the development of Deutsche Bank AG. A further major contribution, at DM 3.9 bn., to the growth in the consolidated balance sheet total was made by our mortgage banks: Deutsche Centralbodenkredit-Aktiengesellschaft and Frankfurter Hypothekenbank. For the first time and with more than DM 4 bn., Handelsbank in Lübeck, in which we have had a majority holding since the beginning of 1978, and Lübecker Hypothekenbank AG, three quarters of whose capital is held by Handelsbank in Lübeck, are included in the Group's consolidated balance sheet.

### Operating result did not keep pace with the growth in business volume

In contrast to 1977, the strong growth in business volume has not found a corresponding reflection in the operating result, which showed only a slight increase. The surplus in current business rose by 3.0%. The profit ratio, i. e. the operating result expressed as a percentage

of average business volume, contracted noticeably again after the slight improvement last year. Looking back, the average business volume in the last four years has increased by 67% in contrast to only 9% in the operating result.

Earnings in 1978 were decisively influenced by the fact that, at 7.4%, the growth in the interest surplus was far behind the expansion in average business volume (+ 20.7%). Without the tax credits enjoyed fully for the first time, the interest surplus would have been smaller. The interest margin could not be held at the already low level of 1977. On the contrary it fell further.

The renewed decline in the interest margin was the consequence of the currently intensifying pressure of competition caused by generally high liquidity in the economy and low interest levels. In addition, conditions prevailed in long-term credit business which are hardly adequate for a universal commercial bank. A final factor contributing to the decline in total interest margin was the expansion of our international business through the development of the foreign branch network, since the proportion of interbank business with narrow margins is still very high at these branches. Only in the course of the year, with the further expansion of customer business on both sides of the balance sheet, will the earnings structure of these young foreign branches improve. Nevertheless, with the exception of those opened in 1978, foreign branches are already closing the year with positive results.

In the services sector, all areas of business recorded higher earnings. At +10.8%, the commission surplus rose somewhat more than last year (+ 10.5%). A contributory factor was particularly the marked growth in turnover in securities business. Commission earnings from the execution of foreign payments rose only slightly.

Higher earnings were also achieved in the domestic payments sector. Despite our continued endeavours to rationalize, however, the operating deficit further increased both in domestic and foreign payments. Although, costwise, it was possible to cushion the increase in the number of items by means of organizational and technical measures, not so, however, with the rise in salaries in these particularly personnel-intensive sectors. With every year, the subsidy requirement in payments business is an ever-increasing burden on the bank's operating result, an aspect of even greater importance in view of the simultaneously shrinking profit margin.

On the expenses side, the 8.6% rise in staff expenses equalled that of last year. In contrast, the increase in other operating expenses – especially the costs for banking premises – accelerated by 13.8% (last year +6.4%). Increased rent expenses for data processing equipment were necessary to contain the considerable increase in business volume and in the number of items. Preventative security measures against rising criminality were also responsible for climbing expenses.

The increase in staff and other operating expenses was greater than the rise in earnings on business volume. In total, staff and other operating expenses could no longer be covered by the interest surplus.

#### Risk provisions for domestic and foreign credits

In 1978, the bank continued its traditional policy of making provision for risk. Apart from risk provision for single engagements, in particular in cyclically weak sectors in the Federal Republic of Germany, it also seemed advisable to guard against risks from total business relations in single states, in which for one reason or another the servicing of foreign debts has become problematic. We have made sufficient provision against possible losses from such country risks in accordance with our knowledge at balance sheet date.

#### Financing balance 1978

Amounts in millions of DM

##### Use of funds

Growth of credit volume 7,492

Increase in liquid funds and investments 6,257

Other dispositions 47

##### Source of funds

Customers' deposits (sight and time deposits) 4,334

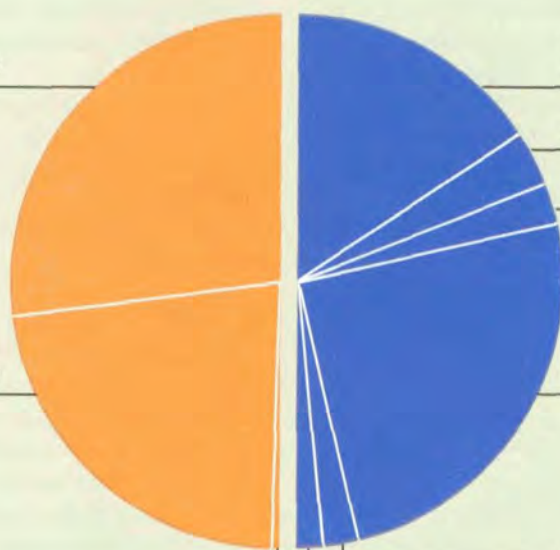
Savings deposits 932

Bonds and notes 680

Banks' deposits 6,826

Other borrowings 584

Own funds 440



### Double structural shift in financing balance

In 1978 there was a double structural shift in the bank's financing balance. Firstly, the trend towards longer maturities in classical corporate customer business as well as in standardized credit business, discernible since 1974, continued. Secondly, the increasing activities of our foreign branches had an influence on their importance for the bank as a whole.

In 1978 incoming funds amounted to DM 13.8 bn. At year's end DM 7.5 bn. of this had been used to expand credit volume, DM 6.1 bn. going into claims on customers and DM 1.2 bn. into credits to banks. Of the credit business with customers, the short and medium-term sector picked up much more strongly than in the previous year (+DM 2.2 bn.); the expansion was, however, concentrated once again on long-term loans (DM 3.9 bn.). At the end of 1978 they amounted to somewhat more than half of claims on customers (52.3%; last year 50.1%). Four years previously it was still a third. The good inner liquidity of the bank's long-term claims on customers is shown by the fact that more than 50% return to the bank within four years.

DM 6.3 bn. of incoming moneys was reflected at year's end in the increase in liquid funds and deposits. DM 4.2 bn. of this was time deposits, primarily with foreign banks. They were the result of the international money transactions in our foreign branches' interbank business. These transactions are reflected in the financing balance on the source-of-funds side in the growth of the banks' deposits (+DM 6.8 bn.). In so far as the maturity of these transactions correspond under Source of funds and Use of funds, they do not necessitate any special liquidity provision. This explains the drop in our reported total liquidity from 27.1% to 25%.

For the financing of the credit business, customers' deposits (+DM 4.3 bn.) and here again especially customers' sight and time deposits (up 20% = +DM 2.9 bn.) gained substantially in importance in comparison to 1977. At DM 0.9 bn., the contribution to financing made by savings deposits has doubled that of last year. As in the last few years, use was made of instruments with congruent maturities and matched interest rates in the form of own bonds (+DM 0.7 bn.) and savings certificates (+DM 0.6 bn.) for the procurement of funds for long-term credit with fixed terms and conditions.

In 1978 the bank reinforced its own funds by a total of DM 440 m. to DM 3,890 m. A capital increase of DM 80

m. (with a subscription ratio of 12:1 and a subscription rate of DM 200 per DM 50 share) produced DM 320 m. A further DM 120 m. resulted from the allocation to reserves at the end of 1978, DM 10.4 m. of which resulted from the tax-free amalgamation excess from the merger of Deutsche Ueberseeische Bank with Deutsche Bank AG.

### Again stronger influx of savings

Savings deposits rose by roughly DM 0.9 bn. in 1978 to over DM 19 bn. (+5.1%). Growth was almost twice as high as in 1977, remaining, however, once again below the growth registered in earlier years. The development of savings deposits was, on the other hand, influenced by the withdrawal of moneys released from premium-bearing and wealth-creating savings agreements.

The average balance per savings account, at DM 3,587, has risen slightly against the previous year. The number of savings accounts increased by 3.2% to 5.3 million.

The number of savings certificates in circulation, which bear an interest guarantee of either 4 or 5 years as one chooses, rose by 48% to just under DM 2 bn. At the end of the year "Sparbrief S" was introduced to round off our investment offering. This bears a rate of interest rising steadily over five years and can be redeemed before maturity. The new type of savings certificate was widely bought by our customers.

At the end of 1978 1.8 million savings plans were in operation in connection with our "Erfolgssystem 100" scheme. They constituted a total contract value of approximately DM 5.8 bn. Interest in savings plans with bonus continued to increase. In the year under review 150,000 new contracts were concluded. The balances from such saving plans increased by a good third and reached DM 1.7 bn. This savings plan in particular meets the deposit wishes of savers who no longer have a claim to savings premiums because their income is above the limit set for state-promoted saving.

Once again our customers took advantage on a substantial scale of investing in securities. They invested DM 1.7 bn. in securities (balance of sales and purchases) to the debit of savings accounts. The growth of savings deposits, new purchases of savings certificates and the net transfer from savings accounts to securities produced total new savings by our private customers of DM 3.2 bn. This was DM 0.4 bn. more than in 1977.

### High growth rate in credit volume

Credit volume (claims on customers, credit on bills, advances to banks) rose by DM 7.5 bn. to DM 52.8 bn. At 16.5%, the rate of growth was not quite double that of the year before (8.7%). The use of credit accelerated considerably, especially in the last two months of the year. Approximately one fifth of the growth in credit was accounted for by the foreign branches.

At DM 6.1 bn., the bulk of the growth in credit volume was in claims on customers, accounting for approximately three quarters of the credit volume. Credits to banks grew by DM 1.2 bn. The volume of credit on bills was only slightly up on last year.

With regard to claims on customers there was a 23% rise in long-term lendings, while short and medium-term claims on customers rose by 12.6%. In the previous year, short and medium-term claims had only risen slightly (+ 1.3%).

### Positive development in corporate lending business

The slight decline in corporate lending business normal at the beginning of the year was replaced by an upward development as early as March 1978. In the fourth quarter credit demand strengthened considerably, for seasonal reasons and in connection with the cyclical revival.

Our large customers continued to make greater use of Euromarket financing possibilities. In this our Luxembourg subsidiary, Deutsche Bank Compagnie Financière Luxembourg, was at their disposal. Hence, the development of domestic credit business does not fully reflect the actual demand for credit of our corporate customers.

There was renewed growth in long-term loans to corporate customers. Continuing favourable credit conditions were again a spur to consolidation. An additional influence was also the revival of investment activity.

Our business policy objective of further extending and deepening business relations with small and medium-sized firms will be consistently pursued in the future. Our corporate advisors are devoting their attention particularly to such businesses.

In the autumn of 1978 the bank began with the publication of a series of informative pamphlets entitled: "Finanz-Probleme des Mittelstandes" (Finance problems of small and medium-sized firms). This series of brochures deals with the essential financial questions which arise for small and medium-sized businesses.

Demand for our "Small Business Loan", developed specifically for small and medium-sized industrial, craft and commercial businesses and the professions – an investment credit with fixed quarterly instalments – remained extremely lively. In comparison with the end of 1977, the volume of credit taken up in connection with this programme trebled.

### Promotion of small and medium-sized enterprises by equity capital financing

Deutsche Beteiligungsgesellschaft mbH – in which we, along with Karl Schmidt Bankgeschäft, Hof (Saale), have an interest – has already provided approximately DM 100 m. for equity capital financing for enterprises which are not able to issue shares. Of this amount some DM 90 m. had been invested by the end of 1978 in holdings in small and medium-sized enterprises. In this way, 25 enterprises were promoted with a total of over 17,000 jobs and a yearly turnover of more than DM 1.7 bn.

The company's funds were used to finance investments, to improve the structure of balance sheets and to compensate heirs or shareholders leaving the company. The capital is brought in, as befits the individual case, by the acquisition of silent partnerships, limited liability capital contributions, interests in private limited companies and shares. The company only acquires a minority interest and makes no claim to influence business policy. It does, however, offer its partner firms extensive possibilities for advice.

To date, 13 enterprises have made use of the repurchase right granted to them. In six cases the company participated above and beyond its first holding in subsequent capital increases by the partner enterprises. In one case Deutsche Beteiligungsgesellschaft mbH was, as a "temporary" shareholder, able to play a part in preparing a family business for direct access to the capital market and the stock exchange.

### **Continued strong demand for loans among private households**

Private households' demand for loans was also extremely lively in 1978. In the face of continuing keen competition, Small Private Loans (PKK) and Personal Loans for Specified Purposes (PAD) rose by more than half a billion D-Marks to over DM 3.5 bn. On average, customers availed themselves of higher loans and longer credit maturities.

Above all, interest was centred, once again, on car financings. Beyond this, the loans were especially used for the purchase of home furnishings, built-in kitchens, and other more expensive consumer goods. It was generally clear that private consumers have become more interest-conscious and, before taking up a loan, compare various offers for costs and conditions. An increasing number of customers made use of Personal Overdraft Credits (PDK) which offer an especially simple procedure to cover short-term money needs. At the end of the year a total of about 250,000 customers had made use of the Personal Overdraft Credit.

### **Renewed growth in building finance**

Once again development in the building finance business was above average. As before, interest focused on loans for building and purchasing own homes. With prices for land and buildings increasing, there was, again, greater demand for well-conceived flats in desirable areas. Favourable terms on the capital market stimulated interest.

Under our "BauKreditSystem", which offers our customers individual and flexible solutions through the combination of separate financing elements, approximately 52,000 loans were concluded. Together with our associated companies – Deutsche Centralbodenkredit-Aktiengesellschaft, Deutsche Kreditbank für Baufinanzierung AG, Frankfurter Hypothekenbank and Lübecker Hypothekenbank – new commitments for building finance worth about DM 8 bn. were given in the year under review. Within Deutsche Bank Group, therefore, a total of approximately DM 26 bn. was loaned for building finance purposes.

Partnerlike cooperation with the mortgage banks and the building and loan associations we work with as well as the comprehensive advice which is desired in building finance were essential factors in the repeated growth of our business volume in this sector.

### **Expansion continues in securities business**

Turnover in securities for our non-bank customers rose to almost DM 42 bn. This means a rise of 18.5% in comparison to the previous year.

Because of the continuing high liquidity in the year under review, turnover in fixed-interest bearing securities (including certificates of indebtedness) was expanded by 18%. As in the year before the rate was markedly higher in certificates of indebtedness.

Turnover in shares with our non-banking customers rose by approximately 14%. Stimulus came from the appreciably higher yields on shares for domestic private customers and – in the latter part of the year – from the improving prognoses on cyclical prospects. Sales of investment certificates remained at last year's high level.

In the year under review option business on the stock market gained considerably in importance. Above all, the inclusion of selected US standard shares met with a great response among our customers.

Our customers' interest in foreign securities remained lively. Market leaders were dividend-bearing securities with an increase of over 55%. Last year's figures for bonds were improved on by more than 47%.

Turnover in securities for our own account was roughly equivalent to that of last year. Once again, there was especially marked activity in certificates of indebtedness.

The number of safe-custody accounts that we maintain for our customers rose by 1.5% in 1978 to 943,000. The market value of our non-bank customers' safe-custody accounts rose at the same time by 9.5% to DM 66.2 bn.

The "portfolio management service" offered to our customers has again developed satisfactorily in terms of both number and volume. On request, the range of services offered in this sector can cover a customer's total assets and the administration of his estate on death.

### **Considerable flow of funds to our investment subsidiaries**

The investment company, Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt (Main) – a wholly-owned subsidiary of the bank – was again entrusted with considerable funds from large institutional investors for investment in securities in special funds. In the year under review the total assets of the special funds administered by DEGEF rose by 15% to over DM 2.8 bn. The number of investors has been steadily expanding for more than ten years – proof that, with the range of services it offers, the company is meeting an increasing economic need.

The management of staff funds which were set up on the initiative of individual companies or within the framework of their internal wealth formation schemes also belongs to DEGEF's sphere of activity. At the end of the year DM 86 m. had been invested in staff funds managed by DEGEF.

The securities funds of DWS, Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main), in which we and our subsidiary Deutsche Bank Berlin AG have a majority holding, recorded new unit sales worth DM 1.8 bn. in 1978. Of this sum DM 0.4 bn. (21.1%) went to share funds and DM 1.4 bn. (78.9%) to bond funds. The total assets of the funds managed by DWS have risen by 20.9% to DM 8.3 bn. as of 31. 12. 1978.

DWS thus administers about 27% of the aggregate assets of all security investment funds which are covered by the Bundesverband Deutscher Investment-Gesellschaften e. V. (BVI). The DWS funds INVESTA, INTERVEST, INRENTA and INTER-RENTA distributed a total of DM 0.7 bn. to their unitholders.

In the year under review the largest and oldest DWS share fund INVESTA led the field in the price development of the DWS funds with a plus of 7.6%. With an inflow of new funds of DM 0.3 bn., this fund was able to attract more than half of the total savings of all BVI share funds.

The open-end property fund "grundbesitz-invest" managed by our affiliate, Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, and sold by Deutsche Bank and Wüstenrot, sold investment units to the equivalent of DM 100 m. in 1978. No units were returned to the fund. The fund's assets rose by 13% to approximately DM 1 bn., 77% of which was invested in property. The price of the "grundbesitz-invest" unit rose by 5.6%. The

property assets are widely distributed regionally in terms of property size and the business of the tenants.

Our affiliate company Deutsche Grundbesitz-Anlagegesellschaft mbH introduced a further closed-end fund with a certificate capital of DM 22 m. which was soon placed.

In May a new closed-end US real estate fund USA-Grundbesitzbriefe "Shell-Plaza" was put up for subscription by a syndicate of banks under our management. The fund's capital, totalling DM 65.2 m. was oversubscribed directly after the start of placement.

### **Again high issuing volume on the share market**

After initial restraint, issuing activity of domestic companies on the share market strengthened in the second half-year. Climbing share prices and the market's increased willingness to take up share issues favoured issue projects. With the participation of the bank – in most cases as manager – more than 40 companies raised their share capital, being provided with own funds totalling just under DM 3.5 bn. The capital increases of RWE and Volkswagenwerk stood out with sums of DM 540 m. and DM 900 m. respectively. The bank was also active in numerous cases in the transaction of capital adjustments and other capital measures as well as legal and voluntary compensation offers.

As before, the bank is endeavouring to find suitable new issuers for the German share market. In line with these endeavours, in January 1979 it acquired 25% of the share capital of Nixdorf Computer AG, Paderborn at a nominal value of DM 35 m. – split up into DM 20 m. ordinary shares and DM 15 m. preference shares without voting rights – at a price of DM 285.– per DM 50 share. With the agreement of the company's family shareholders, the new shares are to be widely placed by June 30, 1981, so far as the family shareholders do not wish to acquire the shares for themselves.

### **Lively international business**

In the face of stiff competition our international credit business with non-banks and banks was again very lively in 1978. Credits were granted partly in connection with German export business and partly to serve the general financing needs of borrowers, among whom states and

other public offices continued to play a considerable role. As a result of the continuing high liquidity of the market and the keen competition, margins again generally diminished, reaching a level which can hardly be cut any further from the point of view of cost and risk.

About a quarter of the volume of Eurocredits concluded in 1978 represented replacements for older credits with higher rates of interest to bring them into line with the more favourable market conditions at the time.

In export financing the demand, in particular for buyer credits, continued as before. In line with this trend, AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main), was also able to register a growing volume of applications for credit.

As in previous years long-term buyer credits under Federal export guarantees and accompanying Eurocredits of considerable dimensions were granted for major new projects, especially of plant exporters.

There was a further increase in the volume of commercial foreign business handled by us, although in 1978 letters of credit for large transactions were not opened to the same extent as in previous years by some OPEC and COMECON countries. Non-documentary payments business continued to grow. Here we made increased use of the international S.W.I.F.T. system which was set up a few years ago to simplify and accelerate communication in foreign payments business.

Commission receipts from foreign payments business have not increased in line with turnover.

### **Strong growth of our foreign branches and foreign subsidiaries**

Our foreign branches are playing an increasing role within our overall business.

Our office in London has expanded its business volume by more than two thirds. Credit volume also rose substantially. The branch continued to serve its international non-banking clientèle. Pound sterling credit business with English companies was, however, hampered by the limited refinancing possibilities due to the Bank of England's credit restrictions ("corset"). Dealing in foreign exchange, gold and securities made a substantial contribution to the branch's operating result.

In its first full business year the Paris branch also increased its business volume by nearly two thirds. How-

ever, franc credit business could not be extended as would have been wished due to the continuing restrictive statutory regulations (the so-called "encadrement"). The earnings situation developed positively; there was already a profit for 1978.

Following Japanese endeavours to reduce the over-large balance of payments surplus, yen loans to foreign borrowers increased strongly in 1978. This tendency may well continue in the coming years. The Tokyo branch participated in some of these credits. The branch's asset-side business was influenced by high liquidity, low demand for credit and keen competition from domestic and foreign banks. Because of the pressure on the interest margin, the operating result could not keep pace with the expansion in business volume.

Our branches in Antwerp and Brussels were opened in the second half of the year. Business with corporate customers is being built up. Above all, the task of these two branches is to provide the subsidiaries of German firms in Belgium, domestic Belgian customers and the multinationals with the worldwide range of services our bank offers.

The New York branch has, in the meantime, started up business activity. Apart from serving American and German firms and cooperating with the banks there, this branch's tasks also consist in account management for all customers, for example from South America, for whom New York is in a more favourable time zone than Europe.

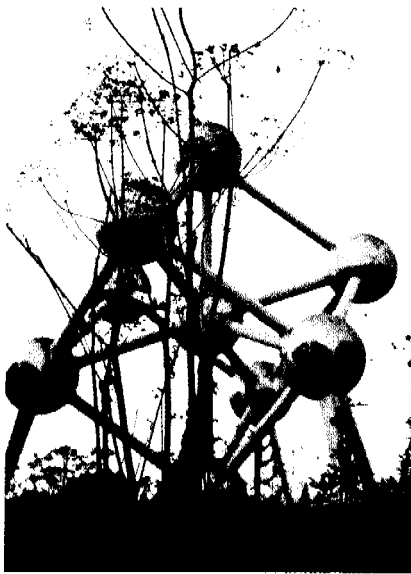
The recently founded branch on the Cayman Islands also serves this purpose.

The sphere of activity of our South American branches – Asunción, Buenos Aires, São Paulo – encompasses, first and foremost, local customers. The effect of the positive business conducted in these branches' domestic currency on the balance sheet was lessened by the, in some cases, high inflation rates and the associated devaluation of these countries' currencies vis-à-vis the D-Mark.

### **ACC – our investment bank in the U.S.A.**

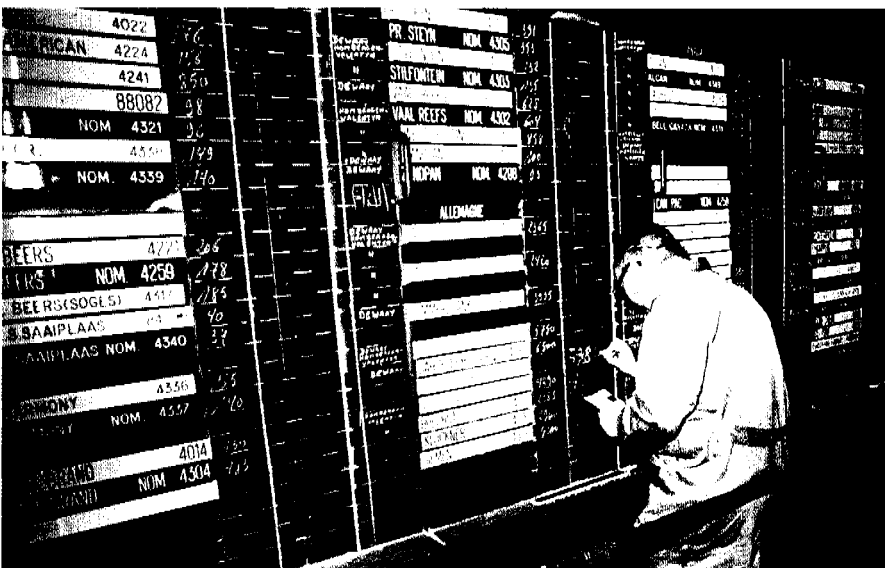
Since April 1, 1978 Deutsche Bank has, in Atlantic Capital Corporation, its own investment banking company and issuing house in New York. The company was able to close the year successfully. Assisting German and European firms investing in the U.S.A. and advising firms





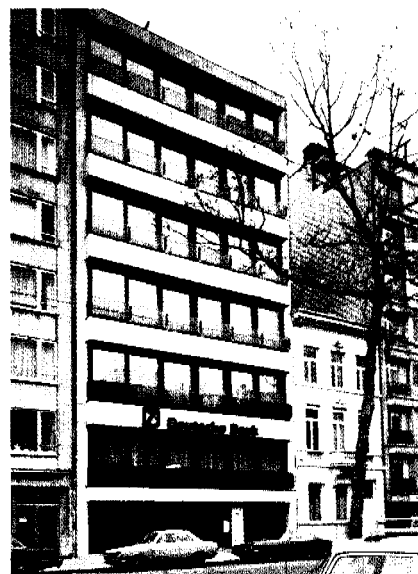
## Two branches opened in Belgium

On October 16 and 17, 1978 two new foreign branches were officially opened in Belgium: in the capital, Brussels, and in the international port, Antwerp. At the same time, Deutsche Bank shares were introduced on the stock exchanges in both cities. The simultaneous opening of these two branches reflects the strong economic ties between the Federal Republic and its neighbour state. Belgium is not only one of Germany's largest trading partners, it is also an attractive country for capital investment. About 800 branches and affiliates of German companies are located there. The bank's new branches concentrate on business with corporate customers; in Antwerp port business will be of special importance. Apart from well-known attractions in Brussels, the pictures on the left show





the new branch in the heart of the city (centre). On the morning of the opening, the Board of Managing Directors visited the branch (bottom). The day closed with a large reception at the Cercle Gaulois Artistique et Littéraire, Belgium's most renowned gentlemen's club (centre right). The first quotation on the Brussels Stock Exchange (bottom left) was made on October 17. The photos on this page show a few of Antwerp's most famous sights — the Grote Markt and the Brabo Fountain, and the Cathedral (top row). Hans Otto Thierbach, Member of the Board of Managing Directors, speaking with journalists of Antwerp's large newspapers (centre left). The bottom right-hand photo shows Dr. F. Wilhelm Christians, Spokesman of the Board, together with his colleague Thierbach and the general managers of the two Belgian branches.



on all questions regarding the US capital market were in the forefront of its business activity. Atlantic Capital Corporation was active as broker in securities dealing and order business and participated as underwriter in the placing of 210 American and international security issues. Thus, Atlantic Capital Corporation has a leading position among non-American investment houses on Wall Street.

### **Strong growth of Luxembourg business again**

The major part of the Eurofinancings provided by the Deutsche Bank Group was again transacted by our subsidiary, Deutsche Bank Compagnie Financière Luxembourg.

The bank's activity continued to be mainly focused on credit business and especially on international syndicate business. Credit volume accounted for more than 70% of assets.

In the financial year Deutsche Bank Compagnie Financière Luxembourg handled 47 publicized international syndicated loans (previous year 32) totalling the equivalent of DM 23 bn. (19) as lead manager, manager, co-manager or agent. Among the main borrowers were Mexico, Nigeria, Canada, Denmark, Spain, Malaysia, Indonesia.

### **Foreign organization further rounded off**

In the year under review we expanded our foreign organization by four branches, one subsidiary and one representative office. The setting-up of branches in Madrid and Milan is in the final stages of preparation, after we received the necessary licences in both countries.

The opening of our subsidiary, Deutsche Bank (Asia Credit) Limited, Singapore, took place on September 1, 1978. It is especially active in the syndicated loan business, short, medium and long-term financing and in foreign exchange and money dealing. In the shortened business year 1978 the institute achieved a balance sheet total of DM 379.2 m. and already managed to make a small profit.

On April 6, 1978 we opened a representative office in Lagos, Nigeria. On June 1, 1978 a representative office for Central America and the Caribbean was set up in San José, Costa Rica.

At the end of the year the bank maintained a total of 81 bases in 49 countries.

### **International issuing business – again leading position**

In 1978 the total new issue volume on the Eurocapital market contracted slightly in comparison to the previous year. However, the volume of Euro-D-Mark issues again increased in the process. The bank was able to strengthen its position among the leading international issuing houses. In all, it participated, either as manager or co-manager, in 103 bond issues, 62 of which were D-Mark issues. 12 issues of DM 2.45 bn. were floated under our management for international organizations, of which DM 1.3 bn. for the World Bank alone.

Among the largest single transactions, apart from the issue floated for the World Bank, were the financings in D-Marks and US-dollars managed by the bank for Australia (US\$ 350 m.), Canada (DM 600 m. and DM 500 m.) and Norway (US\$ 250 m.). It is worthy of note that 26 D-Mark convertible bond issues were floated by Japanese issuers on the Eurocapital market. We managed roughly one third of them.

### **Foreign exchange dealing marked by the dollar crisis**

Disquiet and nervousness set the tone in the foreign exchange market for the whole year. Disturbances resulting from the weak dollar came to a crisis point in the autumn. Hectic price fluctuations of great magnitude were the consequence. Despite more difficult conditions we were, on the whole, able to meet our customers' higher forward cover requirements.

Earnings achieved both in foreign exchange and precious metals business were clearly higher than those of last year. Our foreign branches' foreign exchange business was well up.

## EBIC – continued growth of joint ventures

The most important of the EBIC joint ventures, the European American Bank & Trust Company and the European American Banking Corporation, both domiciled in New York, were also in their tenth year able to markedly expand their business volume. Once again the European American Banks played an active part in the financing of European and especially German investments in the U.S.A. To an increasing extent, credits were granted to the 500 largest US firms noted in the Fortune list. Numerous American companies availed themselves of the newly set-up foreign currency advisory service.

The European American Bank & Trust Company was the first foreign-owned bank to be accepted into the New York Clearing House Association, to which leading New York banks belong. As a result it has the possibility of quicker cheque collection and has extended its information base. The growth in payments business between the European American banks and central banks and correspondent banks worldwide has resulted in its achieving second place in the New York clearing system for international interbank payments business, calculated on the basis of the number of daily transactions. The balance sheet total of the holding company, the European American Bancorp, New York, rose by 28.8% to almost US\$ 7 bn. as of December 31, 1978. Both EBIC institutes in the U.S.A. achieved a good result in 1978.

For European Asian Bank AG, Hamburg, 1978 was a year of continuing growth. Against the background of rising economic development in the Asian-Pacific region, the balance sheet total rose from DM 1.4 bn. to over DM 2.0 bn. The bank opened branches in Bangkok, Thailand, and Seoul, South Korea, as well as its fourth city sub-branch in Hong Kong. In its area, therefore, European Asian Bank is one of the best represented European banks in Asia. Despite the negative effects of changes in currency, the bank was able to further expand its operating result.

Banque Européenne de Crédit (BEC), Brussels, granted credits equivalent to Belg. frs. 20.2 bn. (US\$ 0.7 bn.) in 1978. The total volume of its financings rose, therefore, by 8% to Belg. frs. 65.1 bn. (US\$ 2.2 bn.). The bank managed or co-managed 40 international credit syndicates to the equivalent of US\$ 6.4 bn. The balance sheet total rose by 6% to the equivalent of US\$ 3.1 bn. and the net income for the year by 15% to US\$ 17.3 m.

European Banking Company Limited (EBC), London, was able to maintain its position as issuing house regardless of the, at times, difficult market situation in the Eurodollar issuing business. A substantial contribution to this was made by its strong position in floating rate note issues. The bank managed or co-managed 15 international capital market issues totalling US\$ 758 m., 12 of which were floating rate note issues. The balance sheet total was roughly the same as that of last year at £307.7 m.

Euro-Pacific Finance Corporation Limited, Melbourne, closed the 1977/78 financial year with a good result. As of June 30, 1978 the balance sheet total rose by 4.7% to Australian \$ 207 m. (DM 490.6 m.). Domestic credit business could be stabilized despite stiff competition in the medium-term advances sector for prime names. Considerable progress was made in off-shore operations. A branch was set up in Hong Kong for off-shore business to expand contact with customers and international banks in this area.

The subsidiaries of European Arab Holding S.A., Luxembourg, were also able to strengthen their positions in 1978. The consolidated balance sheet total of the EURAB Group rose by approximately 40% to more than US\$ 1.2 bn. European Arab Bank (Brussels) S.A., Brussels, and European Arab Bank Ltd., London, were mainly active in Euro syndicate business. The business activity of the subsidiary in Frankfurt (Main), which has been operating under the name European Arab Bank GmbH since mid-1978, focused, as before, mainly on the settlement and financing of German exports to Arab countries. The activities of the EURAB Group were strengthened by the setting-up of a representative office in Tokyo and the founding of an investment fund for capital investments in Arab currencies.

## Development of our international subsidiaries and associated companies

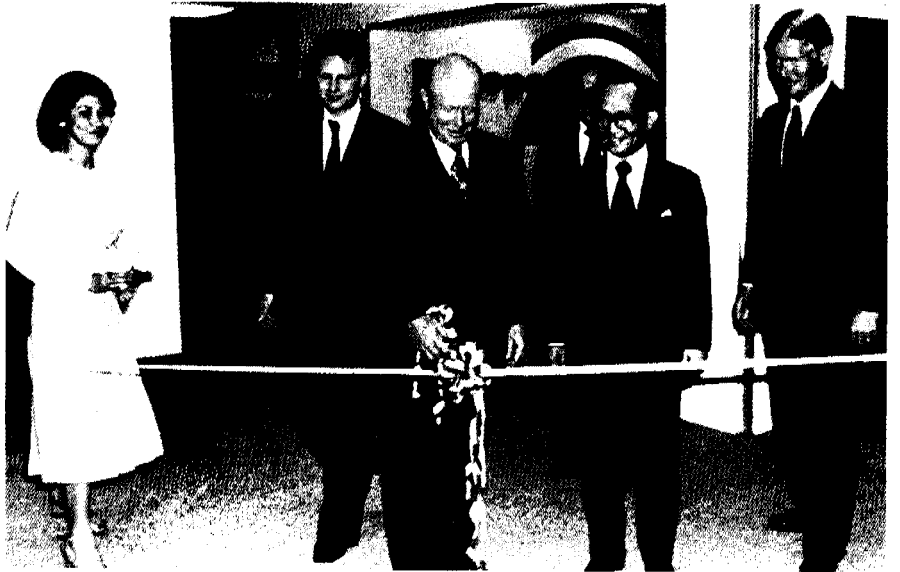
Cooperation with the banking house H. Albert de Bary & Co. N.V., Amsterdam, in which we and Amsterdam-Rotterdam Bank each hold a 50% interest, became even closer in the year under review. The net income for the financial year, which ended on September 30, 1978 was fully allocated to the reserves in order to expand the basis for growth of business volume.

## Expansion in South East Asia

In 1978 Deutsche Bank further expanded its presence in South East Asia. In Singapore – the recognized centre of the "Asian-dollar market" and an important commercial city – "Deutsche Bank (Asia Credit) Limited" was officially opened at the beginning of September. This wholly-owned subsidiary will be primarily active in syndicated credit business, offering finance and in foreign exchange and money dealing. On the day of the opening Dr. Wilfried Guth, Spokesman of the Board, met with Singapore's Prime Minister Lee Kuan Yew (top). The management of the new subsidiary was conferred upon Wolfgang Matthey (bottom photo left, next to Dr. Guth and Hilmar Kopper, Deputy Member of the Board of Managing Directors).



In September 1978, through our EBIC joint venture, European Asian Bank AG (Eurasbank), we became the first German bank to be represented in Thailand and Korea. Eurasbank, in which we have a one seventh holding (as do all EBIC banks), established new branches in Bangkok and Seoul. The opening ceremonies of the Bangkok branch were conducted by Dr. Guth, Chairman of the Advisory Council of Eurasbank, in the presence of the Governor of the Bank of Thailand, Dr. Snoh Unakul (centre picture). Eurasbank, the aim of which is to promote the trade and financial relations between Europe and Asia on the one hand, and between Asian countries on the other, now has offices in 8 cities. It is represented in all five member states of the dynamic ASEAN community, as well as in other countries. Thus, Eurasbank has a larger network of branches in South East Asia than any other European bank.



We raised our holding in Banco Comercial Transatlántico, Barcelona from 25.2% to 28.8%. The bank was, once again, able to achieve a good result, although Spain's economic growth remained weak in the course of a stabilization policy aimed at slowing inflation.

At the end of 1978 the circle of shareholders of Intermex Holding S.A., Luxembourg, with subsidiary banks in London and Nassau, was expanded to include the two Mexican state credit institutions: Nacional Financiera and Banco Nacional de Comercio Exterior. In the process of rearranging the ownership structure the share capital of Intermex Holding was raised from US\$ 16.2 m. to US\$ 26.3 m. We contributed to the admission of the new shareholders by reducing our quota from 14.5% to 12%. The Intermex Group is engaged primarily in lending to Mexican and other Latin American borrowers and in 1978 it further expanded its position in this sector. The balance sheet volume of European Brazilian Bank Ltd., London grew by 19% in 1978 to DM 1.4 bn. Under the bank's management further syndicated loans were arranged in particular for Companhia do Metropolitano do Rio de Janeiro amounting to US\$ 260 m. Reserves were used to raise share capital from £11 m. to £12.65 m. Our holding in this institution remains unchanged at 13.7%.

Société Ivoirienne de Banque, Abidjan, Ivory Coast, doubled its capital to CFA-francs 3 bn. (about DM 26 m.) to enable it to continue its business expansion on a solid liability basis. Thanks to a favourable earnings situation it was possible to effect this increase from company funds. Our holding is 12%. The institution has 25 offices spread over the country.

Banque Commerciale du Maroc, Casablanca, was also able to strongly expand its activities. To adjust the equity base to the increased business volume, the capital was raised from Dirham 32.5 m. (about DM 15.2 m.) to Dirham 48.75 m. (about DM 22.9 m.) partly by bringing in new funds, partly from reserves. Our participation in this increase corresponded to our holding of 7.1%.

Korea Development Finance Corporation, Seoul, whose business aim is the long-term financing of Korean private industry and which has important credit lines with the World Bank and the Asian Development Bank, doubled its capital to Won 10 bn. (about DM 38.5 m.). We participated in the capital increase. Besides that, the institution took up a Eurocredit (US\$ 30 m.) for the second time since its foundation. Our Luxembourg subsidiary was lead-manager of the syndicate.

### Rise in staff level

In the course of 1978 the number of our employees rose by 1,695 to 37,729. 921 employees feature for the first time in Deutsche Bank's staff statistics owing to the take-over of the South American branches of Deutsche Ueberseeische Bank last year. If one disregards this entry there is a real increase of 774 employees for 1978 (+2.1%).

One reason for the rise in our staff level was the further expansion of our international business. The new branches in Antwerp, Brussels and New York as well as the representative offices opened in the year under review in Lagos (Nigeria) and San José (Costa Rica) had to be staffed. Also, existing foreign branches increased the number of their employees. At the end of the year, including our related companies and subsidiaries, we employed 1,533 members of staff abroad, 1,311 of whom were of other nationalities.

A second reason was that, at home too, the range of services offered to customers could only be realized with an increase in staff numbers. In the process, the number of employees in the lower salary-scale groups again decreased slightly, whereas the number employed above all as qualified clerks and specialists rose. We expect this structural change to continue in the coming years.

Last year 413 employees retired from the bank. At the end of the year we looked after 8,459 retired members of staff and widows and 171 orphans.

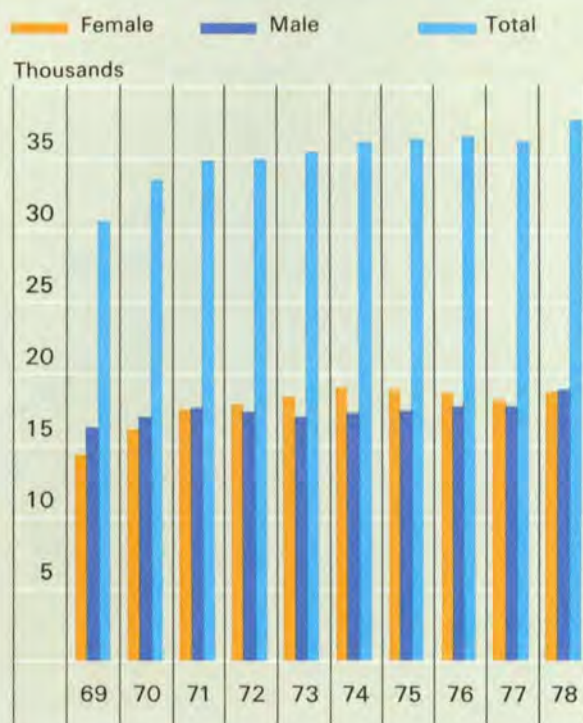
### High number of training places offered, above-average examination results

In the year under review there was no drop in interest for vocational training in our bank. A grand total of 30,000 school leavers applied for a training place. Just under 7,000 young people reached the later stages of our selection procedure. We were able to offer 1,692 young people a training contract. The increase in the number of appointments in comparison to the year before was possible firstly because of the large number of apprentices who had concluded their apprenticeship. But above and beyond that, we again raised the number

of training places on offer. At the end of the year, the total number of apprentices was 3,560; that was 85 more than in the previous year. As before, with an apprentice ratio in terms of domestic employees of 9.9%, we were considerably above the average of the private banking sector.

Of the apprentices newly appointed in 1978, around two thirds had passed the "Abitur" – that is a good half of all our apprentices. The examination results were again slightly better than last year's level which was already high. 97.4% of our young qualified bank clerks passed the examination, 46.5% of whom with "merit" or with "distinction". On completion of their training 82% of all qualified bank clerks were taken on as regular members of staff. With few exceptions, this represented

**Growth in the number of employees 1969–1978**  
including part-time employees and apprentices





all those who decided to continue working in the bank. About 15% left us at their own request – the majority to commence studies.

### Good experiences with university graduates

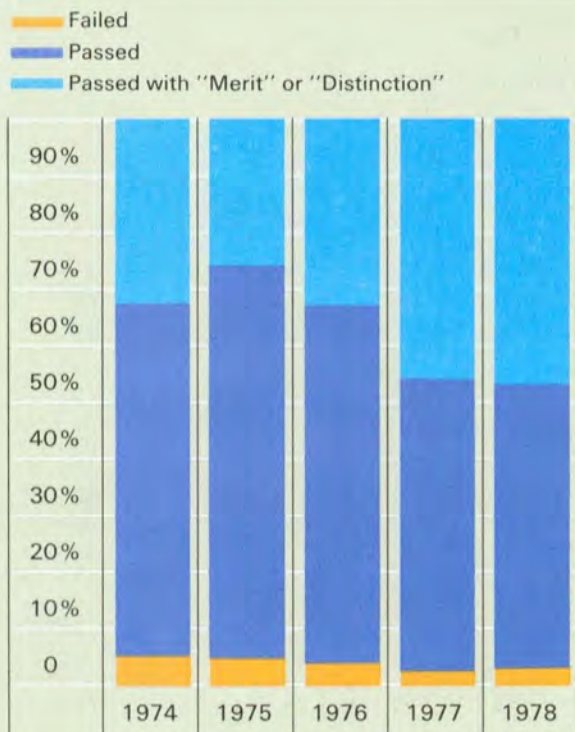
Along with vocational training, we also intensified our graduate training activities. At the moment 103 university graduates – 12 of them women – are receiving about two years' training to familiarize them with banking business. Parallel to this we had direct recruitment of graduates for various specialist and staff departments. Some two thirds of our graduate staff are economists, one third lawyers; about 30% of them have completed a banking apprenticeship. The positive practical results

achieved both at home and abroad with our trainees on completion of their training speak in favour of our hiring university graduates in the future on the same scale as in the past. The proportion of graduates to total staff continues to be 3.2%; among staff outside the salary scale the proportion is about 18%. This proportion is not expected to change radically in the foreseeable future.

### Selective staff advancement

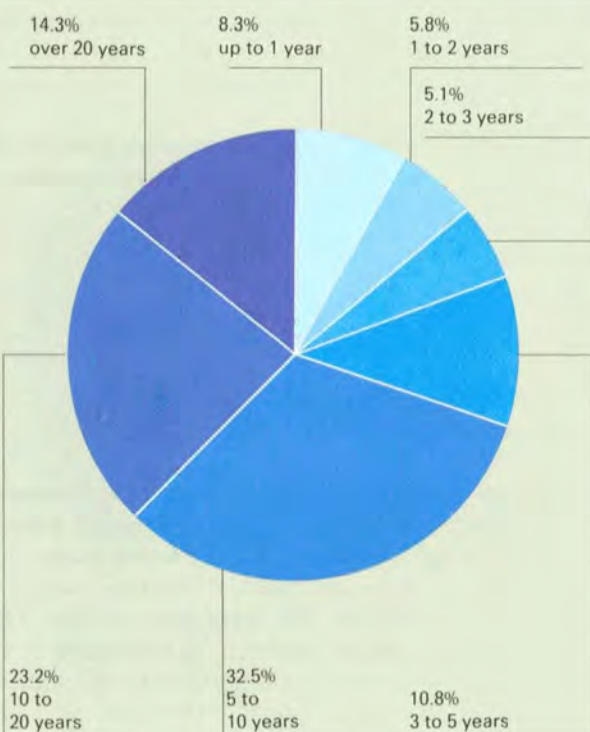
Increased business activities at home and above all in the international sector too offer our bank staff great scope for development. In this context our current policy of preparing a group of employees especially for future duties abroad has stood the test of time.

**Examination results of our apprentice bank clerks**



**Employees' length of service with the bank as of December 31, 1978**

including part-time employees and apprentices



Our guiding principle of filling as many vacant positions as possible – and especially management positions – from the circle of our own employees places high demands on our personnel development planning. It must ensure that our qualified staff are prepared for their future tasks by means of selective advancement measures. This ensues both by means of on the job training and also through internal advanced training programmes and external specialist and foreign language courses.

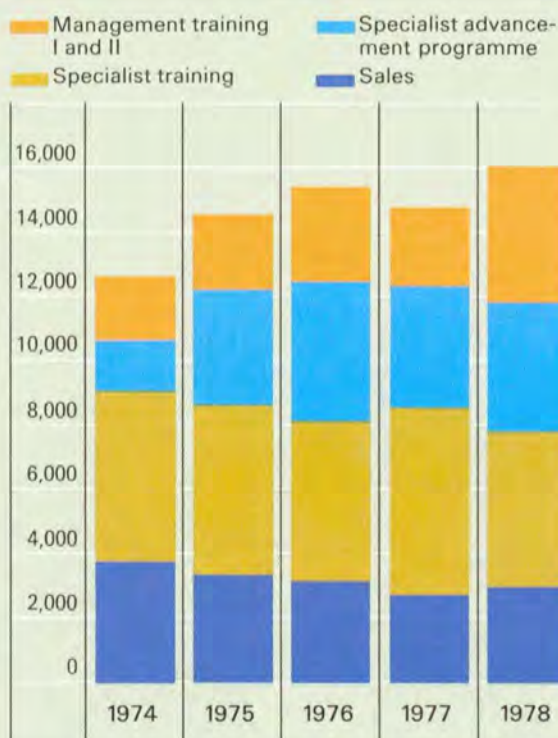
### Comprehensive advanced training programme

In the year under review the bank conducted 894 advanced training courses with 16,057 participants. The

magnitude of such an offer necessitates an exact analysis of requirements and the selective use of available capacities. Based on reports from the branches and the Central Office, about one quarter of the courses were management training seminars. Emphasis was also laid on seminars dealing with corporate customer service, credit business and internal administration. There was particular demand for seminars on the problems of our small and medium-sized business customers. Moreover, in 1978 we began instructing our executives in a special seminar "Assessment and Promotion of Employees". Together with the bank's revised system of assessment, this measure should ensure that promising employees are recognized as such as soon as possible and their qualities utilized and developed accordingly. More than 900 employees made themselves available as lecturers for the numerous advanced training courses. They are to be thanked for undertaking this commitment on top of their normal business activities.

The total costs of our basic and advanced training last year came to approximately DM 64 m. This represents 6.1% of current salary payments. Vocational training accounted for roughly 60% of total training costs.

**Structure of advanced training programme**  
(Basis: numbers of participants)



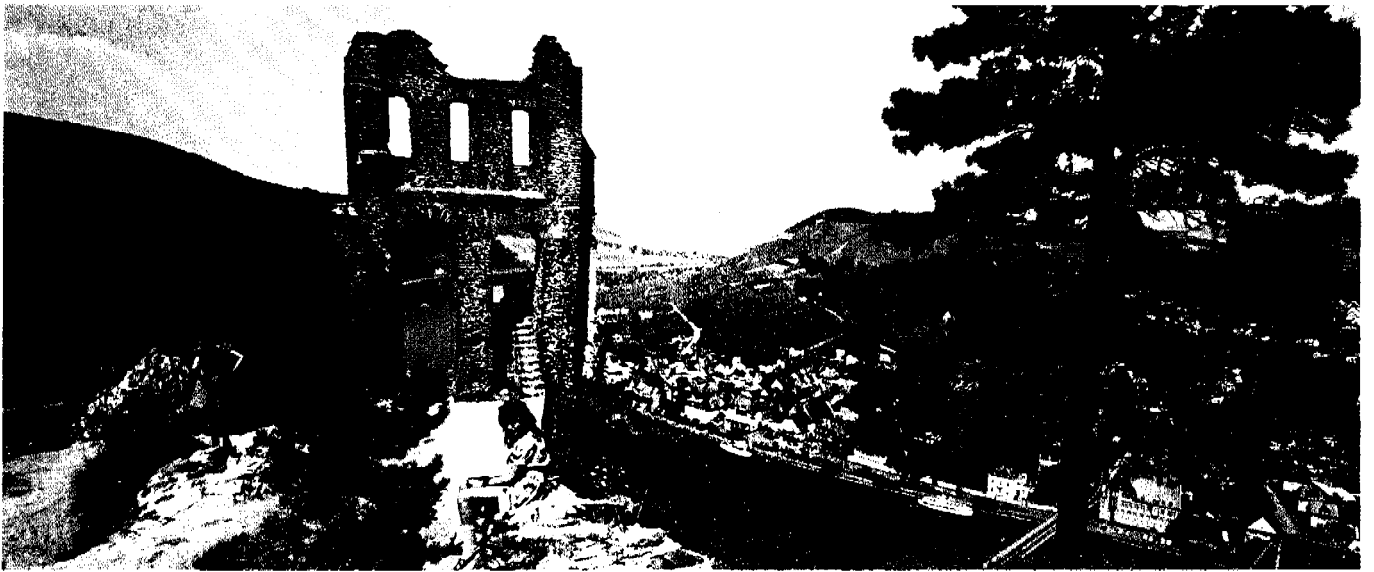
### Staff expenditure

In 1978 total staff expenses rose by 8.6% to DM 1,633 m. Thus in the last five years they have risen by 64%. Whereas in 1973 a 1% increase in agreed-scale salaries still cost DM 7.5 m., a 1% increase at 1978 levels means an additional cost burden of DM 12.1 m. These cost increases and the extensive legislation on social security are, for cyclical and structural reasons (as described earlier), not matched by corresponding opportunities to increase earnings, so that the bank's scope for voluntary contributions will diminish.

### Renewed offer of staff shares

It was in 1974 that employees and retired staff of our bank and its domestic subsidiaries were, for the first



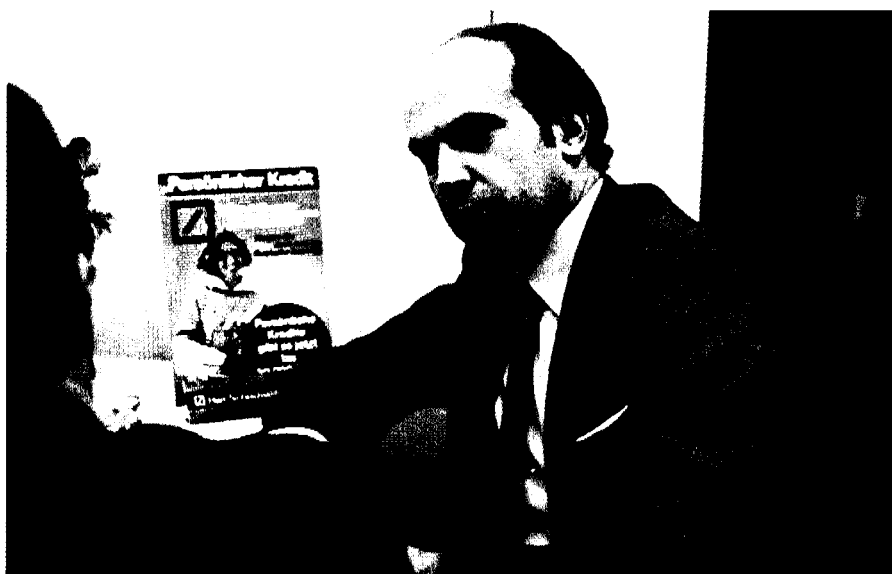


**A branch with seven employees:  
Traben-Trarbach**

The name Deutsche Bank brings to mind certain ideas of size: a Consolidated Balance Sheet Total of DM 146 bn., 5.3 million savings accounts, a leading position in the international issuing business, and fourth on the list of the world's largest banks (at the end of 1977). But a company does not become "big" automatically. In 1978 close on 38,000 employees made a contribution towards making growth possible. They were at work throughout Germany in the Central Office, in the Regional Head Branches, Area Branches and Sub-branches – all in all 1,232 offices. The overall network stretches from Aachen to Deggendorf and from Garmisch-Partenkirchen to Westerland. It includes large branches employing hundreds of

persons as well as small branches with as few as four employees. It is exactly this combination of large, medium-sized and small offices that brings about the close contact to customers upon which the success of the entire bank is based.

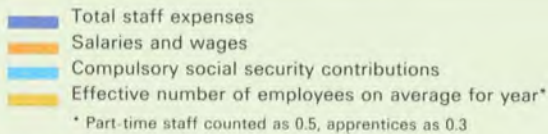
Our Traben-Trarbach branch – situated on the River Mosel in one of the most picturesque regions in Germany – is one of our smaller branches. The team there, consisting of a manager, two customer advisers, a cashier, a secretary, a bank clerk and an accounting and postal clerk, has an average age of 29. Their customers are mainly small and medium-sized businesses, especially wine-growers, vintners, large-scale wine cellars and related firms as well as their employees. 1980 will mark the 60th anniversary of this branch.



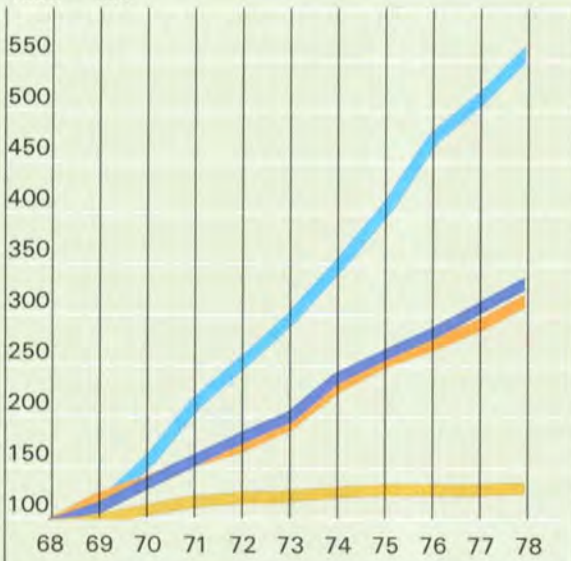
time, able to purchase staff shares. Since then the number of staff shareholders has grown to about 40,000 out of a total of 212,000 shareholders.

Last year we once again improved the opportunities for acquiring staff shares. Up to now, 1 share was offered for sale to employees of one year's standing and to those of two or more years' standing 2 shares. In 1978, for the first time, they were able to purchase 3 shares if they had been employed by the bank for at least ten years. Approximately 85% of employees availed themselves of this offer. Employees who had fully exercised their options to buy staff shares from 1974 and who had also participated in the capital increases in the interim were, at the end of the year, in possession of 14 shares of Deutsche Bank worth DM 4,225. This compares with a net outlay over the years of DM 1,820.

### Growth of staff expenses



1968 = 100

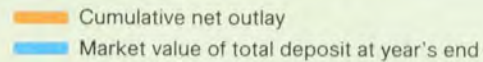


### Elections of staff representatives

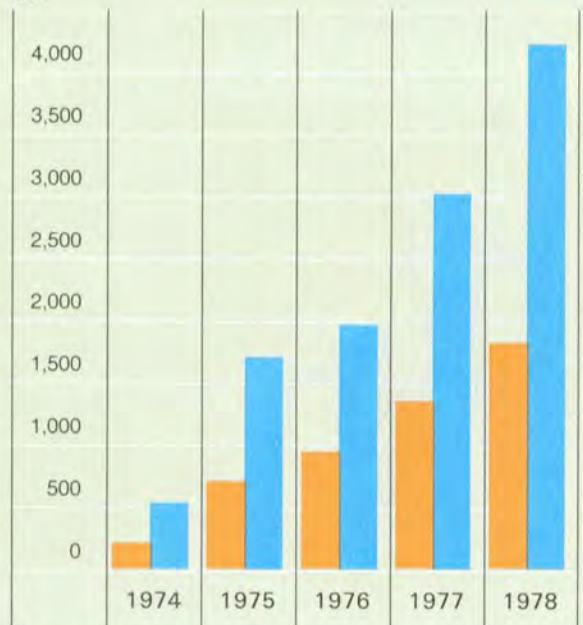
In the reporting year elections had to be held for the Supervisory Board in line with the new Co-Determination Act. A large majority of the staff voted for the direct election of staff representatives. Despite the difficult procedure the elections were conducted smoothly thanks to the first-rate cooperation with the Staff Councils and the intensive training of the electoral committees. There was a 73% turn-out. Costs totalled approximately DM 0.9 m. The election by rotation of the Staff Councils made a further vote necessary. In total we now have 219 Staff Councils with 988 members. In the year under review the Youth Representatives and the spokesmen for the severely handicapped were also up for re-election.

### Development of net outlay and earnings on staff shares

(including participation in capital increases)



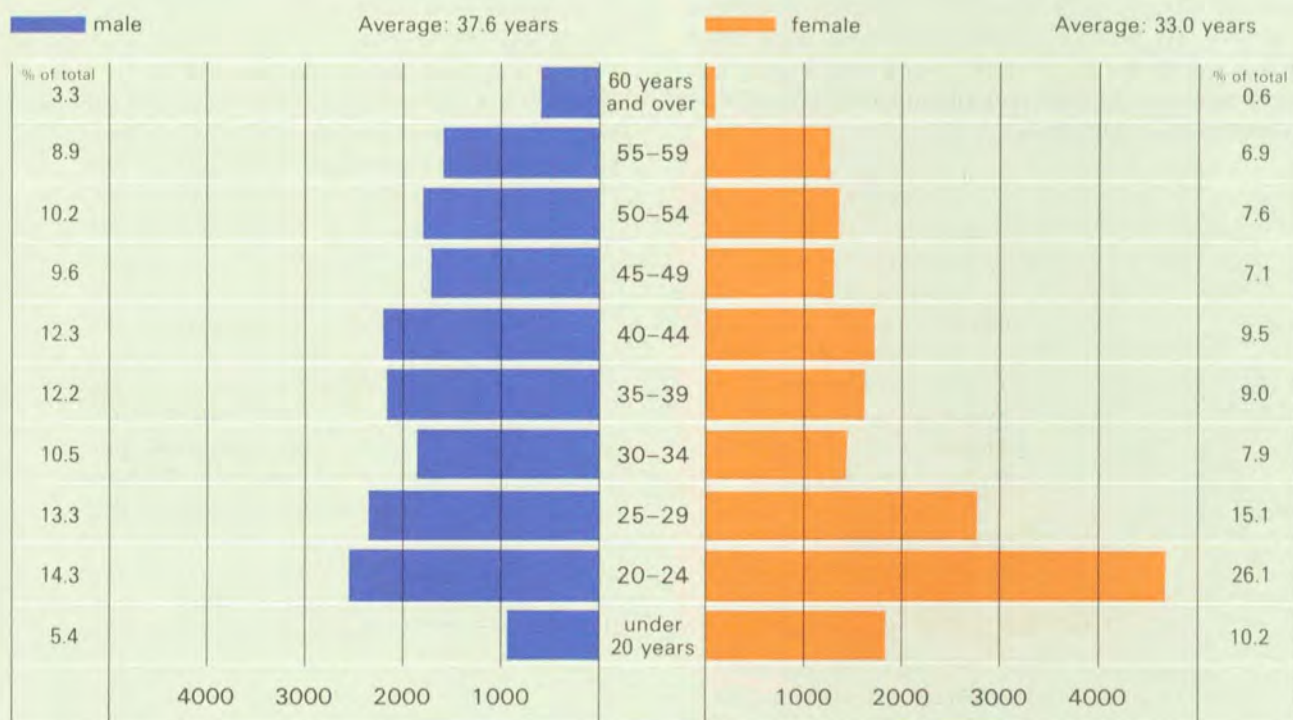
DM





### Age structure of our staff as of 31. 12. 1978

incl. part-time employees and apprentices



### Cooperation with the Staff Councils

Mutual trust and sound cooperation between our bank's Management and Staff Council is essential. Last year too the member of the Board of Managing Directors with responsibility for personnel had regular meetings with the General Staff Council, the Economic Committee and other committees of employees. The monthly discussions with the Management Committee of the General Staff Council generally took place at branch level in order to maintain contact with the branch Staff Councils and to gain better understanding of the problems on the spot. Dealings with all committees were dis-

tinguished by the trust and the will to cooperate shown on both sides. We should like to express our thanks to all those involved.

### Formation of a committee of spokesmen

In preparation for the elections to the Supervisory Board, discussion groups made up of senior executives were formed at office level, leading, in the course of the year, to the formation of a committee of spokesmen

consisting of 17 members. The Board of Managing Directors has met with this committee on several occasions since then in order to improve and intensify the flow of information between Management and senior executives. Above and beyond this, particular questions and problems relating to senior executives were dealt with. We would like to thank the representatives of our senior executives for their understanding cooperation at all times for the good of all.

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

The satisfactory result which we were able to achieve in the 1978 business year was due to the part played by every single man and woman on the staff and we would like to express our thanks for the effort they brought to bear. Our special thanks and recognition are due to the 66 members of staff who, last year, were able to look back on 40 years of service with the bank and to the 460 employees who celebrated 25 years of service.

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

Gertrud Bartz, Frankfurt  
 Hans Bauer, Worms  
 Rolf Böke, Bochum  
 Rosa Bucher, Esslingen  
 Martha Bügler, Taunus-Zentrum Eschborn  
 Ursula Decke, Hamburg  
 Heinrich Depenbrock, Essen  
 Arnold Dettlaff, Kiel  
 Klaus Dörr, Frankfurt  
 Ursula Dombrowski, Leverkusen  
 Arthur Eisenmann, Nuremberg  
 Eva Fietkau, Hamburg  
 Karl-Heinz Fleischer, Wolfenbüttel  
 Günter Fritz, Ahlen  
 Hermann Gäng, Mannheim  
 Carlos Gögge, Frankfurt  
 Erich Götz, Bergisch Gladbach  
 Francisco Gogg, Buenos Aires  
 Alexander Gros, Düsseldorf  
 Gerhard Günther, Frankfurt  
 Christa Hanafieh, Hamburg  
 Adam Heinen, Cologne  
 Wilfried Heinrich, Baden-Baden  
 Emmy Herdt, Frankfurt  
 Erich Homm, Frankfurt  
 Alfred Honisch, Freiburg

Erika Jung, Kassel  
 Georg Karl, Nuremberg  
 Franz Klein, Düsseldorf  
 Dietrich Krause, Kiel  
 Ingetraud Kühlen, Viersen  
 Walter Kürbis, Mainz  
 Alois Maier, Munich  
 Dieter Mertens, Duisburg  
 Paul Oppermann, Hamburg  
 Marion Pahnke, Mannheim  
 Ilse Peschek, Frankfurt  
 Rudolf Pipping, Karlsruhe  
 Ernst Plänker, Düsseldorf  
 Oswald Prins, Hamburg  
 Erwin Prinz, Kiel  
 Hans Rediske, Solingen  
 Wilhelm Rumler, Frankfurt  
 Maria Rybold, Düsseldorf  
 Werner Schick, Göppingen  
 Peter Schindler, Frankfurt  
 Heinrich Schlüter, Cologne  
 Viktor Schmidt, Cologne  
 Friedrich Stähler, Düsseldorf  
 Jörg Teegen, Hamburg  
 Wilhelm Wengorzewski, Braunschweig  
 Gerhard Wille, Einbeck

We mourn the passing away of 270 retired employees of our bank.

We shall always honour their memory.

## Balance Sheet

### Volume of Business

In 1978 the bank's *volume of business* (balance sheet total + endorsement liabilities) rose by DM 13.6 bn. = 17.2% to DM 92.3 bn. The balance sheet total increased at nearly the same rate and reached DM 92.1 bn. at the end of the year. This growth which even exceeds last year's increase can be attributed to the lively domestic lending business as well as to the continued gratifying development of business in our foreign branches. Included for the first time in these figures are the branches taken over in South America as a result of the merger of Deutsche Ueberseeische Bank with Deutsche Bank AG.

The development of the volume of business, shown in two-month intervals in the graph below, has grown con-

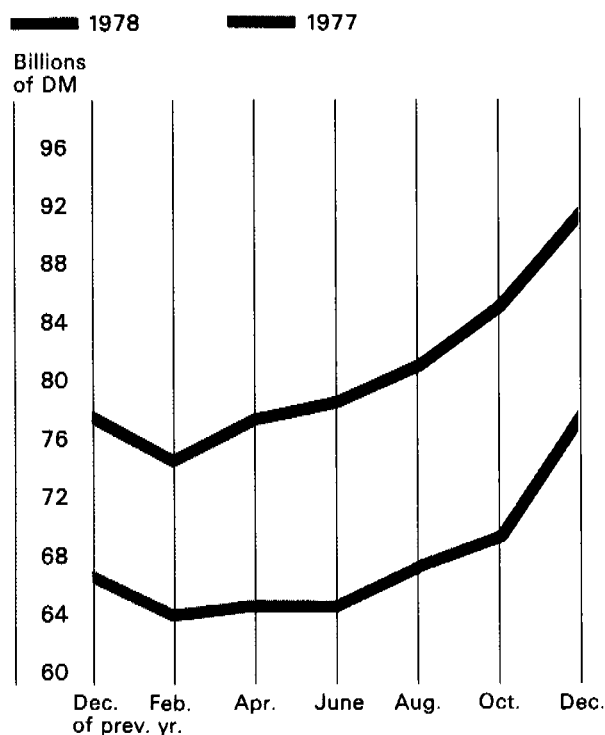
sistently since mid-year following a decline in the first two months.

Along with the expanded volume of business, *turnover* on our non-bank customers' accounts rose by 4.7% to DM 2,443 bn. An average of DM 75 m. in turnover and 16,000 business transactions were recorded per employee.

Changes in the balance sheet are shown according to source and use of funds in the financing balance on p. 30.

The following changes in the most important items on the balance sheet were registered:

Volume of business during the year



Assets	in millions of DM
Cash reserve	+ 1,323.0
Cheques and other items received for collection	+ 49.5
Bills of exchange	+ 92.1
Claims on banks	+ 4,445.1
Treasury bills and discountable Treasury notes	+ 291.1
Bonds and notes	+ 1,302.8
Other securities	- 72.5
Claims on customers	+ 6,104.9
short and medium-term	+ 2,160.4
long-term (4 years or more)	+ 3,944.5
Subsidiaries, associated companies and trade investments	+ 66.6
Land and buildings, office furniture and equipment	+ 49.3
Other assets	- 109.4
Remaining assets	- 20.6
Balance sheet total	+ 13,521.9

Liabilities	in millions of DM
Liabilities to banks	+ 6,825.6
Liabilities to customers	+ 5,265.7
including: time deposits	+ 2,927.7
savings deposits	+ 931.6
Bonds and notes	+ 680.3
Provisions	+ 219.7
Own funds (Capital and Disclosed reserves)	+ 440.5
Remaining liabilities	+ 90.1
Balance sheet total	+ 13,521.9

## Liquidity

At the end of 1978 the cash reserve amounted to DM 6.7 bn.; *cash liquidity* expressed as a percentage of total liabilities of DM 85.5 bn. was 7.9% (7.4% in the previous year). This reflects the low minimum reserve ratios at the end of the reporting year.

With total liquid funds at DM 21.4 bn., *overall liquidity* was 25.0%. This figure which was slightly less than in the preceding year (27.1%) is due to the increased share of interbank money transactions with matching maturities requiring no liquidity provision.

Total liquid funds and liabilities show the following composition:

	End of 1978 DM m.	End of 1977 DM m.
<i>Cash reserve</i>		
Cash on hand .....	315.5	260.3
Balance with Deutsche Bundesbank .....	6,385.7	5,094.3
Balances on postal cheque accounts .....	22.4	46.0
	<u>6,723.6</u>	<u>5,400.6</u>
<i>Other liquid funds</i>		
Cheques, items received for collection ..	583.6	534.1
Bills of exchange rediscountable at Deutsche Bundesbank .....	5,259.4	5,453.2
Claims on banks payable on demand .....	4,119.2	5,070.4
Treasury bills and discountable		
Treasury notes .....	387.0	95.9
Bonds and notes eligible as collateral for Bundesbank advances .....	4,281.3	3,156.3
<i>Total liquid funds</i> .....	<u>21,354.1</u>	<u>19,710.5</u>
<i>Liabilities</i>		
Liabilities to banks .....	30,244.9	23,419.3
Liabilities to customers .....	50,215.3	44,949.6
Bonds and notes .....	4,662.7	3,982.4
Own acceptances and promissory notes outstanding .....	335.8	361.9
Other liabilities .....	34.4	26.7
<i>Total liabilities</i> .....	<u>85,493.1</u>	<u>72,739.9</u>

Of holdings of Bills of exchange amounting to DM 6.3 bn., DM 5.3 bn. or 83% were rediscountable or eligible as collateral according to Deutsche Bundesbank regulations.

The *principles* regarding capital resources and liquidity laid down by the Federal Banking Supervisory Office were adhered to by the bank at all times during the reporting year.

Last year too, we increased our long-term lendings at fixed terms and conditions, particularly to corporate customers; we refinanced these lendings through liabilities-side business at matching maturities and interest rates, inter alia by issuing bonds.

## Assets

### Securities

Holdings of *Bonds and notes* were up by DM 1.3 bn. to DM 5.2 bn. Of these, DM 3.0 bn. = 57% were paper with long-term original periods. A total of 82% were eligible as collateral for Bundesbank advances.

*Securities not to be shown elsewhere* – this balance sheet item consists almost exclusively of shares and investment fund certificates – decreased by DM 72 m. to DM 1,774 m. at the end of 1978. DM 238 m. were tied by syndicate transactions. Holdings of more than 10% in the capital of a company represent DM 993 m.

We have also included our shareholdings of 25% or more in non-bank companies under the heading "securities" because we regard them as a purely financial investment and therefore do not list them as Subsidiaries, associated companies and trade investments. Of these shareholdings, the following had to be reported in accordance with Section 20 Joint Stock Corporation Act: Bergmann-Elektricitäts-Werke AG, Berlin  
Daimler-Benz AG, Stuttgart  
Hapag-Lloyd AG, Hamburg  
Philipp Holzmann AG, Frankfurt (Main)  
Karstadt AG, Essen  
Pittler Maschinenfabrik AG, Langen (Hess.)  
Schitag Schwäbische Treuhand-AG, Stuttgart  
Süddeutsche Zucker-AG, Mannheim

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

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



<i>Total credit extended</i>	End of 1978 DM m.	End of 1977 DM m.	Change DM m.	%
Claims on customers				
short and medium-term	19,280.5	17,120.1	+ 2,160.4 =	12.6
long-term (4 years or more)	21,125.2	17,180.7	+ 3,944.5 =	23.0
	40,405.7	34,300.8	+ 6,104.9 =	17.8
Discounts	6,885.8	6,653.1	+ 232.7 =	3.5
Lendings to banks	5,497.4	4,342.8	+ 1,154.6 =	26.6
Total credit extended	52,788.9	45,296.7	+ 7,492.2 =	16.5

### Total credit extended

*Total credit extended* by the bank rose by DM 7.5 bn. = 16.5% to DM 52.8 bn. One third of this expansion was accounted for by borrowers abroad, with a significant influence being exercised here by our foreign branches.

Our *claims on banks* in the amount of DM 26.4 bn. (end of 1977: DM 22.0 bn.) include lendings of DM 5.5 bn. (+26.6%). Funds invested and claims on clearing accounts make up the remainder. Lendings to foreign banks amounted to DM 21.2 bn.

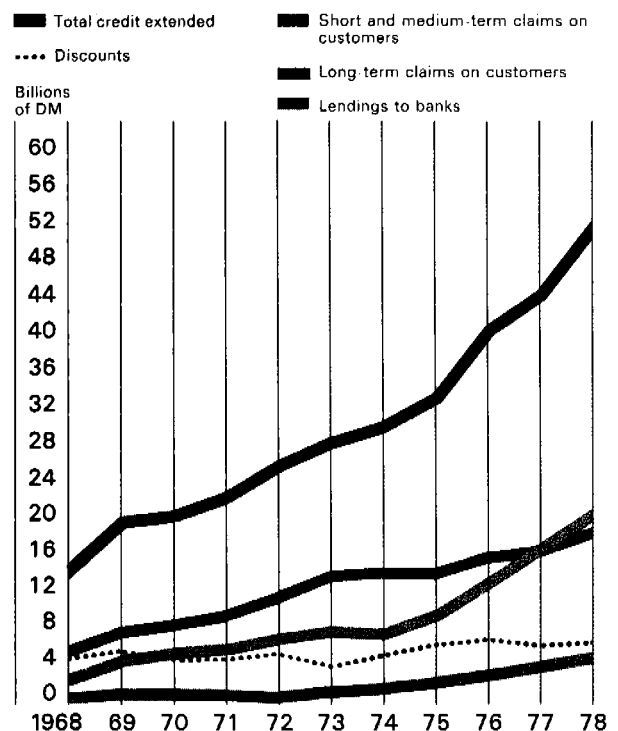
*Claims on customers* increased by DM 6.1 bn. = 17.8% and attained DM 40.4 bn. Growth in the discount business was on the contrary small at +DM 0.2 bn. = 3.5%.

Roughly one third of the increase in claims on customers is due to our standardized lending business with private customers which at DM 12.5 bn. accounts for 31% of total claims on customers. About half of the growth in standardized lending is accounted for by Personal credits and Programmed credits for building financing: building financings experienced considerable growth of DM 1.1 bn. = 33.9% to DM 4.5 bn.; Programmed personal credits were up by DM 1.0 bn. = 13.8% to almost DM 8.0 bn.

As the graph in the next column shows, the development of total credit extended in the last four years has been increasingly determined by the long-term lending business. In the ten-year period illustrated, total credit extended has more than tripled. Long-term claims on customers even increased six-fold in the same period. While short and medium-term claims on customers developed at a somewhat slower pace than overall lendings, the predominantly short-term discounts remained well behind the growth rate of total credit extended.

Moreover, the maturity structure in the statement of accounts at the end of 1978 was influenced by the borrower's notes and registered bonds shown for the first time in long-term claims on banks and customers, which,

### Total credit extended 1968-1978



within the framework of trading and placing these securities, we took into our own holding at short and medium-term. In deviation from our previous balance statement and from the periods already stipulated at the time of purchase, we are now disclosing these documented claims, according to their original periods, under long-term claims on an order to this effect from the Federal Banking Supervisory Office. Thus assets which tie up our liquidity at short or medium-term only, are included in long-term lendings to banks in the amount of DM 1.0 bn. and in long-term claims on customers in the amount of DM 0.6 bn. Last year's figures were not adjusted.

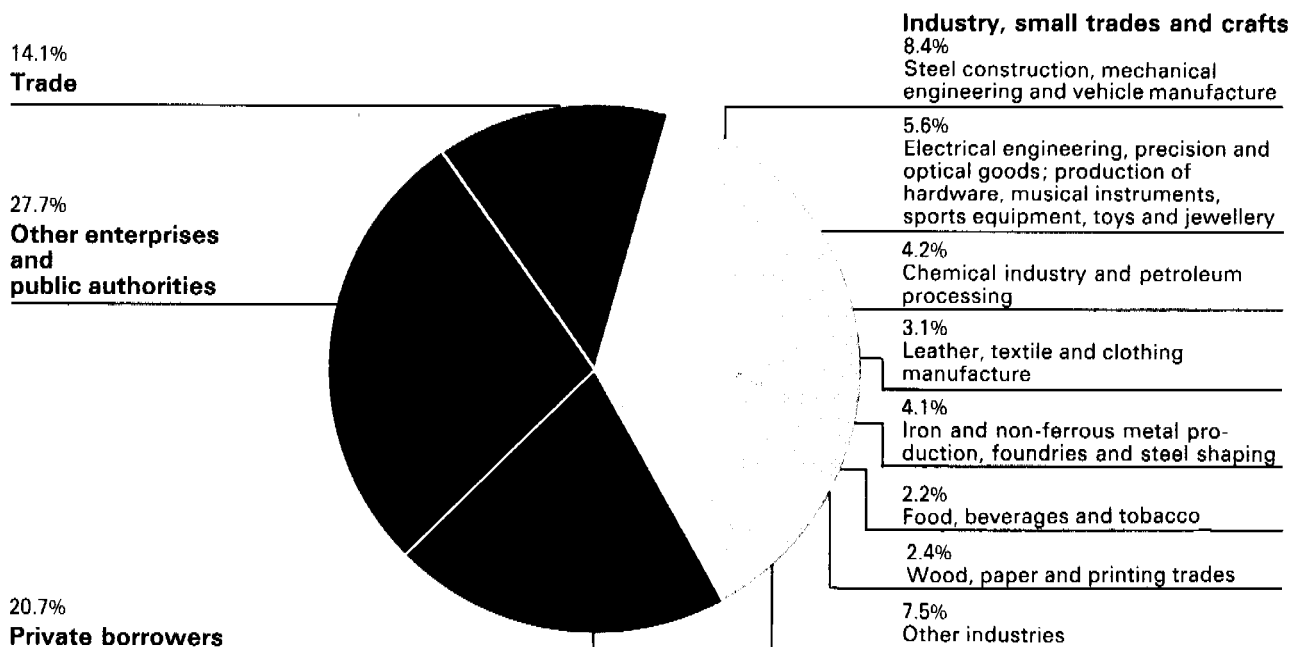
52% of long-term claims on customers and 64% of long-term lendings to banks matured in less than four years or were already resold to third parties on a forward basis.

Funds from public lending programmes for specific purposes amounting to DM 1.4 bn. (DM 1.3 bn. last year) and placed at our disposal mainly by the Kreditanstalt für Wiederaufbau, have been transmitted to the borrowers on the terms fixed by the lenders.

Apart from the above-mentioned total credit extended, rights of recourse from *guarantees and letters of credit* existed in the amount of DM 16.5 bn. (+ 13.3%).

Number of credits to customers		End of 1978	
	up to DM 10,000	961,426	73.4%
more than DM 10,000	up to DM 100,000	297,353	22.7%
more than DM 100,000	up to DM 1,000,000	46,705	3.6%
more than DM 1,000,000		4,675	0.3%
		1,310,159	100.0%

#### Breakdown of lendings to customers (claims and discounts) by sector as at December 31, 1978



78% of principals were private customers and 22% domestic or foreign banks. Roughly one fifth of the volume comes from the letter of credit business.

Our lending business is widely diversified as regards amounts and economic sectors, as shown in the breakdown of our lendings to customers by sectors corresponding to the borrowers' statistics of the Deutsche Bundesbank on the opposite page. The limits for large credits laid down in Section 13 Banking Act were observed.

Sufficient provision has been made for discernable risks, also taking into account country risks, through individual adjustments and provisions. A general provision in the prescribed amount was made for latent risks.

#### **Subsidiaries, associated companies and trade investments**

In this item of the balance sheet we continue to show holdings in associated banks, whose range of financial services is similar to or materially supplements that of our bank, and holdings in administrative companies which, as independent auxiliary operations, relieve the bank of administrative work not of a typical banking nature. We ensure in the above-mentioned cases, in proportion to our holding, that these firms are able to meet their liabilities.

The item also includes smaller capital holdings in foreign banks and financing companies, especially in developing countries, to which we make capital and advice available – often together with other international banks.

Holdings which do not fall into the categories indicated above and are hence not intended as business participations, especially the blocks of shares listed on p. 54, are shown in the balance sheet under securities or – if they are not documented in security form – under Other assets.

Holdings disclosed under Subsidiaries, associated companies and trade investments together with our capital shares in such companies are listed in the register of subsidiaries, associated companies and trade investments on pp. 115 to 117 of the report.

The bank's relations with related companies are dealt with in the Report of the Group, which gives information on the business development and position of companies included in the consolidated statement of accounts.

*Subsidiaries, associated companies and trade investments* appear in the balance sheet as per the end of 1978 at DM 1,462.7 m. (+ DM 66.6 m.). Of this amount, DM 1,250.9 m. relate to banks and DM 167.9 m. to banks' holding companies.

Additions of DM 168.6 m., including DM 2.7 m. from the acquisition of holdings of the former Deutsche Ueberseeische Bank and DM 0.1 m. in transfers of other assets figure against DM 0.5 m. sales and a disposal of DM 88.6 m. from the merger of Deutsche Ueberseeische Bank with Deutsche Bank AG that took place last year. Furthermore, write-downs of DM 12.9 m. on holdings abroad were necessary due to exchange rate movements.

The additions consisted mainly of capital increases and purchases; the following noteworthy transactions should be mentioned in particular:

#### *Capital increases*

Deutsche Centralbodenkredit-AG, Berlin–Cologne  
Deutsche Wagnisfinanzierungs-Gesellschaft mbH,  
Frankfurt (Main)  
Handelsbank in Lübeck, Lübeck  
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf  
Lombardkasse AG, Berlin–Frankfurt (Main)  
Banco de Desarrollo del Paraguay S.A. (COMDESA),  
Asunción/Paraguay  
Banque Commerciale du Maroc, Casablanca/Morocco  
Korea Development Finance Corporation,  
Seoul/South Korea  
Teollistamisrahasto Oy-Industrialization Fund of Finland  
Ltd., Helsinki

#### *Capital payments*

Banco Comercial Transatlántico, Barcelona  
Banque Nationale pour le Développement Economique,  
Rabat/Morocco  
European Arab Holding S.A., Luxembourg  
The Industrial Credit and Investment Corporation of  
India Ltd., Bombay/India

#### *Purchases*

Deutsche Centralbodenkredit-AG, Berlin–Cologne  
Deutsche Kreditbank für Baufinanzierung AG, Cologne  
Frankfurter Hypothekenbank, Frankfurt (Main)  
Handelsbank in Lübeck, Lübeck  
Schiffshypothekenbank zu Lübeck AG, Kiel

Adela Investment Company S.A., Luxembourg  
 Atlantic Capital Corporation, New York  
 Banco Comercial Transatlántico, Barcelona  
 Intermex Holding S.A., Luxembourg

#### *New establishment*

Deutsche Bank (Asia Credit) Ltd., Singapore

Owing to the merger of Deutsche Ueberseeische Bank with Deutsche Bank AG we have increased our holdings in the following companies:

Adela Investment Company S.A., Luxembourg  
 Liquiditäts-Konsortialbank GmbH, Frankfurt (Main)

Furthermore, owing to this merger the following corporate holdings have been taken over:

Banco de Montevideo, Montevideo/Uruguay  
 Banco de Desarrollo del Paraguay S.A. (COMDESA),  
 Asunción/Paraguay  
 Compañía de Mandatos Inmobiliaria y Financiera S.A.,  
 Buenos Aires/Argentina  
 IMOBAL-Imobiliária e Administradora, Ltda.,  
 São Paulo/Brazil

Since the purchase of additional shares at the beginning of 1978 we have a majority interest in Handelsbank in Lübeck, Lübeck, which, together with its subsidiary Lübecker Hypothekenbank Aktiengesellschaft, is included for the first time in our Consolidated balance sheet.

Deutsche Kreditbank für Baufinanzierung AG, Cologne, has been fully-owned by us since early 1978 when we bought the remaining shares in this company.

In the course of the year we acquired from Union Bank of Switzerland their 50% share holding in UBS-DB Corporation, now Atlantic Capital Corporation, New York.

Our holdings in Gesellschaft für Kreditsicherung mbH, Cologne, as well as in Erste Sicherheitentreuhand GmbH "Ruhrkohle" and Sicherheiten-Treuhand GbR, both in Düsseldorf, have been transferred from Other assets to Subsidiaries, associated companies and trade investments.

#### **Fixed assets**

*Land and buildings* are shown in the balance sheet at DM 764.7 m. Of additions amounting to DM 86.7 m., DM 11.7 m. relate to land purchases and DM 8.5 m. to real estate acquired in connection with the merger with Deutsche Ueberseeische Bank. DM 66.5 m. consisted of capitalized construction costs for new buildings and extensions, especially in Bielefeld, Bremen, Duisburg, Hanover and Offenbach, as well as for the completed banking premises in Düren, Flensburg and Recklinghausen.

Total disposals of DM 25.6 m. include, among other things, partial construction costs for the new building in Düsseldorf; these costs have been taken over by a leasing company in order to lease the building to the bank. At present, land and buildings worth DM 44 m. are being utilized under leasing contracts.

Total depreciation of DM 38.0 m. includes DM 4.0 m. for extraordinary wear and tear and DM 5.9 m. for special depreciation in accordance with Section 6 b Income Tax Act.

At the beginning of February 1979 the newly established Deutsche Grundbesitz-Anlagegesellschaft mbH & Co. Loewenstein Palais, Frankfurt (Main), which is closely associated with us purchased a construction site in Frankfurt (Main). The buildings which are to be erected there by Deutsche Grundbesitz-Beteiligungsgesellschaft Dr. Fischer-Dieskau & Co. – Anlagefonds 1 – KG, Frankfurt (Main), on the basis of a long-term building lease will be for Deutsche Bank's own use.

*Office furniture and equipment*, after additions of DM 84.0 m. and depreciation of DM 57.8 m. rose to DM 266.0 m. Minor items in the amount of DM 11.8 m. were acquired and completely written off.

#### **Other asset items**

*Recovery claims on Federal and Länder authorities under Currency Reform Acts* declined by DM 18.9 m. to DM 324.3 m.

Of this total DM 312.3 m. is still accounted for by equalization claims following an addition of DM 0.1 m. from the merger with Deutsche Ueberseeische Bank, and after scheduled re-payment of DM 9.0 m. and assumption of DM 2.5 m. by the Deutsche Bundesbank.

Holding company	holds at least 25% of:
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich – our share 33⅓% –	Metallgesellschaft AG, Frankfurt (Main)
Deutsche Gesellschaft für Anlageverwaltung mbH, Frankfurt (Main) – our share 75% –	Horten AG, Düsseldorf-Niederkassel
Energie-Verwaltungs-Gesellschaft 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% –	Didier-Werke AG, Wiesbaden
Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main) – our share 25% –	Mercedes-Automobil-Holding AG, Frankfurt (Main)
Stern Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main) – our share 25% –	Mercedes Automobil-Holding AG, Frankfurt (Main)

Covering claims in accordance with Section 252 Equalization of Burdens Act and Section 19 Old Savings Act still amount to DM 12.0 m. after scheduled re-payment of DM 7.5 m.

The balance sheet item *Other assets* consists primarily of share rights not documented by securities and which we do not regard as business participations. Via the holding companies listed above we indirectly hold blocks of shares, which, according to stipulations on balance sheets, may not be shown under Securities.

Only in one case does the bank's interest in the corporations mentioned exceed 25%. Corona Beteiligungsgesellschaft mbH, Frankfurt (Main), shown in last year's report was dissolved in the year under review; the part

of blocks of shares in Continental Gummi-Werke AG, Hanover, and Phoenix AG, Hamburg, transferred to us is shown under Other securities.

Of the 50% share in Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main), reported last year, 25% was already sold to Star Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main), at the beginning of 1978. With effect from the end of 1978/beginning of 1979 we sold the remaining shares in Stella Automobil-Beteiligungsgesellschaft mbH, to Südwest-Star Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main); our 25% holding in Stern Automobil-Beteiligungsgesellschaft mbH, was transferred to Komet Automobil-Beteiligungsgesellschaft mbH, Frankfurt (Main). With the exception

of one half of the shares in the latter company, all shares held in the above-mentioned holding companies are in the possession of long-term investors.

Other assets also include gold and silver deposits; of these, DM 98.9 m. are held as cover for gold and silver certificates issued to customers; coins, medallions and claims which arise outside of the banking business also constitute a part of this item.

### Own shares

At the end of the year we held 52,203 *Own shares* purchased at an average price of DM 297.89. They were offered to the employees of the bank and its domestic subsidiaries as staff shares in accordance with Section 71 (1) 2 Joint Stock Corporation Act.

The 57,737 Deutsche Bank shares having an average purchase price of DM 290.58 that were held at the end of 1977 as well as the 28,839 own shares purchased in addition in the course of the reporting year at an average of DM 304.89 per share were passed on by us or our domestic subsidiaries to our staff members and retired employees as staff shares at a preferential price of DM 150.

Within the scope of securities dealings which must be reported in accordance with Section 71 (1) 1 Joint Stock Corporation Act, we and our related companies purchased 907,055 Deutsche Bank shares in 1978 at current market prices, averaging DM 303.73 per share and sold them again at an average price of DM 304.59. The sales proceeds remained in our working funds.

95,210 Deutsche Bank shares had been pledged to the bank and its related companies as credit security as of 31. 12. 1978.

## Liabilities

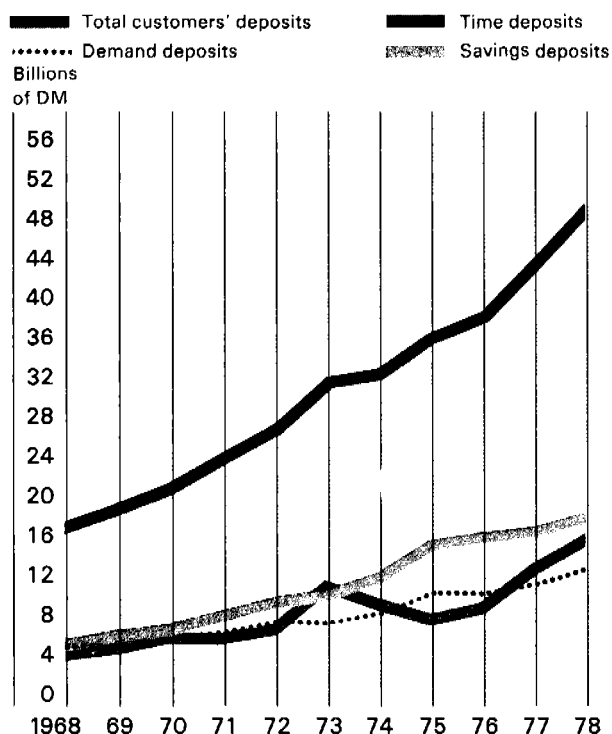
### Funds from outside sources

*Funds from outside sources* expanded by DM 12.8 bn. (+ 17.7%) to DM 85.1 bn. in the reporting year. Of this total expansion, DM 6.8 bn. (+ 29.1%) was attributable to liabilities to banks, DM 5.3 bn. (+ 11.7%) to customers' deposits and DM 0.7 bn. to bonds and notes.

*Liabilities to banks* reached DM 30.2 bn.; growth in the reporting year was registered only in time deposits, and three-quarters of it was due to refinancings of our foreign branches. Liabilities to foreign banks accounted for DM 23.8 bn.

At the end of the year *Liabilities to customers* exceeded the DM 50 bn. mark.

### Customers' deposits 1968-1978



<i>Funds from outside sources</i>	End of 1978		End of 1977		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	5,886.7	6.9	5,996.8	8.3	110.1	= 1.8
time deposits	23,863.0	28.0	16,900.4	23.4	+ 6,962.6	= 41.2
customers' drawings on other banks	495.2	0.6	522.1	0.7	- 26.9	= 5.2
	30,244.9	35.5	23,419.3	32.4	+ 6,825.6	= 29.1
Liabilities to customers						
payable on demand	13,950.7	16.4	12,544.3	17.3	+ 1,406.4	= 11.2
time deposits	17,209.6	20.2	14,281.9	19.7	+ 2,927.7	= 20.5
savings deposits	19,055.0	22.4	18,123.4	25.1	+ 931.6	= 5.1
	50,215.3	59.0	44,949.6	62.1	+ 5,265.7	= 11.7
Bonds and notes	4,662.7	5.5	3,982.4	5.5	+ 680.3	= 17.1
Total funds from outside sources	85,122.9	100.0	72,351.3	100.0	+ 12,771.6	= 17.7

Deposits payable on demand rose by DM 1.4 bn. = 11.2% to nearly DM 14.0 bn. Customers' time deposits increased by DM 2.9 bn. = 20.5% to DM 17.2 bn. Long-term customers' deposits of DM 2.9 bn. contained nearly DM 2.0 bn. savings certificates.

The growth rate of *savings deposits* at DM 932 m. = +5.1% has once again almost doubled compared to the previous year; despite the fact that a large number of premium-bearing savings agreements were released in January and July, savings deposits subject to agreed periods of notice have also expanded once again (+ DM 365 m. = 4.4%; previous year's figure: - DM 267 m. = 3.1%).

*Total saving*, which includes the growth in savings deposits, the increase in savings certificates in circulation and securities purchased with funds from savings accounts (after deduction of sales), was up by 13.6% to DM 3.2 bn.; this is, however, still below the average for the last five years, as the diagram on the right illustrates.

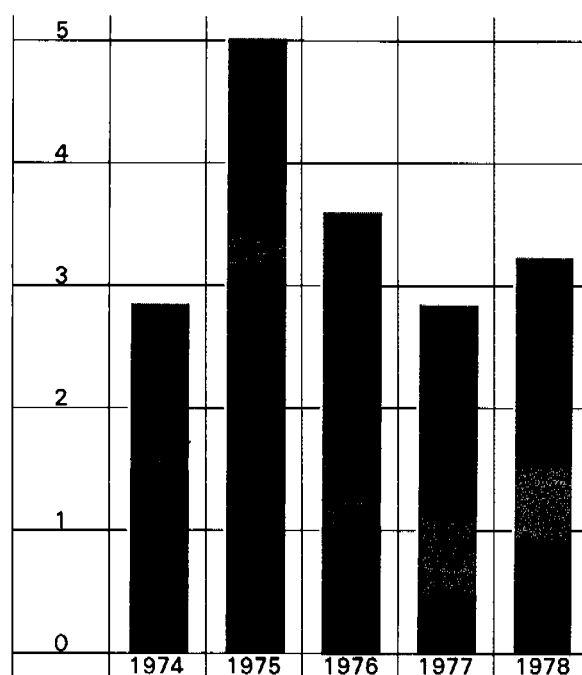
The graph on the preceding page shows the development of customers' deposits in the last ten years and illustrates changes in the structure of deposits. Customers' time deposits, subject to cyclical fluctuation, have more than tripled since 1968, whereas demand deposits have only slightly more than doubled. Growth in savings deposits corresponded to the average growth rate of total customers' deposits.

Refinancing by means of bank deposits increased considerably within the same period. Bonds and notes in

### Total annual savings

in billions of DM

■ Savings deposits ■ Savings in securities (purchases less sales)  
▨ Savings certificates



circulation constitute an additional factor, which – after the permissible limits were raised last year – have increasingly gained in importance for the bank as a means of obtaining funds.

### Bonds and notes

Deutsche Bank's own *Bonds and notes* valuing DM 4.7 bn. were in circulation on 31. 12. 1978 (+ DM 0.7 bn. = 17.1%). These funds serve to refinance long-term fixed-interest credits with matching interest rates and maturities.

Liabilities from *Own acceptances and promissory notes* in circulation totalled DM 336 bn. at the close of

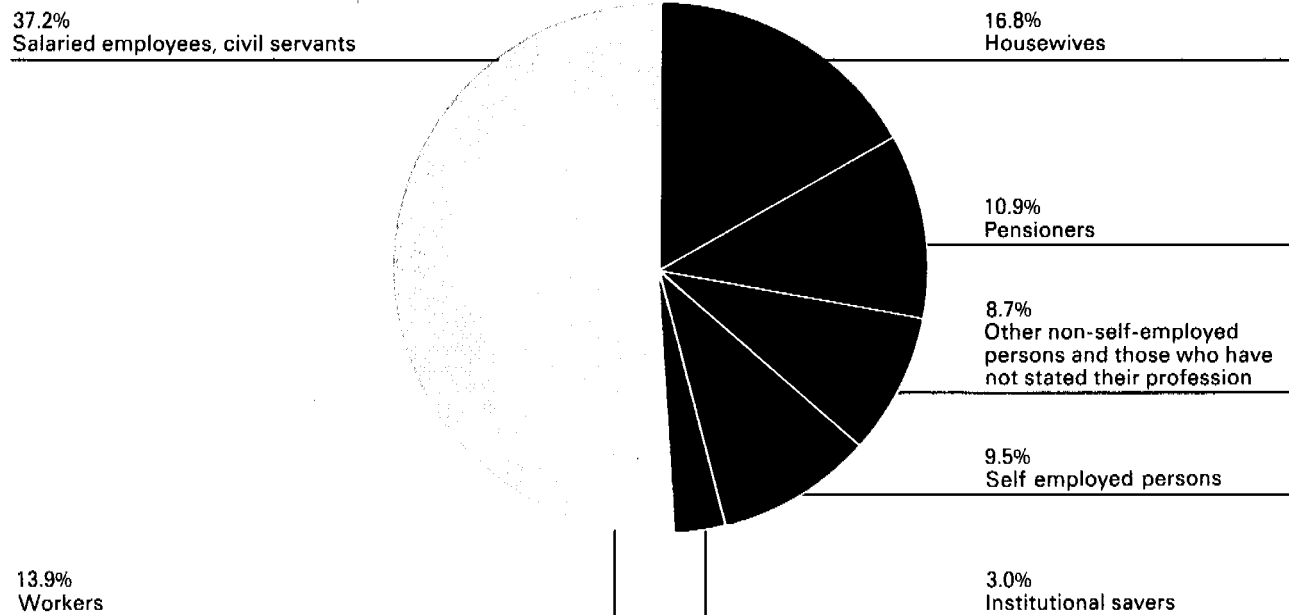
1978; they were issued mainly by our Tokyo branch to refinance claims on customers in accordance with Japanese money market practice.

### Provisions

Provisions for uncertain liabilities amount to DM 1,673 m. as compared with DM 1,454 m. last year. The part of *provisions for pensions* based on actuarial opinion account for DM 961 m.

*Other provisions* in the amount of DM 712 m. consist mainly of provisions for taxes and credit risks as well as that portion of the general provision concerning rights of recourse which cannot be deducted from assets.

### Breakdown of savings deposits by groups of savers as at December 31, 1978





## Profit and Loss Account

### Earnings on the volume of business

The interest surplus increased by 7.4% = DM 143.4 m. Compared with the year before, the growth rate is down by one half.

On the other hand, the rate of increase in the average volume of business at 20.7% was above the figure last year (15.5%). The divergence in the development of the volume of business and earnings on it is attributable to the decrease in the interest margin. This was primarily due to the fact that domestic credit conditions declined at an appreciably stronger pace than the cost of deposits. The interest margin was influenced by the expansion of international money transactions as well.

Owing to the pronounced increase in credit volume and in money market transactions, the resulting interest income was up by DM 722.8 m. = 19.6%. The rise in interest expenses of DM 666.5 m. = 30.5% is attributable to the volume of funds from outside sources which also expanded greatly.

The DM 27.7 m. rise in current income from fixed-interest securities and Government-inscribed debt is the result of a further increase in our holdings of bonds and notes. The increase in current income from shares and subsidiaries, associated companies and trade investments amounting to DM 59.4 m. was largely influenced by tax credits received together with dividends in accordance with the Corporation Tax Act of 1977.

As opposed to 1977, the *earnings on the volume of business* of DM 2,087.1 m. achieved in the year under review were not sufficient to cover Staff and other operating expenses which increased to DM 2,107.2 m.

Earnings developed as follows:

	1978 DM m.	1977 DM m.
Interest and similar income from lending and money market transactions . . . . .	4,410.7	3,687.9
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments . . . . .	527.0	439.9
Total interest income . . . . .	4,937.7	4,127.8
Interest and similar expenses . . . . .	2,850.6	2,184.1
Earnings on the volume of business (Interest surplus) . . . . .	2,087.1	1,943.7

### Earnings on services

Once again, all sectors of banking business were responsible for the increase of DM 62.2 m. in *Commissions and other service charges received*. The improved income situation was brought about mainly by the securities business, where turnover increased strongly again. The higher income from international business was primarily due to the activity of our foreign branches. In the domestic sector, it was especially profits from foreign exchange and foreign currency transactions with customers that increased. Contrary to this, expansion in income from commissions received in connection with foreign payments business was appreciably weaker than in the previous year.

After deduction of *commissions paid*, service transactions showed a surplus of DM 654.6 m. The growth of DM 63.8 m. = 10.8% covered 34% of the DM 186.3 m. increase in Staff and other operating expenses.

### Other income

In the year under review the bank once again made full use of the possibility of offsetting profits and earnings against *Write-downs of and adjustments to claims and securities*. The remaining surplus, together with *other in-*

come from ordinary and extraordinary business appears in this item in the amount of DM 263.4 m. (1977: DM 137.6 m.). The income from dealings in securities, foreign exchange and precious metals contained in this sum was satisfactory. A slight decline in income from securities dealings was compensated for by an improved result in foreign exchange and precious metals business. All in all, income achieved in this sector exceeded that of the year before.

Due to the decline of prices on the bond market, write-downs of securities were larger than in the previous year. Profits from sales of securities remained almost the same.

We once again appropriated a noteworthy part of the operating result from regular business to cover our risks in domestic and international lending. Due to the expansion of total credit extended, DM 48.7 m. was transferred to the general provision.

### Staff and other operating expenses

*Staff expenses* (Salaries and wages, compulsory social security contributions, expenses for pensions and other employee benefits) came to DM 1,633.0 m. The rise of DM 128.9 m. = 8.6% was primarily caused by the increase of 5% flat in agreed-scale salaries as from March 1, 1978 (1977: 6.5%). Emoluments in the non-agreed scale sector were also raised. Mainly as a result of Deutsche Ueberseeische Bank being taken over, the annual average number of employees increased by 3.9%.

Owing to this, Salaries and wages were up by DM 92.6 m. = 8.0%, compulsory social security contributions by DM 13.5 m. = 8.6%. The DM 22.8 m. = 11.6% increase in Expenses for pensions and other employee benefits is largely due to the adjustment of current pensions to the higher cost-of-living.

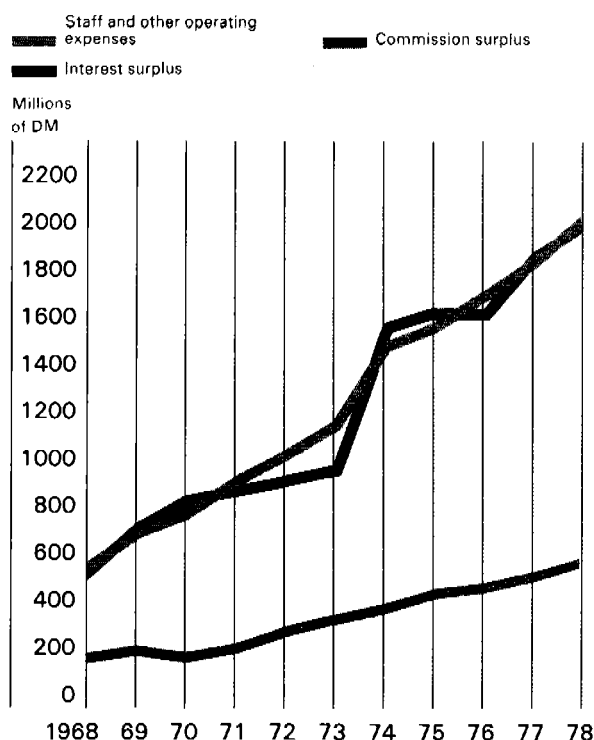
Following slower growth in 1977 the pressure exerted on costs by *Other operating expenses* has again become much stronger. An increase of DM 57.4 m. was registered as compared with DM 25.2 m. in the previous year. Maintenance and operating costs and rents for bank premises rose considerably. Rents for data-processing equipment were also well above the previous year's level due to further rationalization efforts.

### Depreciation

*Depreciation on land and buildings and office furniture and equipment* totalled DM 95.8 m. Special depreciation in accordance with Section 6b Income Tax Act accounted for DM 5.9 m. of this sum.

The balance sheet value of certain foreign subsidiaries, associated companies and trade investments could not be upheld as a result of devaluation of the respective currencies. The new valuation made depreciation of DM 12.9 m. on *Subsidiaries, associated companies and trade investments* necessary.

### Staff and other operating expenses in relation to interest surplus and commission surplus



## Remaining expenses

*Other expenses* amounted to DM 86.0 m. This item includes, among other things, our contribution to the Deposit Insurance Fund of the Bundesverband deutscher Banken e.V., Cologne (DM 15.1 m.) and the provision for 1978 annual vacation not yet taken.

Total emoluments of the Board of Managing Directors amounted to DM 9,552,633.80. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received payments of DM 2,871,742.54. The Supervisory Board received a fixed payment of DM 293,880. The dividend-related emoluments of the Supervisory Board came to DM 767,171.99. Members of the Advisory Board received DM 413,213.34 and members of the Regional Advisory Councils DM 3,056,154.12.

## Operating result

The *operating result*, i.e. the surplus on current business, improved by 3.0% compared to 23.4% last year. The markedly smaller increase was caused especially by the decreasing interest margin and the increasing staff and other operating expenses.

## Taxes

*Taxes on income and assets* rose by DM 86.8 m. to DM 401.8 m. One of the main reasons for this increase – apart from higher pre-tax profits – is the full realization of tax credits for the first time, which, together with dividends on our holdings of 25% or more, were subject to higher tax rates in accordance with the Corporation Tax Reform Act.

Included in *Other taxes* (DM 20.9 m.) is DM 3.2 m. company tax arising from the capital increase in 1978.

## Proposed appropriation of profits

The Profit and Loss Account closes as follows:

<i>Income</i> .....	DM 5,918,382,180.79
<i>Expenses</i> .....	DM 5,611,158,258.79
<i>Net income for the year</i> .....	DM 307,223,922.—
<i>Allocation to Disclosed reserves</i> ..	DM 120,000,000.—
<i>Disposable profit</i> .....	DM 187,223,922.—

It will be proposed to the shareholders that a dividend of DM 9 per share of DM 50 par value i.e. DM 187,223,922 be paid on the share capital of DM 1,040,132,900 with full dividend entitlement.

## Capital and reserves

On May 11, 1977 the Ordinary General Meeting had authorized the Board of Managing Directors to increase, with the consent of the Supervisory Board, the share capital by a maximum of DM 200 m. by issuing new shares against cash payment once or more than once until April 30, 1982 with preemptive rights being given to the shareholders. This authorization was utilized for the second time in July 1978 for a partial amount of DM 80.0 m. In so doing, the bank's own funds have been adjusted to the higher volume of business and in particular to the growing demands from international business. Closely connected to this was an increase in the capital base of the Group. The shareholders were offered new shares in the ratio of 1:12 at a price of DM 200 per DM 50 share. The respective premium of DM 240 m. was transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act. Due to the fact that the new shares are all entitled to dividend for the whole of 1978, the amount of total dividends paid was up by DM 14.4 m.

2,658 shares were purchased against presentation of warrants from the 4½%-bond issue with subscription rights issued by Deutsche Bank Compagnie Financière Luxembourg. Thus, the bank's share capital was increased by DM 132,900. Funds totalling DM 427,358.77 in excess of par value were transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act. The conditional capital decreased from DM 56,250,000 to DM 56,117,100.

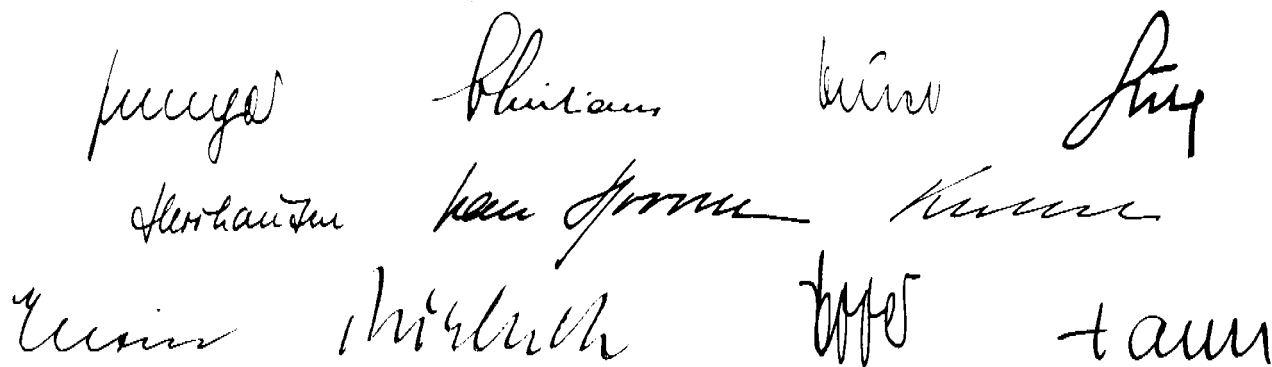
DM 120.0 m. from *Net income for the year*, including DM 10.4 m. tax-free profit from the merger of Deutsche Ueberseeische Bank with Deutsche Bank AG were transferred to Disclosed reserves. The bank's *own funds* were thereby increased by DM 440,560,258.77 to DM 3,890,560,258.77 as compared with Dec. 31, 1977; they are made up as follows:

<i>Share capital</i> .....	DM 1,040,132,900.—
<i>Disclosed reserves</i>	
<i>a) legal reserve</i> .....	DM 1,505,427,358.77
<i>b) other reserves</i> .....	DM 1,345,000,000.—
<i>Total</i> .....	<u>DM 3,890,560,258.77</u>

Furthermore, there is authorized capital amounting to DM 60 m.

Frankfurt (Main), March 1979

The Board of Managing Directors



	Share Capital	Disclosed Reserves	Share Capital and Reserves Total
	DM	DM	DM
January 1, 1952 (opening balance sheet)	100,000,000.—	40,500,000.—	140,500,000.—
Allocations from the Conversion Account and from net income 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.—
Capital increase: 1958 (1 for 4 at par)	50,000,000.—		50,000,000.—
Allocation from net income 1957–1960		150,000,000.—	150,000,000.—
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.—
Capital increase: 1965 (1 for 6 at par)	50,000,000.—		50,000,000.—
Allocation from net income 1966–1965		200,000,000.—	200,000,000.—
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.—
Capital increase: 1968 (1 for 5 at 250)	80,000,000.—		200,000,000.—
Allocation from net income 1966–1970		260,000,000.—	260,000,000.—
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 net income 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 net income 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 net income 1973		25,000,000.—	25,000,000.—
December 31, 1973	720,000,000.—	1,459,000,000.—	2,179,000,000.—
Allocation from net income 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 net income 1975		101,000,000.—	101,000,000.—
December 31, 1975	900,000,000.—	2,100,000,000.—	3,000,000,000.—
Allocation from net income 1976		100,000,000.—	100,000,000.—
December 31, 1976	900,000,000.—	2,200,000,000.—	3,100,000,000.—
Capital increase: 1977 (1 for 15 at 400)	60,000,000.—	180,000,000.—	240,000,000.—
Allocation from net income 1977		110,000,000.—	110,000,000.—
December 31, 1977	960,000,000.—	2,490,000,000.—	3,450,000,000.—
Capital increase: 1978 (1 for 12 at 400 and exercise of subscription rights)	80,132,900.—	240,427,358.77	320,560,258.77
Allocation from net income 1978		120,000,000.—	120,000,000.—
December 31, 1978	1,040,132,900.—	2,850,427,358.77	3,890,560,258.77

## Development of Reserves

Disclosed reserves as per opening balance sheet of 1. 1. 1952*)	40,500,000.—
Allocations from net income and from the Conversion Account*)	1,355,500,000.—
Premium from capital increases	1,454,427,358.77
<b>Total disclosed reserves</b>	<b>2,850,427,358.77</b>

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

At the Supervisory Board meetings last year, and in numerous individual discussions, we obtained detailed reports concerning the bank's situation and the basic questions of business policy, and debated these together with the Board of Managing Directors. Besides the development of the balance sheet and earnings account, the subjects discussed included the strengthening of the bank's presence abroad, the international lending and issuing business, the structure of interest rates and policy on terms and conditions as well as the further development of the range of services. The state of business activity and the monetary situation were the subject of extensive reports and discussion. We 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. General and specific questions of staff policy were discussed by the Supervisory Board.

At its meetings the Credit Committee of the Supervisory Board discussed, with the Board of Managing Directors, loans which had to be submitted in accordance with the law or with the bank's Articles of Association as well as all major loans and those entailing increased risks and gave - where necessary - its approval.

The Treuverkehr AG Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft, Frankfurt (Main), who were elected 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 legal requirements and with the Articles of Association. We accept the Report of the Auditors.

Furthermore, we have ourselves examined the Statement of Accounts as of December 31, 1978, 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.

Frankfurt (Main), April 3, 1979

The Supervisory Board



Chairman



**Deutsche Bank**

Aktiengesellschaft

## Annual Balance Sheet

as of December 31, 1978

## Profit and Loss Account

for the period from  
January 1 to December 31, 1978

## Development of the Balance Sheet

from January 1, 1952  
to December 31, 1978

	DM	DM	31. 12. 1977 in DM 1,000
Cash on hand		315,527,038.71	260,301
Balance with Deutsche Bundesbank		6,385,708,481.18	5,094,276
Balances on postal cheque accounts		22,381,447.96	45,988
Cheques, matured bonds, interest and dividend coupons, items received for collection		583,608,430.10	534,076
Bills of exchange		6,311,559,051.88	6,219,520
including:			
a) rediscountable at Deutsche Bundesbank	DM 5,259,367,146.06		
b) own drawings	DM 253,214,110.14		
Claims on banks			
a) payable on demand	4,119,202,977.16		5,070,363
b) with original periods or periods of notice of			
ba) less than three months	5,236,096,634.62		3,279,303
bb) at least three months, but less than four years	13,448,126,930.68		11,641,497
bc) four years or more	3,629,510,122.67		1,996,620
		26,432,936,665.13	21,987,783
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	382,327,222.22		91,949
b) of other issuers	4,622,015.73		3,955
		386,949,237.95	95,904
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 1,827,604,510.47		
ab) of banks	DM 388,404,187.96		
ac) of other issuers	DM 13,282,786.61	2,229,291,485.04	1,864,471
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 2,184,128,044.27		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 409,535,107.40		
bb) of banks	DM 1,935,802,153.27		
bc) of other issuers	DM 668,716,627.86	3,014,053,888.53	2,076,048
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 2,097,208,690.79	5,243,345,373.57	3,940,519
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,706,386,401.38		1,789,009
b) other	67,456,342.30		57,346
including: holdings of more than one tenth of the shares of a joint stock corporation or a mining company, unless shown as Subsidiaries, associated companies and trade investments	DM 993,201,884.66	1,773,842,743.68	1,846,355
Claims on customers with original periods or periods of notice of			
a) less than four years	19,280,508,474.76		17,120,110
b) four years or more	21,125,231,715.61		17,180,719
including:			
ba) secured by mortgages on real estate	DM 2,413,949,612.13	40,405,740,190.37	34,300,829
bb) communal loans	DM 1,608,901,473.54		
due in less than four years	DM 10,990,841,000.—		
Recovery claims on Federal and Länder authorities under Currency Reform Acts		324,282,628.41	343,243
Loans on a trust basis at third party risk		271,597,668.36	280,558
Subsidiaries, associated companies and trade investments		1,462,652,200.—	1,396,089
including: investments in banks	DM 1,250,919,700.—		
Land and buildings		764,726,700.—	741,573
Office furniture and equipment		266,031,900.—	239,761
Own shares		15,550,868.—	16,778
nominal amount:	DM 2,610,150.—		
Own bonds		8,053,721.—	—
nominal amount:	DM 7,544,600.—		
Other assets		1,151,719,866.70	1,261,100
Deferred items		3,525,849.79	3,156
<b>Total Assets</b>		<b>92,129,740,062.79</b>	<b>78,607,809</b>
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		2,638,092,788.82	2,015,160
b) claims arising from loans falling under Section 15 (1) 1 6 and (2) of the Banking Act, unless included under a)		655,271,106.69	562,747



# Balance Sheet as of December 31, 1978

# Liabilities

	DM	DM	DM	31. 12. 1977 in DM 1,000
<b>Liabilities to banks</b>				
a) payable on demand		5,886,698,498.91		5,996,849
b) with original periods or periods of notice of				
ba) less than three months	6,767,345,277.31			
bb) at least three months, but less than four years	14,000,907,035.07			
bc) four years or more	3,094,780,640.39	23,863,032,952.77		16,900,358
including: due in less than four years	DM 2,096,102,201.85			
c) customers' drawings on other banks		495,171,460.26		522,128
			30,244,902,911.94	23,419,335
<b>Liabilities to customers</b>				
a) payable on demand		13,950,734,752.70		12,544,260
b) with original periods or periods of notice of				
ba) less than three months	10,106,723,487.75			
bb) at least three months, but less than four years	4,201,984,372.12			
bc) four years or more	2,900,872,115.04	17,209,579,974.91		14,281,927
including: due in less than four years	DM 2,502,826,718.18			
c) savings deposits				
ca) subject to legal period of notice	10,453,433,968.72			
cb) other	8,601,573,689.43	19,055,007,658.15		18,123,382
			50,215,322,385.76	44,949,569
<b>Bonds and notes with a life of</b>				
a) up to four years		1,186,132,500.—		1,283,098
b) more than four years		3,476,547,400.—		2,699,318
including: maturing in less than four years	DM 2,914,665,000.—		4,662,679,900.	3,982,416
<b>Own acceptances and promissory notes outstanding</b>			335,807,683.07	361,856
<b>Loans on a trust basis at third party risk</b>			271,597,668.36	280,558
<b>Provisions</b>				
a) for pensions		961,459,371.—		876,786
b) other		711,759,949.93		576,772
			1,673,219,320.93	1,453,558
<b>Other liabilities</b>			34,223,898.78	26,594
<b>Endowments and benevolent funds</b>				
Endowment assets		2,300,285.12		1,992
less investments in securities		2,119,762.88		1,871
			180,522.24	121
<b>Deferred items</b>			580,270,276.85	491,619
<b>Special items with partial reserve character</b>				
a) in accordance with the Tax Act regarding Developing Countries		22,931,881.—		13,475
b) in accordance with Section 6b of the Income Tax Act		10,819,433.09		5,908
			33,751,314.09	19,383
<b>Share capital</b>			1,040,132,900.—	960,000
Conditional capital DM 56,117,100.—				
<b>Disclosed reserves</b>				
a) legal reserve	1,265,000,000.—			
Allocations from share premium account	240,427,358.77	1,505,427,358.77		1,265,000
b) other reserves (voluntary)	1,225,000,000.—			
Allocation from Net income for the year	120,000,000.—	1,345,000,000.—		1,225,000
			2,850,427,358.77	2,490,000
<b>Disposable profit</b>			187,223,922.—	172,800
<b>Total Liabilities</b>			92,129,740,062.79	78,607,809
<b>Own drawings in circulation</b>			6,766,025.72	—
including: those discounted for borrowers' account	DM 6,766,025.72			
<b>Endorsement liabilities on rediscounted bills of exchange</b>			157,587,780.59	127,430
<b>Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also p. 57 of the Annual Report)</b>			16,502,983,209.22	15,514,701
<b>Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements</b>			933,267,943.70	824,777
<b>Savings premiums under the Savings Premium Act</b>			281,501,898.84	337,253
<b>Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of</b>			1,960,230,332.81	2,060,167

## Profit and Loss Account

Net income for the year	.....
Allocations to Disclosed reserves from Net income for the year	.....
a) legal reserve	.....
b) other reserves (voluntary)	.....
Disposable profit	.....

*Burgard      Christians      Ehret      Guth  
Herrhausen      van Hooven      Kleffell  
Mertin      Thierbach      Kopper      Zapp*

Income

	DM	DM	1977 in DM 1,000
Interest and similar income from lending and money market transactions		4,410,702,743.95	3,687,956
Current income from			
a) fixed-interest securities and Government-inscribed debt	246,191,292.10		218,517
b) other securities	199,007,544.95		159,064
c) subsidiaries, associated companies and trade investments	<u>81,746,619.47</u>		<u>62,307</u>
		526,945,456.52	439,888
Commissions and other service charges received		675,261,305.76	613,019
Other income, including income from the writing back of provisions for possible loan losses		263,384,464.38	137,608
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		12,177,107.53	10,761
Income from the writing back of provisions, unless it has to be shown under "Other income"		20,694,982.40	17,936
Income from the writing back of special items with partial reserve character		9,216,120.25	29,298
<b>Total Income</b>		<b>5,918,382,180.79</b>	<b>4,936,466</b>

		1977
DM	DM	DM
	307,223,922.—	282,800,000.—
—, —		
120,000,000.—	120,000,000.—	110,000,000.—
	187,223,922.	172,800,000.

The accounts, the annual statement of accounts and the annual report, which we have examined with due care, comply with law and the company's Articles of Association.

Frankfurt (Main), March 22, 1979

**Treuverkehr AG**  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Dr. Nebendorf

Chartered Accountant

*Fandré*

Chartered Accountant

# Development of the Balance Sheet of Deutsche Bank AG up to December 31, 1978

– Amounts in DM millions –

Balance Sheet	End of	1978	1977	1976	1975	1974
<b>Assets</b>						
Cash reserve		6,723	5,401	4,522	4,735	5,183
Bills of exchange		6,311	6,219	6,626	6,279	4,742
Claims on banks		26,433	21,988	15,973	13,274	11,066
Treasury bills and discountable Treasury notes		387	96	248	147	–
Bonds and notes		5,243	3,940	3,098	2,027	1,466
Securities not to be shown elsewhere		1,774	1,846	1,875	1,530	1,123
Claims on customers		40,406	34,301	30,767	25,002	23,294
short and medium-term		19,281	17,120	16,903	14,859	15,147
long-term (four years or more)		21,125	17,181	13,864	10,143	8,147
Recovery claims on Federal and Länder authorities under Currency Reform Acts		324	343	363	388	402
Loans on a trust basis at third party risk		272	281	199	72	61
Subsidiaries, associated companies and trade investments		1,463	1,396	1,250	1,173	1,051
Land and buildings		765	742	681	643	575
Office furniture and equipment		266	240	225	191	169
Other assets		1,152	1,261	1,118	891	780
Remaining assets		611	554	416	487	421
<b>Balance Sheet Total</b>		<b>92,130</b>	<b>78,608</b>	<b>67,361</b>	<b>56,839</b>	<b>50,333</b>
<b>Liabilities</b>						
Liabilities to banks		30,245	23,419	19,285	13,401	12,031
including: time deposits		24,358	17,422	13,420	8,324	7,278
Liabilities to customers		50,215	44,950	39,828	37,395	33,905
including: time deposits		17,210	14,282	10,549	9,123	10,915
savings deposits		19,055	18,123	17,654	16,613	13,444
Bonds and notes		4,663	3,982	2,844	1,220	528
Provisions		1,673	1,453	1,298	1,131	973
for pensions		961	877	805	742	658
other		712	576	493	389	315
Share capital		1,040	960	900	900	720
Disclosed reserves		2,850	2,490	2,200	2,100	1,549
legal reserve		1,505	1,265	1,085	1,085	634
other reserves (voluntary)		1,345	1,225	1,115	1,015	915
Remaining liabilities		1,257	1,181	826	512	483
Disposable profit		187	173	180	180	144
<b>Balance Sheet Total</b>		<b>92,130</b>	<b>78,608</b>	<b>67,361</b>	<b>56,839</b>	<b>50,333</b>
Own drawings in circulation		7	–	–	–	–
Endorsement liabilities		158	127	437	125	502
Contingent liabilities from guarantees, etc.		16,503	15,515	16,445	11,927	9,007

## Figures from the Profit and Loss Account

	For the year	1978	1977	1976	1975	1974
Earnings on business volume (Interest surplus)		2,087	1,944	1,696	1,697	1,629
Earnings on services (Commission surplus)		655	591	535	515	453
Staff and other operating expenses		2,107	1,921	1,776	1,647	1,565
Taxes		423	333	293	279	207
Net income for the year		307	283	280	281	234
Allocations to Disclosed reserves		120	110	100	101	90
Disposable profit		187	173	180	180	144
Dividend in DM per share or in %		9.—*	9.—*	10.—	10.—	10.
<b>Number of staff at year's end</b>		<b>37,729</b>	<b>36,034</b>	<b>36,319</b>	<b>35,994</b>	<b>35,820</b>

\* plus DM 5.06 tax credit for shareholders with unlimited domestic tax liability

\*\* including income from appreciation in value of land and buildings of DM 35 m

## Other liability items

*Other liabilities* of DM 34.4 m. relate to obligations which have arisen outside the scope of banking business, including wage tax and compulsory social security contributions.

The item *Endowments and benevolent funds* includes liabilities to Franz Urbig- and Oskar Schlitter-Stiftung GmbH, Düsseldorf and to Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Hamburg. Endowment assets of both institutions amount to DM 2.3 m.; after deduction of DM 2.119 m. investments in securities, DM 181,000 were on deposit with us at 31. 12. 1978.

*Special items with partial reserve character* amounted to DM 33.7 m.

The reserve as specified in the Tax Act regarding Developing Countries amounts to DM 22.9 m. following additions of DM 12.7 m., including DM 3.4 m. from the merger with Deutsche Ueberseeische Bank, and following dissolution of DM 3.3 m.

The special item with partial reserve character in accordance with Section 6b Income Tax Act accounts for DM 10.8 m. In the reporting year we took over DM 4.7 m. as a result of the merger with Deutsche Ueberseeische Bank; book profits which can be transferred pursuant to Section 6b Income Tax Act amounted to DM 6.1 m. DM 5.9 m. were used for tax-related special depreciation of land and buildings.

*Deferred items* of DM 580 m. on the liabilities side include income received but only imputable to future financial years, in particular discounts on long-term loans as well as interest and handling fees in connection with the programmed credit business.

## Comments

*Endorsement liabilities on rediscounted bills of exchange* valuing DM 158 m. relate to foreign currency bills passed on to hedge the exchange rate risk. In addition, bills amounting to DM 290 m. were in the process of collection.

*Own drawings* in circulation totalled DM 6.8 m.; they serve to finance foreign trade with South America.

*Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements* were up by DM 1.0 bn. to DM 16.5 bn.

Commitments from *the sale of assets subject to repurchase agreements* attained the figure of DM 933 m. (previous year: DM 825 m.).

## Other liabilities

*Liabilities for possible calls* on shares not fully paid up in private and public limited companies were DM 76.6 m. at the end of 1978; furthermore, our share of liability for third-party obligations in accordance with Section 24 "GmbH" Act totalled DM 21.5 m.

In respect of our interest in Liquiditäts-Konsortialbank GmbH, Frankfurt (Main), there is an obligation to pay further capital of up to DM 45.8 m., and a proportional contingent liability to fulfil the capital obligations of other shareholders also in the Bundesverband deutscher Banken e.V., Cologne.

Pursuant to Section 5 (10) of the Statute of the Deposit Insurance Fund, we have undertaken to indemnify the Bundesverband deutscher Banken e.V., Cologne, for any losses that may be incurred through measures in favour of banks in which we have a majority holding.

### Profit and Loss Account

Net income for the year	.....
Allocations to Disclosed reserves from Net income for the year	
a) legal reserve	.....
b) other reserves (voluntary)	.....
Disposable profit	.....

Burgard      Christians      Ehret      Guth  
Herrhausen      van Hooven      Kleffel  
Mertin      Thierbach      Kopper      Zapp

Income

DM	DM	1977 DM
	307,223,922.—	282,800,000.
—, —		
120,000,000.—	120,000,000.—	110,000,000.
	187,223,922.—	172,800,000.—

Chartered Accountant



# Development of the Balance Sheet of Deutsche Bank AG up to December 31, 1978

– Amounts in DM millions

Balance Sheet	End of	1978	1977	1976	1975	1974
<b>Assets</b>						
Cash reserve		6,723	5,401	4,522	4,735	5,183
Bills of exchange		6,311	6,219	6,626	6,279	4,742
Claims on banks		26,433	21,988	15,973	13,274	11,066
Treasury bills and discountable Treasury notes		387	96	248	147	—
Bonds and notes		5,243	3,940	3,098	2,027	1,466
Securities not to be shown elsewhere		1,774	1,846	1,875	1,530	1,123
Claims on customers		40,406	34,301	30,767	25,002	23,294
short and medium term		19,281	17,120	16,903	14,859	15,147
long-term (four years or more)		21,125	17,181	13,864	10,143	8,147
Recovery claims on Federal and Länder authorities under Currency Reform Acts		324	343	363	388	402
Loans on a trust basis at third party risk		272	281	199	72	61
Subsidiaries, associated companies and trade investments		1,463	1,396	1,250	1,173	1,051
Land and buildings		765	742	681	643	575
Office furniture and equipment		266	240	225	191	169
Other assets		1,152	1,261	1,118	891	780
Remaining assets		611	554	416	487	421
<b>Balance Sheet Total</b>		<b>92,130</b>	<b>78,608</b>	<b>67,361</b>	<b>56,839</b>	<b>50,333</b>
<b>Liabilities</b>						
Liabilities to banks		30,245	23,419	19,285	13,401	12,031
including: time deposits		24,358	17,422	13,420	8,324	7,278
Liabilities to customers		50,215	44,950	39,828	37,395	33,905
including: time deposits		17,210	14,282	10,549	9,123	10,915
savings deposits		19,055	18,123	17,654	16,613	13,444
Bonds and notes		4,663	3,982	2,844	1,220	528
Provisions		1,673	1,453	1,298	1,131	973
for pensions		961	877	805	742	658
other		712	576	493	389	315
Share capital		1,040	960	900	900	720
Disclosed reserves		2,850	2,490	2,200	2,100	1,549
legal reserve		1,505	1,265	1,085	1,085	634
other reserves (voluntary)		1,345	1,225	1,115	1,015	915
Remaining liabilities		1,257	1,181	826	512	483
Disposable profit		187	173	180	180	144
<b>Balance Sheet Total</b>		<b>92,130</b>	<b>78,608</b>	<b>67,361</b>	<b>56,839</b>	<b>50,333</b>
Own drawings in circulation		7	—	—	—	—
Endorsement liabilities		158	127	437	125	502
Contingent liabilities from guarantees, etc.		16,503	15,515	16,445	11,927	9,007

## Figures from the Profit and Loss Account

	For the year	1978	1977	1976	1975	1974
Earnings on business volume (Interest surplus)		2,087	1,944	1,696	1,697	1,629
Earnings on services (Commission surplus)		655	591	535	515	453
Staff and other operating expenses		2,107	1,921	1,776	1,647	1,565
Taxes		423	333	293	279	207
Net income for the year		307	283	280	281	234
Allocations to Disclosed reserves		120	110	100	101	90
Disposable profit		187	173	180	180	144
Dividend in DM per share or in %		9. — *	9. — *	10. —	10. —	10. —
<b>Number of staff at year's end</b>		<b>37,729</b>	<b>36,034</b>	<b>36,319</b>	<b>35,994</b>	<b>35,820</b>

\* plus DM 5.06 tax credit for shareholders with unlimited domestic tax liability

\*\* including income from appreciation in value of land and buildings of DM 35 m.

1973	1972	1971	1970	1969	1968	1965	1960	1956	1. 1. 1952
6,428	5,138	3,717	2,763	1,673	1,931	1,609	1,388	699	417
3,457	3,743	3,877	4,095	4,186	4,532	2,711	2,109	1,897	598
8,143	5,911	5,450	4,303	3,462	2,843	1,285	983	686	347
	249	725	408		1,878	203	482	54	64
1,258	1,272	1,058	1,482	1,635	1,303	657	557	333	3
1,106	1,148	1,147	1,325	1,307	1,250	1,064	706	352	60
22,746	19,823	16,824	14,785	13,411	9,310	7,206	4,128	2,805	1,690
14,452	12,082	10,283	8,893	8,190	6,043	6,235	3,696	2,396	1,458
8,294	7,741	6,541	5,892	5,221	3,267	971	432	409	232
422	443	462	481	499	512	511	501	476	417
64	105	71	52	43	45	153	65	87	46
900	773	590	534	340	320	146	80	54	9
457	389	332	345	276	263	206	154	118	61
159	142	123	101	88	82	—	—	—	20
695	639	559	462	463	328	9	10	33	1
429	459	253	296	353	246	94	59	27	25
46,264	40,234	35,188	31,432	27,736	24,843	15,854	11,222	7,621	3,758

9,553	8,901	7,391	6,776	5,132	4,267	2,153	1,744	1,810	589
4,904	4,328	3,470	3,618	2,367	1,446	849	692	1,149	391
33,091	28,182	25,213	22,397	20,326	18,628	12,096	8,475	5,092	2,652
12,752	8,450	7,750	7,331	6,393	5,489	2,818	2,551	1,652	731
11,957	11,048	9,667	8,187	7,647	6,835	4,444	2,200	964	197
200	—	—	—	—	—	—	—	—	—
696	666	558	522	484	430	366	281	209	188
485	433	387	364	346	319	221	146	127	76
211	233	171	158	138	111	145	135	82	112
720	640	560	480	480	480	350	250	200	100
1,459	1,274	1,064	880	850	820	500	300	150	41
634	474	314	170	170	170	50	50	25	25
825	800	750	710	680	650	450	250	125	16
415	463	301	291	344	132	333	132	135	188
130	108	101	86	120	86	56	40	25	—
46,264	40,234	35,188	31,432	27,736	24,843	15,854	11,222	7,621	3,758

—	—	—	—	—	—	—	—	—	—
715	1,432	780	640	1,332	151	417	167	317	794
6,081	4,406	4,387	4,185	3,144	2,353	1,856	1,473	816	461

1973	1972	1971	1970	1969	1968	1965	1960	1956	1952
1,051	993	930	900	785	604				
405	360	291	249	274	242				
1,224	1,107	984	850	773	629				
101	144	117	96	104	145				
155	158	141	116	150	136	126**)	90	50	
25	50	40	30	30	50	70	50	25	
130	108	101	86	120	86	56	40	25	
9.—	9.—	9.—	9.—	12.50	9.—	16%	16%	12%	
35,287	34,914	34,801	33,070	30,422	27,993	23,895	19,106	16,597	12,080

The annual statement of accounts as of December 31, 1968 was published for the first time in accordance with the prescribed form pursuant to the order of December 20, 1967 and the respective Guidelines of the Federal Banking Supervisory Office. The figures up to 31. 12. 1967 in the Development of the Balance Sheet have been adjusted to the new scheme.

# Report of the Group for 1978



**Deutsche Bank**  
Aktiengesellschaft

## Structure of Deutsche Bank's Consolidated Balance Sheet as of 31. 12. 1978

Assets			Liabilities		
Cash reserve Items received for collection	DM 7.8 bn.	= 5.4%			
Bills of exchange					
Claims on banks	30.2	= 20.7%	DM 42.8 bn.	= 29.3%	Liabilities to banks
Treasury bills and securities					
Short and medium-term claims on customers	27.2	= 18.6%	34.4	= 23.6%	Customers' sight and time deposits
Long-term claims on customers					Savings deposits
Long-term mortgage bank lendings					Bonds, notes and long-term mortgage bank liabilities
Remaining assets					Remaining liabilities
Balance sheet total	DM 146.1bn.	= 100%	DM 146.1bn.	= 100%	Own funds

## Survey

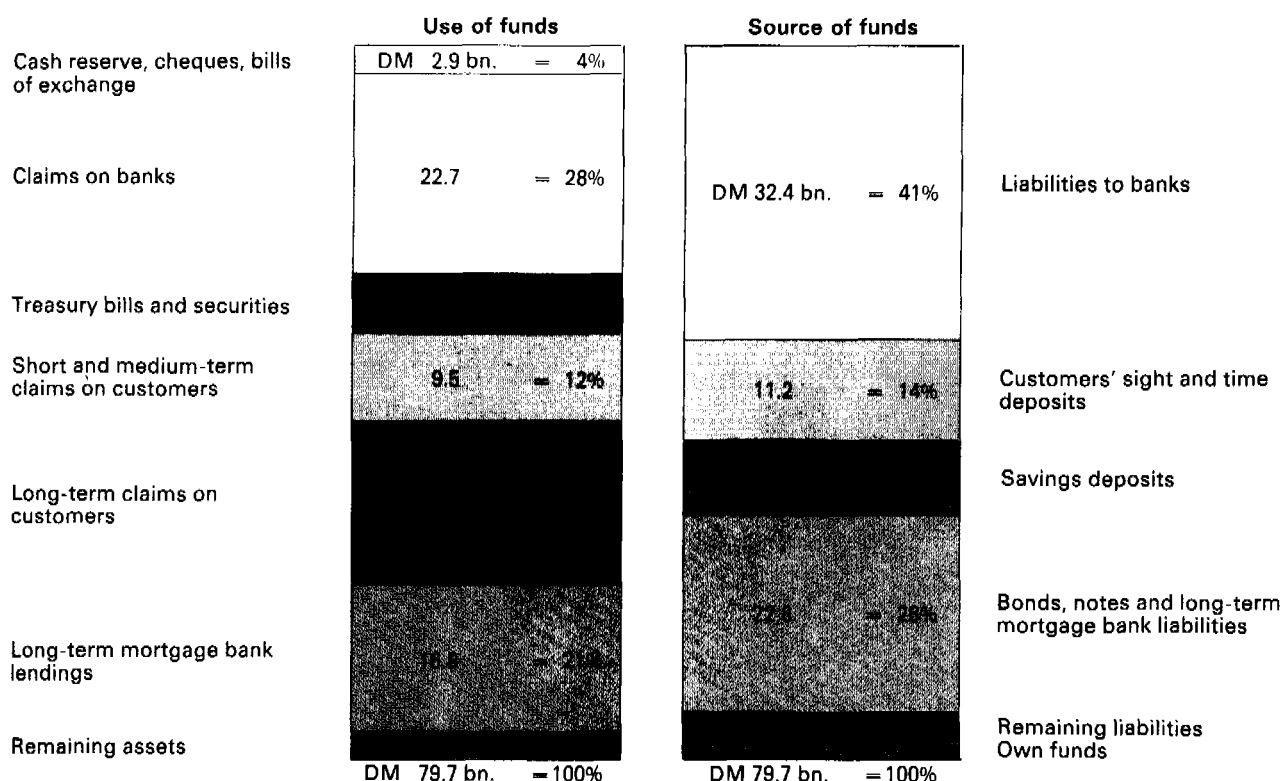
At the end of 1978, the Deutsche Bank Group's *business volume* was DM 146.4 bn. and hence DM 21.9 bn. (+17.6%) higher than at the end of 1977.

The Group's balance sheet is characterized even more strongly than that of the parent company by the trend towards longer maturities. The *balance sheet total* rose by almost DM 80 bn. over the past five years. The expansion was mainly due to long-term claims on customers and mortgage bank lendings totalling DM 35.1 bn. (= +147%), which equals 44% of the increase in the balance sheet total. Thus the long-term loan and mortgage

bank business accounts for more than 40% of the consolidated balance sheet total. The liabilities side, within the last five years, showed a DM 8.2 bn. influx (= +62%) of savings deposits; the volume of bonds and notes outstanding and long-term mortgage bank liabilities rose by DM 22.8 bn. (= +153%). Refinancing through funds from other banks has quadrupled within five years; DM 32.4 bn. or 41% of this growth stems from liabilities to banks alone.

The Group employed 42,494 *members of staff* at the end of 1978; 37,729 of these were employed at Deutsche Bank AG. At the end of the year, there were 1,342 *offices*, including 22 abroad.

## Development of Deutsche Bank's Consolidated Balance Sheet 31. 12. 1973–31. 12. 1978



### Consolidated companies

The consolidated annual statement of accounts as of December 31, 1978 comprises the results of Deutsche Bank AG together with those of the following companies:

	Proportion of capital held by Group pursuant to § 16 Joint Stock Corp. Act
Deutsche Bank Berlin AG, Berlin	100 %
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	99.9%
Deutsche Bank Saar AG, Saarbrücken	68.9%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	80.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	51 %
Deutsche Kreditbank für Baufinanzierung AG, Cologne	100 %
Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne	95 %
Frankfurter Hypothekenbank, Frankfurt (Main)	89 %
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Gefa Leasing GmbH, Wuppertal	100 %
Handelsbank in Lübeck, Lübeck	52.9%
Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	75 %
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 consolidated companies were enlarged by Handelsbank in Lübeck, Lübeck, which had joined the Group at the beginning of 1978, and by its 75% subsidiary Lübecker Hypothekenbank Aktiengesellschaft. As a result, the Group's balance sheet total before consolidation rose by DM 4.0 bn. or 2.6%. Apart from this, the Group's development was substantially influenced by strong growth at Deutsche Bank AG; its share of the balance sheet total before consolidation remains unchanged at 61%. Other banks account for 39%, of which 22% stems from the mortgage banks and 8% from Deutsche Bank Compagnie Financière Luxembourg, Luxembourg. The balance sheet totals of the property management, leasing and financing companies of the Group amount to less than 1%. After the merger with Deutsche Bank AG in the past year, Deutsche Ueberseeische Bank is no longer included among the consolidated companies.

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

### Commercial banks

*Deutsche Bank Berlin AG, Berlin* (up to 16. 5. 1978 Berliner Disconto Bank AG) is represented in West Berlin by 72 branches and conducts all the business of a universal bank.

In the year under review, the bank's business volume rose by 11% to DM 5,640 m. Funds from outside sources expanded by DM 516 m. to DM 5,065 m. Total credit extended grew by DM 612 m. to DM 3,422 m.

DM 13 m. is to be transferred from Net income for the year to Disclosed reserves. It is also to be proposed to the General Meeting that, after payment of a 17% divi-

dend, a further DM 2 m. should be transferred from Disposable profit to Disclosed reserves. Own funds will then amount to DM 270 m.

The premises of Deutsche Bank Berlin AG at Otto-Suhr-Allee 6/16, Berlin 10, are rented from Trinitas Vermögensverwaltung GmbH, Frankfurt (Main).

Our subsidiary in the Saar region, Saarländische Kreditbank AG, Crédit Sarrois S. A., Saarbrücken, was renamed *Deutsche Bank Saar AG, Saarbrücken*, with effect from 5. 9. 1978.

Deutsche Bank holds 68.9% of the bank's DM 25 m. share capital. The remaining shareholders include Crédit Industriel d'Alsace et de Lorraine, Strasbourg, with a share of 23.4%. The bank has 18 offices in the Saar. It also engages in all the operations of a universal bank.

The balance sheet total rose by DM 183 m. (= 19.0%) to DM 1,147 m., thereby surpassing the billion mark for the first time. Total credit extended reached DM 787 m., Funds from outside sources increased by DM 180 m. (= 20.7%) to DM 1,047 m.

It shall be proposed to the General Meeting to distribute a 10% dividend for the 1978 financial year. Own funds (Share capital and Disclosed reserves) totalled DM 50 m. as at December 31, 1978.

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

*Handelsbank in Lübeck, Lübeck*, of which we hold 52.9%, is a public limited company with its main office in Lübeck and another 55 offices and conducts all the business of a universal bank. The region it covers consists of Hansestadt Lübeck and parts of the adjoining districts of Ostholstein, the Duchy of Lauenburg and Stormarn.

The bank's balance sheet total was DM 1,407 m. as at December 31, 1978. Total credit extended was DM 841 m.; Funds from outside sources reached DM 1,313 m. A dividend of DM 7.50 per share of DM 50 par value is proposed for the 1978 financial year. Own funds of Handelsbank in Lübeck (Share capital and Disclosed reserves) totalled DM 55.2 m. as at December 31, 1978.

## Mortgage banks

*Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin - Cologne*, operates as a mortgage bank in the Federal Territory and West Berlin, conducting all the business allowed under the Mortgage Bank Act, 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 relatively low level of interest rates, the bank's mortgage business continued to recover in 1978. Mortgage commitments rose in 1978 by 30.4% to DM 1,695 m. Commitments for communal loans amounted to DM 1,071 m. (+4.8%). Loan commitments in 1978 thus totalled DM 2,766 m. (+19.2%). In the year reviewed, the balance sheet total increased by DM 1,975 m. (= 16.1%) to DM 14,258 m.

The Net income for the year of DM 39.6 m. allows the transfer of DM 19.0 m. to Disclosed reserves. It is to be proposed to the General Meeting that a further DM 11.0 m. be allocated to the legal reserve. If this proposal is adopted, the bank's reported own funds will total DM 377.0 m.

Payment of a dividend of DM 10 per share of DM 50 par value is planned for the 1978 financial year. It is also to be proposed to the General Meeting that the share capital be increased by DM 6.0 m. out of company funds by the conversion of Disclosed reserves.

*Frankfurter Hypothekenbank, Frankfurt (Main)*, conducts all the business of a mortgage bank; it is the oldest private institution of its kind. It operates throughout the Federal Territory and West Berlin. It also grants communal loans to customers in EC countries.

The bank's business operations were again very brisk in 1978. Loan commitments came to DM 2,958 m. (+8.9%); mortgage commitments, at DM 1,707 m., were 20.6% higher than a year previously, whilst, at DM 1,251 m., commitments for communal loans declined by 3.8%.

The balance sheet total rose by 12.3% to DM 17,171 m. (+14.4% a year earlier).

The share capital is DM 63.4 m. After the planned transfer of DM 15 m. from the 1978 Net income for the year, the Disclosed reserves will be shown at DM 329.4 m. A further DM 7 m. is to be added to the reserves by resolution of the General Meeting. Own funds will then total DM 399.8 m. A dividend of DM 10 plus a DM 1

bonus per share of DM 50 par value is to be paid for the 1978 financial year.

The Frankfurter Hypothekenbank holds all the shares of Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt (Main). The latter in turn has holdings in companies which have assumed functions in the interest of Frankfurter Hypothekenbank.

*Lübecker Hypothekenbank AG, Lübeck*, conducts all the business allowed under the Mortgage Bank Act. It operates in the Federal Territory and West Berlin. It also grants communal loans to customers in the EC countries.

The 1978 financial year was marked by brisk mortgage business. Commitments came to DM 555 m. (DM 421 m. a year earlier). Commitments for communal loans amounted to DM 67 m. (DM 85 m. a year previously). The balance sheet total rose by DM 307 m. = 13.1% to DM 2,642 m.

The share capital is DM 20 m. After transferring DM 4.75 m. from the 1978 Net income for the year, the Disclosed reserves will be shown at DM 56 m. A further DM 2.25 m. is to be added to the reserves by resolution of the General Meeting. Own funds will then total DM 78.25 m.

A dividend of 15% is to be paid for the 1978 financial year.

### Specialized banks

Our subsidiary in Luxembourg, which by resolution of an extraordinary General Meeting of 11. 10. 1978 was re-named *Deutsche Bank Compagnie Financière Luxembourg* (formerly: *Compagnie Financière de la Deutsche Bank AG*), continued its growth in the 1977-78 financial year as well. The balance sheet total rose by 20.0% to the equivalent of DM 13.4 bn. at balance sheet date at the end of September 1978.

As before, lending business with a share of more than 70% of total assets-side business – and here especially international syndicated business – was the bank's main operation. Total credit extended expanded by 16.2% to DM 9.5 bn. There was increased money dealing with Eurobanks.

At the end of September 1978, 88% of assets-side business was refinanced by borrowing from banks, whilst

the remaining funds were procured in roughly equal parts from customers' deposits, bonds and notes issued and own funds. A new 4.375% bearer bond issue was floated for DM 200 m.

To further strengthen the bank's own capital base almost the entire profit of Lux. frs. 550 m. (DM 33 m.) for the 1977-78 financial year was transferred to the voluntary reserve. Share capital and Disclosed reserves now amount to Lux. frs. 5,129 m. (DM 309 m.).

In spite of more difficult market conditions, the business of our Luxembourg subsidiary continued to develop satisfactorily in the first months of the new financial year.

Since the last statement of accounts of our Luxembourg subsidiary was established as at 30. 9. 1978, we based the consolidation on an interim statement of accounts, which the Board of Deutsche Bank Compagnie Financière Luxembourg approved.

*Deutsche Kreditbank für Baufinanzierung AG, Cologne*, as a specialist institution engages in all types of short and long-term financing in the housing construction sector. It grants loans for real estate purchases, development and builders' loans, as well as providing interim financing for mortgages and building loans, and pre-financings for building projects. In addition to these short-term financings the bank also offers long-term loans, especially bridging loans for building savings agreements or in conjunction with life assurance policies, and furthermore overall construction financings as package loans.

In spite of growing competition, the recovery of the housing construction market and the increase in activity caused the volume of new loan commitments to rise by about 50% as compared with the preceding year. The emphasis here was again on short-term loans, which increased by 56% to DM 778 m. The volume of commitments in long-term business expanded by 38% to DM 427 m. The balance sheet total grew by 13.7% to DM 2,535 m.

Payment of a 12% dividend on the share capital of DM 42 m. and transfer of DM 7.5 m. to Disclosed reserves are planned for the 1978 financial year. Own funds will then total DM 70.0 m.

The bank's subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, achieved a gratifying result in 1978 from the management of its property according to plan.



# Deutsche Bank Group



Own funds DM 4,573 m.

The following companies were included in the Group statement of accounts (Group holdings pursuant to Section 16 Joint Stock Corp. Act):

## Commercial banks

Deutsche Bank AG Frankfurt (Main)	Deutsche Bank Berlin AG Berlin	Deutsche Bank Saar AG Saarbrücken	Handelsbank in Lübeck Lübeck
Capital DM 1,040.1 m.	Capital DM 70.0 m. Holding 100%	Capital DM 25.0 m. Holding 68.9%	Capital DM 16.0 m. Holding 52.9%

## Mortgage banks

Deutsche Central- bodenkredit-AG Berlin-Cologne	Frankfurter Hypothenbank Frankfurt (Main)	Lübecker Hypothenbank AG Lübeck	Deutsche Gesellschaft für Fondsverwaltung mbH Frankfurt (Main)	DWS Deutsche Gesellschaft für Wertpapiersparen mbH Frankfurt (Main)
Capital DM 60.0 m. Holding 80.1%	Capital DM 63.4 m. Holding 89.0%	Capital DM 20.0 m. Holding 75%	Capital DM 4.0 m. Holding 100%	Capital DM 22.0 m. Holding 51.0%

## Investment companies

## Specialized banks

Deutsche Bank Compagnie Financière Luxembourg Luxembourg	Deutsche Kreditbank für Baufinanzierung AG Cologne*)	Efgee Gesellschaft für Einkaufs- Finanzierung mbH Düsseldorf	Gefa Gesellschaft für Absatzfinanzierung mbH Wuppertal
Capital LF 2,250 m. Holding 99.9%	Capital DM 42.0 m. Holding 100%	Capital DM 10.0 m. Holding 100%	Capital DM 30.0 m. Holding 100%

\*) and its subsidiary Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne

## Property management and leasing companies

Gefa-Leasing GmbH Wuppertal	Hessische Immobilien- Verwaltungs-GmbH Frankfurt (Main)	Matura Vermögens- verwaltung mbH Düsseldorf	Süddt. Vermögens- verwaltung GmbH Frankfurt (Main)**)	Trinitas Vermögens- verwaltung GmbH Frankfurt (Main)
Capital DM 5.0 m. Holding 100%	Capital DM 1.0 m. Holding 100%	Capital DM 0.3 m. Holding 100%	Capital DM 4.0 m. Holding 100%	Capital DM 1.0 m. Holding 100%

\*\*) and its subsidiary Elektro-Export-GmbH, Nuremberg

*Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, with its subsidiaries, *Gefa Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, supplement the services offered by Deutsche Bank AG with special forms of financing. They include medium-term financing of capital and consumer goods, leasing of movables, hire purchase and factoring. The emphasis of operations is on small and medium-sized firms.

The Gefa Group continued to expand its business in the year reviewed. The combined balance sheet total of the three companies rose by DM 179 m. to DM 1,925 m. From Gefa's Net income for the year DM 6 m. was transferred to Disclosed reserves. The company's own funds now total DM 70 m. Under the existing profit and loss transfer agreement DM 10.6 m. was transferred to Deutsche Bank AG in 1978.

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

#### Investment companies

*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, profession-based old-age pension schemes and those organised by associations, and for other institutional investors. It also looks after staff funds. The number and total assets of the special funds increased further in the past financial year. At the end of 1978, the total assets of the 88 funds managed amounted to more than DM 2.8 bn. (DM 2.5 bn. in the previous year).

The Shareholders' Meeting resolved to increase capital by DM 1.0 m. to DM 5.0 m. from reserves raised to DM 1.7 m. and to pay a profit share of 6% on this capital for the 1977-78 financial year.

*DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)*, managed 11 public investment funds with total assets of approx. DM 8.3 bn. as at 31. 12. 1978. The range of funds comprises five share funds, five bond funds and a mixed share/bond fund. With an in-

flow of funds of DM 1.8 bn., DWS can look back on 1978 as a successful year.

By resolution of the Shareholders' Meeting the capital of DWS, of which 51.0%, as before, is held by the Group, was increased in November 1978 by DM 2.0 m. from company funds to DM 22.0 m. Following the increase in the Disclosed reserves at the same time, the liable own funds of DWS totalled DM 34.0 m. at the end of 1978.

#### Property management companies

*Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)*, owns and administers land and buildings which are mainly let to Deutsche Bank AG; they include 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*, all of whose shares are held by Süddeutsche Vermögensverwaltung GmbH, finances the export of electrical engineering products.

*Trinitas Vermögensverwaltung GmbH, Frankfurt (Main)*, and its subsidiary, *Tauernallee Grundstücks-gesellschaft mbH, Berlin*, manage property for their own and third account in West Berlin, which is rented for the most part to Deutsche Bank Berlin AG and its employees. There is a profit and loss transfer agreement between Trinitas Vermögensverwaltung GmbH, Frankfurt (Main), and Deutsche Bank AG.

#### Non-consolidated companies

Owing to their small importance for the Group's assets and earnings position, the following *domestic members of the Group* have not been included in the consolidated statement pursuant to Section 329 (2) Joint Stock Corporation Act. The combined balance sheet total of these companies as at the end of 1978 was DM 408 m.; its inclusion would have increased the Group's balance sheet total by less than 3‰.

Wilhelm Ahlmann GmbH, Kiel  
 „Alwa“ Gesellschaft für Vermögensverwaltung mbH,  
 Hamburg  
 AV America Grundbesitzverwaltungsgesellschaft mbH,  
 Frankfurt (Main)  
 BAMUS Vermietungsgesellschaft mbH, Düsseldorf  
 BARIS Vermietungsgesellschaft mbH, Düsseldorf  
 BATOR Vermietungsgesellschaft mbH, Düsseldorf  
 BELUS Vermietungsgesellschaft mbH, Düsseldorf  
 BEO Vermietungsgesellschaft mbH, Düsseldorf  
 Beteiligungsgesellschaft für Flugzeugleasing mbH,  
 Frankfurt (Main)  
 BONUS Vermietungsgesellschaft mbH, Düsseldorf  
 Burstah Verwaltungsgesellschaft mbH, Hamburg  
 CADMUS Vermietungsgesellschaft mbH, Düsseldorf  
 Castolin Grundstücksgesellschaft mbH, Düsseldorf  
 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.H.  
 DIL Deutsche Gesellschaft für Immobilien-Mietkauf  
 mbH, Cologne  
 DIL Grundstücksgesellschaft für Verwaltungs- und  
 Lagergebäude mbH, Düsseldorf  
 Civil law association between Deutsche Kreditbank für  
 Baufinanzierung AG, Cologne, and Deutsche  
 Grundbesitz-Anlagegesellschaft 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,  
 Düsseldorf  
 Grundstücksgesellschaft Otto-Hahn-Strasse mbH,  
 Düsseldorf  
 Hochhaus und Hotel Riesenfürstenhof  
 Aufbaugesellschaft mbH, Frankfurt (Main)  
 Hypotheken-Verwaltungs Gesellschaft mbH,  
 Berlin  
 Immobilien-Gesellschaft in Lübeck GmbH, Lübeck

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  
 Mago Beteiligungsgesellschaft mbH, Frankfurt (Main)  
 Nordhamburgische Bauträgergesellschaft mbH,  
 Hamburg  
 Nordwestdeutscher Wohnungsbauträger GmbH,  
 Braunschweig (Profit and loss transfer  
 agreement with Deutsche Bank AG)  
 Peina Grundstücksverwaltungsgesellschaft mbH,  
 Düsseldorf  
 Saarländische Immobilien-Gesellschaft mbH,  
 Saarbrücken  
 SB Bauträger GmbH, Frankfurt (Main)  
 SB Bauträger GmbH & Co. Urbis Hochhaus-KG,  
 Frankfurt (Main)  
 SB Bauträger GmbH & Co. Urbis Verwaltungs-KG,  
 Frankfurt (Main)  
 Schisa Grundstücksverwaltungsgesellschaft mbH,  
 Düsseldorf  
 Süddeutsche Bank GmbH, Frankfurt (Main)  
 Tauernallee Grundstücksgesellschaft mbH, Berlin  
 Terraingesellschaft Gross-Berlin GmbH, Berlin  
 Transgermania Verwaltungsgesellschaft mbH,  
 Hamburg  
 Franz Urbig- und Oscar Schlitter-Stiftung GmbH,  
 Düsseldorf  
 Verwaltungsgesellschaft für Grundbesitz mbH Lubeca,  
 Lübeck  
 WINWE Beteiligungsgesellschaft mbH, Frankfurt (Main)  
 Wohnungsbaugesellschaft Lubeca GmbH, Lübeck

With the exception of Deutsche Bank Compagnie  
 Financière Luxembourg, Luxembourg, we have not con-  
 solidated *foreign members of the Group* pursuant to  
 Section 329 (2) Joint Stock Corporation Act; among  
 them the following companies should be mentioned:

The two finance companies *DB Finance (Hong Kong)*  
*Ltd., Hong Kong*, and *Deutsche Bank (U.K.) Finance Ltd.,*  
*London*, participate in the handling of our international  
 lending business.

*Deutsche Bank (Asia Credit) Ltd., Singapore*, started  
 operations as a merchant bank in the past year.

*Atlantic Capital Corporation, New York*, has served the Deutsche Bank Group as an investment bank in the United States since April 1978.

*German American Capital Corporation, Baltimore, USA*, functions as a holding company for our interest in European Bancorp., New York; its consolidated balance sheet total was almost US\$ 7 bn. at the end of 1978.

*VAMOGEST Société de gestion de valeurs mobilières S.A., Luxembourg*, a subsidiary of Deutsche Bank Compagnie Financière Luxembourg, conducts securities business in Luxembourg.

Moreover, we list below related German companies which are not under the uniform 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 Immobilienanlagen  
 „America“ mbH, Bad Homburg v.d.H.  
 Exportkreditbank AG, Berlin  
 Kistra Beteiligungsgesellschaft mbH, Frankfurt (Main)  
 Rossmann 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. Business relations with these companies do not exceed those 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 is based on the special sheets published for banks with the legal form of an "Aktiengesellschaft" (public limited company) and for mortgage banks.

The valuations in the individual balance sheets were taken over unchanged into the consolidated balance sheet. Interim statements as at 31. 12. 1978 were drawn up for three companies whose financial year differs from the remainder of the Group. The interim statement

of Deutsche Bank Compagnie Financière Luxembourg was converted at the rate of DM 1 = Lux. frs. 16.1125.

The book values of the holdings in consolidated companies were offset against the subsidiaries' proportionate own funds (Capital and Disclosed reserves). The difference is shown as Reserve arising from consolidation; it is a form of own capital.

Claims and liabilities between the consolidated members of the Group were offset.

In the consolidated profit and loss account the income shown in the individual statements of accounts, as far as it represents compensation for mutual services of the consolidated companies – almost exclusively interest and commissions – has been offset against the respective expenses. Amounts received by the parent company during the year under review from holdings in consolidated members of the Group and representing distributions from the profits for the preceding year, were included under profit brought forward; the tax credits received were not taken into account in these distributed profits and in the Group's tax expenses.

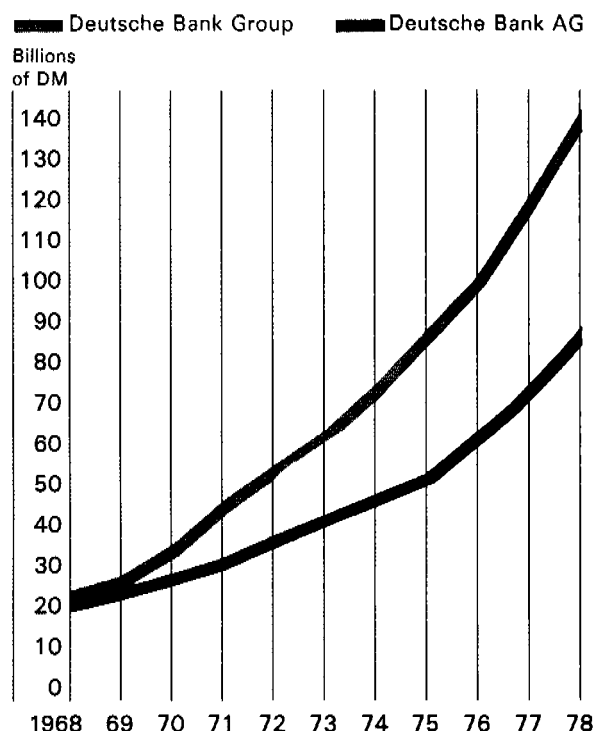
## Notes on the Consolidated Balance Sheet

### Liquidity

At the end of 1978, the Group's *cash reserve* (cash on hand, balances with Deutsche Bundesbank and on postal cheque accounts) amounted to DM 7.2 bn. *Cash liquidity*, as a percentage of the liabilities of DM 105.5 bn. – excluding long-term mortgage bank liabilities – came to 6.8% (6.4% a year previously).

Total liquid assets (cash reserve, items received for collection, bills of exchange rediscountable at Deutsche Bundesbank, claims on banks payable on demand, Treasury bills and discountable Treasury notes, and bonds and notes eligible as collateral for Deutsche Bundesbank advances) are DM 23.6 bn.; the *overall liquidity ratio* is calculated at 22.4% of the above-mentioned liabilities (24.7% a year earlier).

### Growth of the balance sheet total 1968–1978



## Assets

### Securities

Holdings of *Bonds and notes* increased by DM 1.8 bn. to DM 6.6 bn. DM 5.3 bn. or 81% of our fixed-interest securities was eligible as collateral for Deutsche Bundesbank advances.

Bonds and notes issued by the Group's three mortgage banks, Deutsche Bank AG and Deutsche Bank Compagnie Financière Luxembourg and held by banks of the Group are shown at DM 1.0 bn. under *Bonds and notes issued by consolidated companies*.

*Securities not to be shown elsewhere* were recorded at DM 1,795 m., including capital holdings of over 10% amounting to DM 994 m.

Investments in *Treasury bills and discountable Treasury notes* were raised by DM 296 m. to DM 449 m.

The securities were valued according to the minimum value principle.

### Total credit extended

Total credit extended by the Group passed the DM 100 bn. mark at the end of 1978. *Short and medium-term claims on customers* rose by DM 2.9 bn. = 11.9% to DM 27.2 bn. *Discounts*, at DM 7.2 bn., were unchanged against the year before. There is a marked increase in *long-term claims on customers* of DM 5.5 bn. (+ 24.8%) to DM 27.8 bn. and in *long-term mortgage bank lendings* of DM 6.3 bn. = 25.6% to DM 31.1 bn. With DM 15.7 bn. (+ 34.0%) in long-term mortgage loans of our mortgage banks and DM 6.4 bn. in Personal mortgage loans and Programmed building finance loans of the commercial banks of the Group, we made long-term construction loans of DM 22.1 bn. available to our customers.

DM 14.2 bn. = 51.0% of long-term claims on customers was due in less than four years.

*Claims on banks* went up by DM 3.5 bn. to DM 30.2 bn.; DM 6.9 bn. (+ 33.8%) consisted of loans.

Adequate allowance was made for risks in lending business in the annual and interim statements of accounts of the consolidated companies through individual adjustments, provisions and general provisions.

<i>Total credit extended</i>	End of 1978 DM m.	End of 1977 DM m.	Change DM m.	%
Claims on customers				
short and medium-term	27,151	24,268	+ 2,883	= 11.9
long-term (4 years or more)	27,762	22,253	+ 5,509	= 24.8
	54,913	46,521	+ 8,392	= 18.0
Long-term mortgage bank lendings	31,117	24,768	+ 6,349	= 25.6
Discounts	7,250	7,225	+ 25	= 0.3
Lendings to banks				
short and medium-term	1,905	2,301	- 396	= 17.2
long-term (4 years or more)	5,021	2,877	+ 2,144	= 74.5
	6,926	5,178	+ 1,748	= 33.8
Total credit extended	100,206	83,692	+ 16,514	= 19.7

### Subsidiaries, associated companies and trade investments

The balance sheet value of non-consolidated *subsidiaries, associated companies and trade investments* is shown at DM 604 m. At DM 284 m., not quite one half of this item is attributable to shares in banks.

### Fixed assets

*Land and buildings* were valued at DM 878 m.; DM 820 m. was used for banking business. *Office furniture and equipment* was DM 294 m.

*Leasing equipment* amounted to DM 826 m. at the end of 1978. Movable leasing equipment of Gefa-Leasing GmbH rose by DM 77 m. to DM 632 m. Real estate of Deutsche Gesellschaft für Immobilien-Leasing came to DM 194 m.

### Other asset items

*Other assets* of DM 1,339 m. include, in addition to gold and silver holdings, above all share rights not in security form and not representing longer-term holdings.

### Liabilities

#### Funds from outside sources

Group *Funds from outside sources* rose by DM 20.6 bn. = 17.8% to DM 136.4 bn. during 1978.

*Liabilities to banks* amounted to DM 42.8 bn.; the increase of DM 7.0 bn. = 19.6% was chiefly marked by growth of banks' deposits for fixed periods.

*Liabilities to customers* grew by DM 6.5 bn. or 13.0% (12.3% a year earlier) to DM 56.0 bn. Sight deposits were up by DM 1.7 bn. = + 12.2%. Time deposits amounted to DM 19.2 bn. and hence were DM 3.2 bn. = 20.2% higher than at the end of 1977. Savings deposited with consolidated banks recorded an increase of DM 1.6 bn. = 7.9% to DM 21.5 bn.

The Group's *Bonds and notes* outstanding expanded to DM 35.1 bn.; of the expansion of DM 6.6 bn. = 22.9%, DM 3.5 bn. = + 31.9%, i.e. more than half, was attributable to mortgage bonds.

#### Other liability items

DM 1,098 m. of the *Provisions* totalling DM 2,198 m. is accounted for by *Provisions for pensions*, shown at their actuarially computed part value. *Other provisions* in-

<i>Funds from outside sources</i>	End of 1978		End of 1977		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	6,232	4.6	5,974	5.2	+ 258	= 4.3
time deposits	36,051	26.4	29,271	25.3	+ 6,780	= 23.2
customers' drawings on credits opened at other institutions	495	0.4	526	0.4	- 31	= 5.8
	<u>42,778</u>	<u>31.4</u>	<u>35,771</u>	<u>30.9</u>	<u>+ 7,007</u>	<u>= 19.6</u>
Liabilities to customers						
payable on demand	15,236	11.2	13,581	11.7	+ 1,655	= 12.2
time deposits	19,185	14.0	15,955	13.8	+ 3,230	= 20.2
savings deposits	21,544	15.8	19,972	17.3	+ 1,572	= 7.9
	<u>55,965</u>	<u>41.0</u>	<u>49,508</u>	<u>42.8</u>	<u>+ 6,457</u>	<u>= 13.0</u>
Bonds and notes issued by commercial banks	5,410	4.0	4,283	3.7	+ 1,127	= 26.3
Long-term mortgage bank liabilities	32,219	23.6	26,183	22.6	+ 6,036	= 23.1
	<u>37,629</u>	<u>27.6</u>	<u>30,466</u>	<u>26.3</u>	<u>+ 7,163</u>	<u>= 23.5</u>
Total funds from outside sources	<u>136,372</u>	<u>100.0</u>	<u>115,745</u>	<u>100.0</u>	<u>+ 20,627</u>	<u>= 17.8</u>

creased by DM 247 m. to DM 1,101 m.; they also include general provisions for rights of recourse which cannot be offset against assets.

The *Deferred items* on the liabilities side amounted to DM 922 m., including the items of DM 130 m. to be shown separately pursuant to Section 25 Mortgage Bank Act.

### Comments

At the end of 1978, *Endorsement liabilities* on rediscounted bills of exchange and Own drawings came to DM 351 m.

*Liabilities from guarantees and letters of credit* rose by DM 1.9 bn. = 13.1% to DM 16.6 bn.

*Commitments from the sale of assets subject to repurchase agreements* totalled DM 951 m. (DM 810 m. a year previously) at the end of 1978.

*Liabilities for possible calls* on shares in public and private limited companies, insofar as they were not shown on the liabilities side, stood at DM 78 m. Joint liabilities pursuant to Section 24 "GmbH" Act amounted to DM 21.6 m.

In respect of the investment of the Group member banks in Liquiditäts-Konsortialbank GmbH, Frankfurt (Main), there are obligations to pay further capital of up

to DM 51 m. and a quota in the contingent liability to meet the capital obligations of other partners belonging to the Bundesverband deutscher Banken e.V., Cologne.

Tied funds taken up were passed on to the borrowers on the conditions stipulated by the lenders. Loans amounting to DM 37 m. taken up by consolidated companies were secured on real estate; in addition securities and recovery claims in the amount of DM 27.5 m. were pledged in connection with Berlin order financings.

We also refer to the declaration of backing which appears in the parent company's Notes for certain related banks and for the managing companies, which, as independent auxiliary operations, relieve the bank of administrative work not of a typical banking nature.

*Claims on and liabilities to related companies* refer to non-consolidated companies.

## Consolidated Profit and Loss Account

### Earnings on the volume of business

The Group's *interest income* rose last year by DM 1,402 m. = 19.9% to DM 8,463 m. As the percentage increase in interest expenses, at + DM 1,180 m. = 25.6%, was much stronger, the earnings on the volume of business are only DM 222 m. = 9.1% higher than a year earlier.

	1978 in DM m.	1977 in DM m.
Interest and similar income from lending and money market transactions	5,610	4,701
Interest income in the mortgage bank business	2,245	1,853
Current income from securities etc.	608	507
<i>Total interest income</i>	<u>8,463</u>	<u>7,061</u>
Interest and similar expenses	3,689	2,880
Interest expenses in the mortgage bank business	2,107	1,736
<i>Total interest expenses</i>	<u>5,796</u>	<u>4,616</u>
<i>Earnings on the volume of business (interest surplus)</i>	<u>2,667</u>	<u>2,445</u>

### Earnings on services

*Commissions and other service charges received* increased by DM 103 m. = 15.0% to DM 787 m. After deduction of commissions paid of DM 33 m., there was a surplus on services of DM 754 m. (+ 15.7%).

### Other income

*Non-recurrent income from the mortgage banks' issue and loan business* increased to DM 129 m. (DM 101 m. a year previously). *Non-recurrent expenses* amounted to DM 85 m. (DM 82 m. a year earlier).

Adequate provision was made in the consolidated statement of accounts for the risks in national and international lending business. After permissible offsetting against other income, *Write-downs of and adjustments*

*to claims and securities, transfers to provisions for possible loan losses* amounted to DM 30 m. *Other income* is then shown at DM 435 m. (DM 323 m. a year earlier).

### Staff and other operating expenses

The Group's staff and other operating expenses totalled DM 2,414 m. The rise of DM 261 m. = 12.1% was markedly higher than in the preceding year (+ DM 154 m. = 7.7%). The *staff expenses* increased by DM 179 m. = 10.7% to DM 1,854 m.

*Other operating expenses* rose considerably as well. The rise of DM 82 m. = 17.2% to DM 560 m. was more than double that in the previous year (+ DM 31 m. = 7.1%).

### Remaining expenses

*Depreciation of and adjustments to land and buildings and office furniture and equipment* were effected in the amount of DM 301 m. (DM 238 m. a year earlier). *Write-downs of and adjustments to subsidiaries, associated companies and trade investments* amount to DM 13 m. following DM 6 m. a year previously.

*Other expenses* declined by DM 35 m. to DM 97 m.

*Taxes* increased by DM 125 m. to DM 657 m. DM 630 m., after DM 511 m. a year earlier, is attributable to *Taxes on income and assets*; these include, for the first time, at DM 13 m., the 20% additional corporation tax relating to subsidiaries' profits to be distributed to the parent company in 1979. Not included are additional expenses incurred pursuant to Section 170 (2) Joint Stock Corporation Act due to subsidiaries' proposals on the distribution of profits.

### Profit, capital and reserves

In 1978, the Group achieved *Net income for the year* of DM 408.0 m. (DM 408.0 m. in the previous year as well). Of this, DM 189.6 m. will be transferred to *Disclosed reserves*, including DM 69.6 m. at consolidated subsidiaries. After allowing for the profit attributable to minority interests of DM 14.2 m., consolidated profit, including the profit brought forward from the previous year of DM 76.6 m., amounts to DM 280.8 m.



After offsetting the book values of the subsidiaries, associated companies and trade investments against the relevant portion of the companies' own Funds, the *Reserve arising from consolidation* is DM 474.1 m. as at December 31, 1978.

*Minority interests* of DM 221.9 m. also include the minority portion of not yet distributed profits of DM 13.5 m.

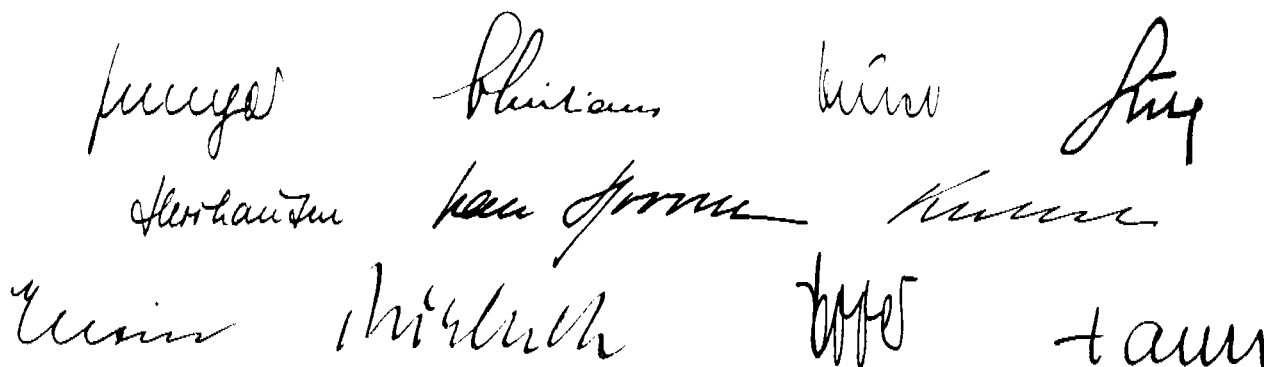
Total *Group own funds*, including the consolidation items, rose in 1978 by DM 570.0 m., of which DM 320.6 m. resulted from the capital increase and DM 120.0 m. from the allocation to reserves from profit at Deutsche Bank AG.

	31.12.1978	31.12.1977
	DM m.	DM m.
<i>Share capital of Deutsche Bank AG</i> . . . .	1,040.1	960.0
<i>Disclosed reserves of</i>		
<i>Deutsche Bank AG</i> . . . . .	2,850.4	2,490.0
<i>Reserve arising from consolidation</i> . . . .	474.1	403.6
<i>Minority interests</i> . . . . .	208.4	149.4
<i>Total</i> . . . . .	<u>4,573.0</u>	<u>4,003.0</u>

There is also authorized capital of Deutsche Bank AG amounting to DM 60 m.

Frankfurt (Main), March 1979

The Board of Managing Directors





**Deutsche Bank**

Aktiengesellschaft

## **Consolidated Balance Sheet**

as of December 31, 1978

## **Consolidated Profit and Loss Account**

for the period from  
January 1 to December 31, 1978

## Assets

## Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1977 in DM 1,000
Cash on hand		358,937,639.75	299,354
Balance with Deutsche Bundesbank		6,795,340,408.26	5,456,202
Balances on postal cheque accounts		29,871,491.38	57,619
Cheques, matured bonds, interest and dividend coupons, items received for collection		655,441,935.38	572,338
Bills of exchange		6,466,354,363.70	6,623,456
including:			
a) rediscountable at Deutsche Bundesbank	DM 5,282,809,334.79		
b) own drawings	DM 297,856,503.51		
Claims on banks			
a) payable on demand	4,745,101,667.06		6,467,121
b) with original periods or periods of notice of			
ba) less than three months	5,368,953,718.63		4,414,126
bb) at least three months, but less than four years	15,102,345,134.38		13,013,086
bc) four years or more	<u>5,020,660,363.74</u>		<u>2,877,479</u>
including:			
used as cover in mortgage		30,237,060,883.81	26,771,812
bank business	DM 122,200,000.--		
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	444,131,937.51		138,253
b) of other issuers	<u>4,622,015.73</u>		<u>14,070</u>
		448,753,953.24	152,323
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 2,081,762,691.48		
ab) of banks	DM 484,732,569.81		
ac) of other issuers	<u>DM 29,911,990.05</u>	2,596,407,251.34	2,160,172
including:			
eligible as collateral for			
Deutsche Bundesbank advances	DM 2,379,175,504.32		
used as cover in mortgage			
bank business	DM 158,783,500.--		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 792,307,941.59		
bb) of banks	DM 2,352,167,864.96		
bc) of other issuers	<u>DM 825,625,278.52</u>	<u>3,970,101,085.07</u>	<u>2,599,223</u>
including:			
eligible as collateral for			
Deutsche Bundesbank advances	DM 2,933,071,274.33	6,566,508,336.41	4,759,395
used as cover in mortgage			
bank business	DM 165,225,561.88		
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,725,492,287.55		1,798,099
b) other	<u>69,226,767.24</u>		<u>58,609</u>
including: holdings of more than one tenth of the shares of a joint stock corporation or a mining company, unless shown as Subsidiaries, associated companies and trade investments	DM 994,428,075.14	1,794,719,054.79	1,856,708
Carried forward		53,352,988,066.72	46,549,207

## Consolidated Balance Sheet as of December 31, 1978

## Liabilities

	DM	DM	DM	31. 12. 1977 in DM 1,000
Liabilities to banks				
a) payable on demand		6,232,423,192.86		5,974,493
b) with original periods or periods of notice of				
ba) less than three months	9,225,797,850.71			
bb) at least three months, but less than four years	23,253,190,610.01			
bc) four years or more	<u>3,571,799,985.93</u>	36,050,788,446.65		29,270,681
including: due in less than four years	DM 2,575,486,204.21			
c) customers' drawings on other banks		<u>495,171,460.26</u>		525,654
			42,778,383,099.77	35,770,828
Liabilities to customers				
a) payable on demand		15,236,085,062.91		13,580,968
b) with original periods or periods of notice of				
ba) less than three months	11,042,662,428.34			
bb) at least three months, but less than four years	4,984,270,733.54			
bc) four years or more	<u>3,158,179,773.78</u>	19,185,112,935.66		15,954,555
including: due in less than four years	DM 2,707,953,108.90			
c) savings deposits				
ca) subject to legal period of notice	12,081,505,980.35			
cb) other	<u>9,462,500,075.94</u>	<u>21,544,006,056.29</u>		19,971,976
			55,965,204,054.86	49,507,499
Bonds and notes with a life of				
a) up to four years		1,186,132,500.—		1,283,098
b) more than four years		<u>4,224,243,140.19</u>		3,000,349
including: maturing in less than four years	DM 2,984,079,000.—		5,410,375,640.19	4,283,447
Bonds issued by mortgage banks				
a) mortgage bonds		14,413,881,922.44		10,925,941
including:				
registered bonds	DM 3,107,794,913.30			
b) communal bonds		14,423,605,252.05		12,318,026
including:				
registered bonds	DM 3,437,259,748.05			
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		707,953,000.—		568,530
d) bonds drawn and called for redemption		<u>5,349,149.36</u>		444
including:			29,550,789,323.85	23,812,941
maturing or to be taken back in less than four years	DM 11,556,142,957.86			
further:				
registered mortgage bonds given to lender as security for loans taken up	DM 476,833,529.81			
and registered communal bonds	DM 379,843,924.80			
Bonds to be delivered			161,767,363.58	473,535
Carried forward			133,866,519,482.25	113,848,250

## Assets

## Consolidated Balance Sheet

	DM	DM	31. 12. 1977 in DM 1,000
Brought forward		53,352,988,066.72	46,549,207
Claims on customers with original periods or periods of notice of			
a) less than four years	27,150,900,861.34		24,268,295
including:			
used as cover in mortgage			
bank business	DM 636,095,184.01		
b) four years or more	27,761,684,322.02		22,252,855
including:			
ba) secured by mortgages on real estate	DM 2,770,225,444.26	54,912,585,183.36	46,521,150
bb) communal loans	DM 2,359,951,116.77		
due in less than four years	DM 14,169,833,000.—		
Mortgage bank lendings with original periods of four years or more			
a) mortgages	15,735,269,725.35		11,739,886
used as cover	DM 14,251,334,050.86		
b) communal loans	14,824,735,054.37		12,553,337
used as cover	DM 14,248,447,916.35		
c) other	48,549,974.60		59,072
including: to banks	DM 2,635,323,855.18	30,608,554,754.32	24,352,295
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	437,312,575.36		375,042
b) interest due after October 31, 1978 and on January 2, 1979	71,458,073.29		40,613
c) interest arrears	—		—
		508,770,648.65	415,655
Recovery claims on Federal and Länder authorities under Currency Reform Acts		442,504,878.27	450,904
including:			
used as cover in mortgage			
bank business	DM 71,445,969.90		
Loans on a trust basis at third party risk		1,224,551,177.52	1,145,902
Subsidiaries, associated companies and trade investments		604,458,396.40	598,362
including: investments in banks	DM 283,738,576.88		
Land and buildings		878,487,780.69	842,477
including: taken over in mortgage business	DM 14,964,073.48		
Office furniture and equipment		294,446,098.80	256,505
Leasing equipment			
a) land and buildings	193,794,831.28		196,800
b) movables	631,714,942.80		554,718
		825,509,774.08	751,518
Own shares		15,550,868.—	16,778
nominal amount:	DM 2,610,150.—		
Bonds and notes issued by consolidated companies		1,037,966,981.64	972,959
nominal amount	DM 1,049,182,850.— US\$ 195,000.—		
Other assets		1,338,776,359.04	1,361,780
Deferred items		9,233,274.45	7,047
<b>Total Assets</b>		<b>146,054,384,241.94</b>	<b>124,242,539</b>
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		644,143,769.16	563,847
b) claims arising from loans falling under Section 15 (1) 1–6 and (2) of the Banking Act, unless included under a)		741,494,612.72	606,344

as of December 31, 1978

Liabilities

	DM	DM	DM	31. 12. 1977 in DM 1,000
Brought forward			133,866,519,482.25	113,848,250
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		690,423,665.08		533,462
b) other		869,596,944.76		617,205
including:			1,560,020,609.84	1,150,667
with partial liability	DM 2,183,106.25			
due in less than four years	DM 887,497,220.03			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		674,606,927.44		523,695
b) interest due (including interest due on January 2, 1979)		271,521,300.87		222,316
Own acceptances and promissory notes outstanding			946,128,228.31	746,011
Loans on a trust basis at third party risk			360,213,980.81	367,664
Provisions			1,224,551,177.52	1,145,902
a) for pensions		1,097,527,751.04		988,689
b) other		1,100,904,683.24		853,643
Other liabilities			2,198,432,434.28	1,842,332
Endowments and benevolent funds			73,576,212.53	59,257
Endowment assets		2,300,285.12		2,154
less investments in securities		2,119,762.88		2,029
Deferred items			180,522.24	125
a) in accordance with Section 25 of the Mortgage Bank Act		129,886,548.97		117,399
b) other		792,581,905.10		627,277
Special items with partial reserve character			922,468,454.07	744,676
a) in accordance with the Tax Act regarding Developing Countries		23,785,971.		17,835
b) in accordance with Section 6b of the Income Tax Act		11,169,433.09		11,006
c) in accordance with the tax regulation regarding general provisions				767
Share capital			34,955,404.09	29,608
Conditional capital DM 56,117,100.			1,040,132,900.—	960,000
Disclosed reserves				
a) legal reserve		1,505,427,358.77		1,265,000
b) other reserves (voluntary)		1,345,000,000.—		1,225,000
Reserve arising from consolidation			2,850,427,358.77	2,490,000
Minority interests			474,094,202.42	403,626
including: from profit	DM 13,527,661.67		221,917,834.84	159,318
Consolidated profit			280,765,439.97	295,103
<b>Total Liabilities</b>			<b>146,054,384,241.94</b>	<b>124,242,539</b>
Own drawings in circulation			6,766,025.72	2,584
including: those discounted for borrowers' account	DM 6,766,025.72			
Endorsement liabilities on rediscounted bills of exchange			344,650,135.20	254,002
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			16,609,427,944.61	14,688,336
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			950,983,413.70	810,220
Savings premiums under the Savings Premium Act			316,913,394.87	375,512
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			51,084,795.28	30,063

# Expenses

# Consolidated Profit and Loss Account

	DM	DM	1977 in DM 1,000
Interest and similar expenses .....		3,688,711,801.35	2,880,177
Interest expenses in the mortgage bank business for			
a) mortgage bonds .....	931,701,546.26		730,134
b) communal bonds .....	1,021,313,862.30		888,900
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act .....	45,008,692.53		25,704
d) loans taken up .....	<u>109,077,042.41</u>		<u>90,658</u>
		2,107,101,143.50	1,735,396
Commissions and similar service charges paid .....		33,131,249.69	32,754
Non-recurrent expenses in the mortgage banks' issue and loan business .....		84,965,070.93	82,232
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses .....		29,755,581.84	16,883
Salaries and wages .....		1,415,561,371.24	1,284,405
Compulsory social security contributions .....		193,322,163.91	176,757
Expenses for pensions and other employee benefits .....		245,240,580.01	214,026
Other operating expenses .....		559,778,710.02	477,595
Depreciation of and adjustments to land and buildings and office furniture and equipment .....		301,292,422.07	237,860
Write-downs of and adjustments to subsidiaries, associated companies and trade investments .....		12,957,968.46	6,125
Taxes			
a) on income and assets .....	629,912,363.18		510,939
b) other .....	<u>27,027,644.12</u>		<u>21,109</u>
		656,940,007.30	532,048
Allocations to Special items with partial reserve character .....		15,440,444.—	9,036
Other expenses .....		96,757,969.75	131,351
Net income for the year .....		407,954,294.41	408,006
<b>Total Expenses</b>		<b>9,848,910,778.48</b>	<b>8,224,651</b>

Net income for the year .....

Profit brought forward from the previous year .....

Allocations to Disclosed reserves .....

Profit attributable to minority interests .....

Consolidated profit .....

Frankfurt (Main) March 20, 1979

**Deutsche Bank Aktiengesellschaft**

The Board of Managing Directors

*Burgard    Christians    Ehret    Guth*

*Herrhausen    van Hooven    Kleffel*

*Martin    Thierbach    Kopper    Zapp*

Income

DM	1977 DM
407,954,294.41	408,006,325.54
<u>76,552,207.23</u>	<u>65,695,755.64</u>
484,506,501.64	473,702,081.18
<u>189,566,600.—</u>	<u>168,850,000.—</u>
294,939,901.64	305,052,081.18
<u>14,174,461.67</u>	<u>9,949,195.12</u>
280,765,439.97	295,102,886.06

Chartered Accountant





**Deutsche Bank**  
Aktiengesellschaft

**Development  
of the  
Consolidated Balance Sheet  
1968 – 1978**

# Development of the Balance Sheet of Deutsche Bank Group 1968–1978

– Amounts in DM millions –

	End of	1978	1977	1976
<b>Consolidated Balance Sheet</b>				
<b>Assets</b>				
Cash reserve		7,184	5,813	4,845
Bills of exchange		6,466	6,624	6,952
Claims on banks		30,237	26,772	20,334
Treasury bills and discountable Treasury notes		449	152	275
Bonds and notes		6,566	4,759	3,860
Securities not to be shown elsewhere		1,795	1,857	1,881
Claims on customers		54,913	46,521	39,802
short and medium-term		27,151	24,268	21,729
long-term (4 years or more)		27,762	22,253	18,073
Long-term mortgage bank lendings		31,117	24,768	21,578
Recovery claims on Federal and Länder authorities under Currency Reform Acts		443	451	475
Loans on a trust basis at third party risk		1,225	1,146	947
Subsidiaries, associated companies and trade investments		604	598	435
Land and buildings		879	843	801
Office furniture and equipment		294	256	241
Leasing equipment		825	752	636
Bonds and notes issued by consolidated companies		1,038	973	583
Other assets		1,339	1,362	1,167
Remaining assets		680	596	435
<b>Balance Sheet Total</b>		<b>146,054</b>	<b>124,243</b>	<b>105,247</b>
<b>Liabilities</b>				
Liabilities to banks		42,778	35,771	28,574
including: time deposits		36,546	29,796	22,616
Liabilities to customers		55,965	49,508	44,073
including: time deposits		19,185	15,955	12,064
savings deposits		21,544	19,972	19,441
Commercial bank bonds		5,410	4,283	2,844
Long-term mortgage bank liabilities		32,219	26,183	22,439
Provisions		2,198	1,842	1,629
for pensions		1,097	989	907
other		1,101	853	722
Group own funds		4,573	4,003	3,522
Share capital		1,040	960	900
Disclosed reserves		2,851	2,490	2,200
Reserve arising from consolidation		474	404	293
Minority interests		208	149	129
Remaining liabilities		2,630	2,358	1,858
Consolidated profit		281	295	308
<b>Balance Sheet Total</b>		<b>146,054</b>	<b>124,243</b>	<b>105,247</b>
Own drawings in circulation		7	3	2
Endorsement liabilities		345	254	603
Contingent liabilities from guarantees, etc.		16,609	14,688	14,326

## Figures from the Consolidated Profit and Loss Account

	For the year	1978	1977	1976
Earnings on business volume (Interest surplus)		2,667	2,445	2,166
Earnings on services (Commission surplus)		754	652	602
Staff and other operating expenses		2,414	2,153	1,999
Taxes		657	532	455
Net income for the year		408	408	440
<b>Number of staff at year's end</b>		<b>42,494</b>	<b>40,614</b>	<b>40,772</b>

1975	1974	1973	1972	1971	1970	1969	1968
5,106	5,625	7,021	5,575	3,985	3,021	1,881	2,163
7,076	5,300	3,975	4,122	4,150	4,332	4,396	4,800
15,587	12,898	7,510	5,871	5,358	4,317	3,300	2,716
189	49	23	250	725	409	1	1,878
2,433	1,846	1,698	1,679	1,304	1,803	1,859	1,500
1,538	1,128	1,113	1,156	1,154	1,331	1,313	1,261
35,160	30,859	27,086	23,806	19,582	17,186	15,431	10,824
21,052	19,634	17,609	14,789	12,163	10,353	9,493	7,084
14,108	11,225	9,477	9,017	7,419	6,833	5,938	3,740
19,528	16,570	14,323	12,854	10,760	3,517	-	-
513	541	571	605	633	639	553	567
783	583	450	442	219	146	80	71
374	358	314	261	235	302	249	225
739	776	609	514	413	407	340	320
208	357	282	228	172	133	104	87
468							-
411	553	251	272	271	67		
916	806	712	653	568	472	469	332
510	449	436	470	258	316	369	264
91,539	78,698	66,374	58,758	49,787	38,398	30,345	27,008

21,574	17,540	10,404	9,812	7,829	7,598	5,602	4,630
16,373	12,711	5,909	5,347	4,043	4,526	2,825	1,869
41,571	38,147	36,499	31,124	27,483	24,460	22,178	20,242
10,469	12,724	13,972	9,346	8,384	7,976	6,944	5,927
18,367	14,963	13,298	12,215	10,672	9,030	8,399	7,493
1,220	528	200					
20,444	17,127	14,653	13,659	11,208	3,656	-	-
1,460	1,298	981	899	724	626	538	479
844	745	551	491	439	408	377	347
616	553	430	408	285	218	161	132
3,325	2,524	2,394	2,099	1,815	1,462	1,397	1,363
900	720	720	640	560	480	480	480
2,100	1,549	1,459	1,274	1,064	880	850	820
192	124	83	63	80	45	56	52
133	131	132	122	111	57	11	11
1,667	1,313	1,082	1,024	602	498	503	199
278	221	161	141	126	98	127	95
91,539	78,698	66,374	58,758	49,787	38,398	30,345	27,008

4	3	4	6	2	8	6	1
138	710	842	1,633	974	875	1,525	187
12,429	9,457	6,497	4,721	4,669	4,482	3,439	2,568

1975	1974	1973	1972	1971	1970	1969	1968
2,129	2,028	1,350	1,237	1,143	1,042	876	675
580	514	452	400	317	274	298	262
1,870	1,782	1,399	1,260	1,105	952	860	698
417	305	174	208	174	121	115	158
391	320	192	206	176	131	153	140
40,839	40,578	39,951	39,582	39,037	36,957	34,012	29,743

<b>German banks</b>		<b>Capital</b>	<b>Our holding</b>
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt (Main)	DM	40.0 m.	27.2%
Deutsche Bank Berlin AG, Berlin	DM	70.0 m.	100 %
Deutsche Bank Saar AG, Saarbrücken	DM	25.0 m.	68.9%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	DM	60.0 m.	80.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt (Main)	DM	4.0 m.	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt (Main)	DM	22.0 m.	49.5%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne	DM	3.5 m.	37.5%
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Cologne	DM	42.0 m.	100 %
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	35.0 m.	25.2%
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin – Bremen	DM	1.0 m.	25.3%
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg vdH	DM	1.0 m.	60.0%
European Asian 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.	89.0%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	30.0 m.	100 %
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt (Main)	DM	1.0 m.	27.2%
Handelsbank in Lübeck, Lübeck	DM	16.0 m.	52.9%
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.	25.0%
Liquiditäts-Konsortialbank GmbH, Frankfurt (Main)	DM	250.0 m.	6.1%
Lombardkasse Aktiengesellschaft, Berlin – Frankfurt (Main)	DM	6.0 m.	14.2%
Privatdiskont-Aktiengesellschaft, Frankfurt (Main)	DM	5.0 m.	13.8%
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Kiel	DM	35.0 m.	29.0%
Süddeutsche Bank GmbH, Frankfurt (Main)	DM	3.0 m.	100 %

**Foreign banks**

AEA Development Corporation, Manila/Philippines	Phil. pes.	38.2 m.	5.4%
Al-Bank Al-Saudi Al-Alami Ltd., London	£	25.0 m.	5.0%
Banco Bradesco de Investimento, S.A., São Paulo	Cr\$	1,107.9 m.	5.0%
Banco Comercial Transatlántico, Barcelona	Ptas.	1,452.0 m.	28.8%
Banco de Desarrollo del Paraguay S.A. (COMDESA), Asunción/Paraguay	Gs.	210.4 m.	3.3%
Banco del Desarrollo Económico Español S.A., Madrid	Ptas.	929.8 m.	1.8%
Banco de Montevideo, Montevideo/Uruguay	Ur. pes.	2.0 m.	43.3%
Banco Español en Alemania S.A., Madrid	Ptas.	165.0 m.	15.0%
Banque Commerciale Congolaise, Brazzaville/Congo	CFA-francs	850.0 m.	3.1%
Banque Commerciale du Maroc, Casablanca/Morocco	Dirham	48.7 m.	7.1%
Banque Européenne de Crédit, Brussels	Belg. frs.	2,856.0 m.	14.3%

	Capital	Our holding
Banque Nationale pour le Développement Economique, Rabat/Morocco	Dirham	140.0 m. 0.4%
Banque Tchadienne de Crédit et de Dépôts, Ndjamena/Chad	CFA-francs	440.0 m. 7.5%
H. Albert de Bary & Co. N.V., Amsterdam	Dutch guil.	15.0 m. 50.0%
Corporación Financiera Colombiana, Bogotá/Colombia	Col. pesos	228.2 m. 0.3%
Deutsche Bank (Asia Credit) Ltd., Singapore	S\$	25.0 m. 100 %
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	2,250.0 m. 99.9%
DB Finance (Hong Kong) Ltd., Hong Kong	HK\$	5.0 m. 99.9%
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	£	12.2 m. 14.1%
European Brazilian Bank Ltd., London	£	12.6 m. 13.7%
Foreign Trade Bank of Iran, Tehran/Iran	Rials	4,200.0 m. 10.0%
Industrial and Mining Development Bank of Iran, Tehran/Iran	Rials	13,400.0 m. 3.0%
The Industrial Credit and Investment Corporation of India Ltd., Bombay/India	Ind. rupees	225.0 m. 1.5%
Iran Overseas Investment Bank Ltd., London	£	8.0 m. 6.3%
Korea Development Finance Corporation, Seoul/South Korea	Won	10,000.0 m. 2.4%
Malaysian Industrial Development Finance Berhad, Kuala Lumpur/Malaysia	M\$	79.6 m. 0.5%
National Investment Bank for Industrial Development S.A., Athens	Drachmae	590.0 m. 4.9%
The Pakistan Industrial Credit and Investment Corporation Ltd., Karachi/Pakistan	Pak. rupees	79.7 m. 4.8%
Private Development Corporation of the Philippines, Makati, Rizal/Philippines	Phil. pes.	60.4 m. 1.8%
Société Camerounaise de Banque, Yaoundé/Cameroon	CFA-francs	2,500.0 m. 5.0%
Société Ivoirienne de Banque, Abidjan/Ivory Coast	CFA-francs	3,000.0 m. 12.0%
Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd., Helsinki	Fmk	100.0 m. 0.5%
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	1,000.0 m. 18.0%

#### Other German enterprises

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM	1.0 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.	85.0%

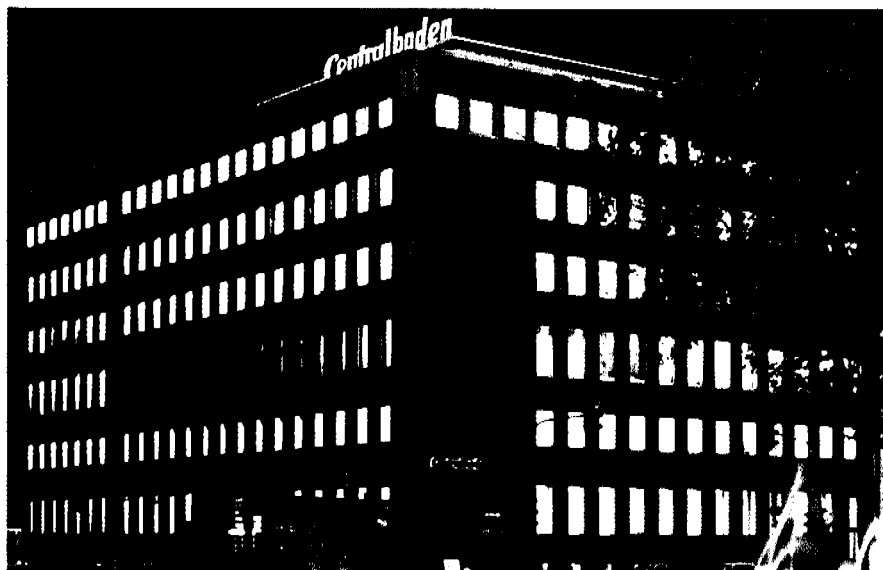
	Capital		Our holding
Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf	DM	10.0 m.	50.0%
Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	DM	0.2 m.	37.5%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt (Main)	DM	30.0 m.	14.0%
Erste Sicherheitentreuhand GmbH "Ruhrkohle", Düsseldorf	DM	0.1 m.	33.3%
Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt (Main)	DM	0.03 m.	12.0%
Gesellschaft für Kreditsicherung mbH, Cologne	DM	0.3 m.	36.7%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt (Main)	DM	1.0 m.	95.0%
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf	DM	39.9 m.	33.3%
Matura Vermögensverwaltung mbH, Düsseldorf	DM	0.3 m.	100 %
Nordwestdeutscher Wohnungsbauträger GmbH, Braunschweig	DM	0.2 m.	100 %
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	DM	15.0 m.	50.0%
Sicherheiten-Treuhand GbR, Düsseldorf	DM	0.1 m.	35.0%
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	US\$	61.8 m.	1.2%
Atlantic Capital Corporation, New York	US\$	0.1 m.	100 %
Compañía de Mandatos Inmobiliaria y Financiera S.A., Buenos Aires/Argentina	Arg. pes.	1.0 m.	99.3%
Deutsche Bank (U.K.) Finance Ltd., London	£	0.2 m.	99.9%
EDESA Société Anonyme Holding, Luxembourg	US\$	11.0 m.	4.6%
EHC Penta Hotels N.V., Amsterdam	Dutch guil.	33.5 m.	3.5%
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%
German American Capital Corporation, Baltimore/U.S.A.	US\$	0.01 m.	100 %
IMOBAL - Imobiliária e Administradora Ltda., São Paulo/Brazil	Cr\$	1.5 m.	100 %
Intermex Holding S.A., Luxembourg	US\$	26.3 m.	12.0%
International Investment Corporation for Yugoslavia S.A., Luxembourg	US\$	13.5 m.	1.2%
Private Investment Company for Asia S.A., Panama City/Panama	US\$	29.8 m.	0.7%
SIFIDA Investment Company S.A., Luxembourg	US\$	15.8 m.	0.6%
Society for Worldwide Interbank Financial Telecommunication - SWIFT -, Brussels	Belg. frs.	109.6 m.	3.7%

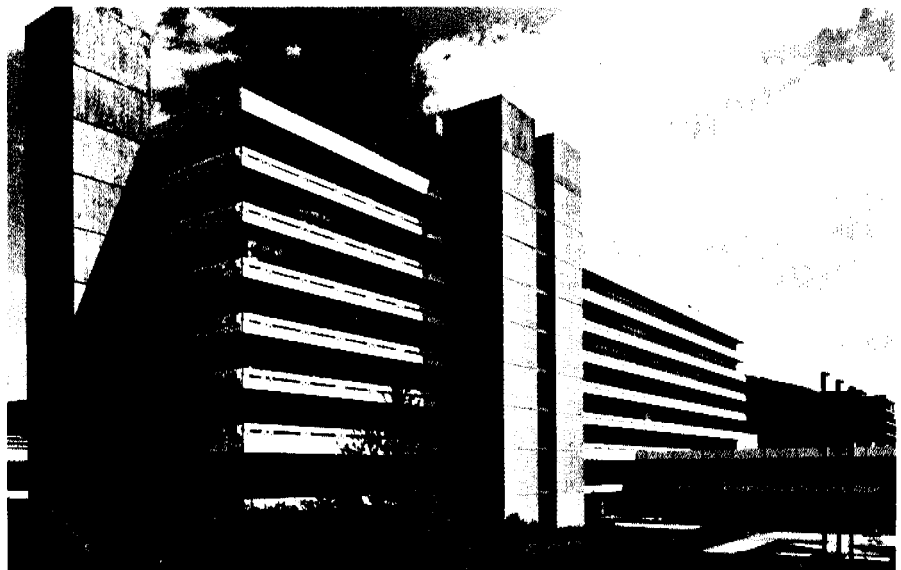
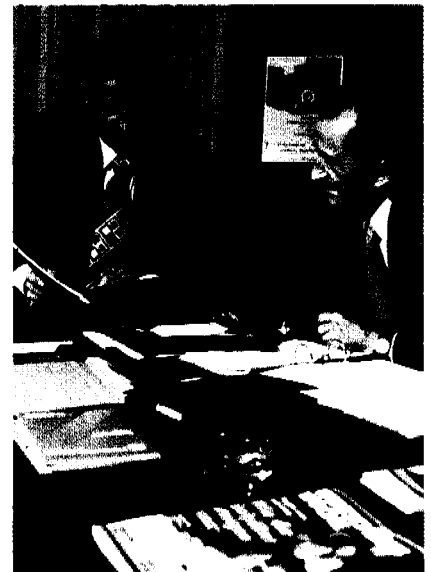
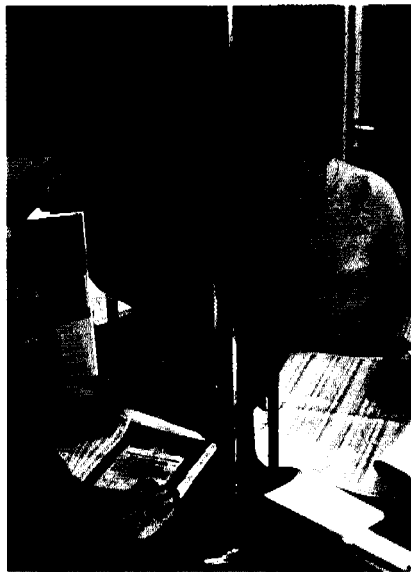
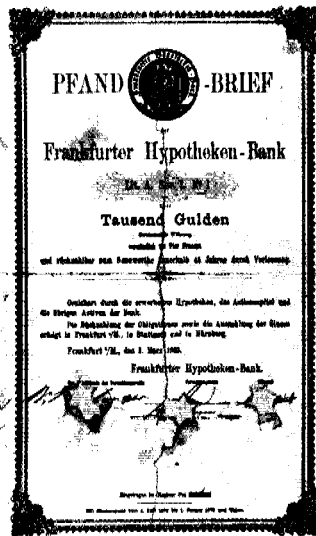
## Centralboden – a dynamic subsidiary

Since 1951 the head office of Deutsche Centralbodenkredit-AG has been located in Cologne (top photo). The bank still has its legal domicile in Berlin where it was founded in 1870 as the first state-concessioned mortgage bank in Prussia. Besides Berlin and Cologne, this institution today has business offices in seven other German cities. In the course of the last 10 years it was able to more than quadruple its balance sheet total to over DM 14 bn. Consequently, Centralboden is now one of the largest mortgage banks in Germany. It has belonged to Deutsche Bank Group since 1970. The illustrations at the foot of the page show two large-scale projects: the TÜV Rheinland in Cologne-Poll and the water purification plant Emschermündung.



## FHB: tradition and strength

Frankfurter Hypothekenbank is the oldest private mortgage bank in Germany. It was established in 1862 in the then "Freie Reichsstadt" of Frankfurt am Main with a capital of 5 million Gulden. With the issue of a new kind of security called "Pfandbrief" (mortgage bond) which was suitable for broad-based saving, the FHB entered new territory. Since 1971 this company has been a part of Deutsche Bank Group. Its balance sheet total at the end of 1978 amounted to DM 17.2 bn. The top photo shows the bank's central office at Taunusanlage 9. The two bottom photos show a renovated house and the German Cancer Research Centre in Heidelberg: one small and one large project financed by Frankfurter Hypothekenbank which illustrate its comprehensive business activities.





# Security issuing, other syndicate transactions and listings on the stock exchange

## Domestic bond issues of public authorities

6½%, 6%, 5¾%, 5½%, 5¼% and 5% bond issues of the Bundesrepublik Deutschland of 1978  
6% bond issues of the Deutsche Bundesbahn of 1978  
6¼% bond issue of the Land Baden-Württemberg of 1978  
6% bond issue of the Freistaat Bayern of 1978  
6½% bond issue of the Land Berlin of 1978  
6¼% bond issue of the Land Hessen of 1978

6% bond issue of the Saarland of 1978  
6¾%, 6¼%, 6%, 5¾%, 5¼% and 5% communal and annuity bond issues of the Deutsche Siedlungs- und Landesrentenbank  
– Issues 157 and 158, Series 40–51 –  
5½% bond issue of the Lastenausgleichsbank of 1978  
– Issue 19 –

## Other domestic bond issues, mortgage and communal bonds

Badenwerk Aktiengesellschaft

Schiffshypothekenbank zu Lübeck Aktiengesellschaft

## Convertible and option bonds of domestic and foreign issuers

denominated in Deutsche Mark:

All Nippon Airways Co., Ltd.  
Fujitsu Fanuc Ltd  
Fujitsu Limited  
Jusco Co., Ltd.  
Kraft Inc.  
Marudai Food Co., Ltd.  
Nippon Shinpan Co., Ltd.  
Nissan Diesel Motor Co., Ltd.  
Nisshin Steel Co., Ltd.

Olympus Optical Co., Ltd.  
Sankyo Electric Co., Ltd.  
Sanyo Electric Co., Ltd.  
The Seiyu Stores, Ltd.  
Sharp Corporation  
Otto Stumpf Aktiengesellschaft  
Tokyo Electric Co., Ltd.  
Tokyo Sanyo Electric Co., Ltd.  
Trio-Kenwood Corporation

denominated in foreign currencies:

Asics Corporation  
Baker International Finance N.V.

The Boots Company Limited  
Novo Industri A/S

## Bonds of foreign issuers

denominated in Deutsche Mark:

Akzo N.V.  
Republik Argentinien  
Asiatische Entwicklungsbank  
Australien  
Banco Nacional do Desenvolvimento Econômico (BNDE)  
BankAmerica Overseas Finance Corporation N.V.  
Banque Extérieure d'Algérie  
Banque Française du Commerce Extérieur  
Banque Nationale d'Algérie  
Föderative Republik Brasilien

Centrais Elétricas Brasileiras S.A.  
Comisión Federal de Electricidad (CFE)  
Königreich Dänemark  
Dansk Eksportfinansieringsfond  
Den Norske Industribank A/S  
Den norske stats oljeselskap a.s (Statoil)  
ESTEL NV  
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale  
Europäische Gemeinschaft für Kohle und Stahl

Europäische Investitionsbank  
 Republik Finnland  
 Forsmarks Kraftgrupp Aktiebolag  
 Hitachi Shipbuilding & Engineering Company Limited  
 The Industrial Bank of Japan Finance Company N.V.  
 Inter-Amerikanische Entwicklungsbank  
 Internationale Bank für Wiederaufbau und Entwicklung  
 (Weltbank)  
 Kanada  
 Stadt Kobe  
 Stadt Kopenhagen  
 The Korea Development Bank  
 Light-Serviços de Eletricidade S.A.  
 Megal Finance Company Limited  
 Mitsubishi Petrochemical Company Ltd.  
 Neuseeland  
 Nippon Steel Corporation  
 A/S Norcem  
 Nordiska Investeringsbanken  
 Norges Kommunalbank  
 Königreich Norwegen  
 Republik Österreich  
 Österreichische Kontrollbank Aktiengesellschaft

Österreichische Länderbank Aktiengesellschaft  
 Petróleo Brasileiro S.A. – PETROBRÁS  
 Petroleos Mexicanos  
 Philippinen  
 Post-och Kreditbanken  
 Provinz Québec  
 Rautaruukki Oy  
 Société Nationale Elf Aquitaine  
 Königreich Spanien  
 Standard Chartered Bank Limited  
 Tauernautobahn Aktiengesellschaft  
 Teollisuuden Voima Oy – Industrins Kraft AB  
 Republik Trinidad und Tobago  
 Stadt Trondheim  
 UDS Group (Netherlands) B.V.  
 Ungarische Nationalbank  
 Union Bank of Finland Limited  
 Republik Venezuela  
 Vereinigte Mexikanische Staaten  
 Wiedereingliederungsfonds des Europarates für die  
 nationalen Flüchtlinge und die Überbevölkerung  
 in Europa

denominated in foreign currencies:

Algemene Bank Nederland N.V.  
 Amsterdam-Rotterdam Bank N.V.  
 Republik Argentinien  
 Asiatische Entwicklungsbank  
 Australien  
 Bank Mees & Hope N.V.  
 BASF Overzee N.V.  
 Beatrice Foods Overseas Finance N.V.  
 Bertelsmann International Finance N.V.  
 Föderative Republik Brasilien  
 Caisse Nationale des Télécommunications  
 Canadair Ltd.  
 Den Norske Industribank A/S  
 Development Finance Corporation  
 A/S Eksportfinans  
 I/S ELSAM  
 Ennia nv  
 EUROFIMA Europäische Gesellschaft für die  
 Finanzierung von Eisenbahnmateriale  
 Europäische Gemeinschaft für Kohle und Stahl  
 Europäische Investitionsbank  
 Finance for Industry Limited

Financiering Maatschappij d'Oranjeboom B.V.  
 Hitachi Shipbuilding & Engineering Co., Ltd.  
 Hospital Overseas Capital N.V.  
 Hydro-Québec  
 IC Industries Finance Corporation N.V.  
 INA International Holdings Ltd.  
 The Industrial Bank of Japan Finance Company N.V.  
 Kommunlänestitutet Aktiebolag  
 Stadt Kopenhagen  
 Macmillan Bloedel Ltd.  
 Midland International Financial Services B.V.  
 Province of Newfoundland  
 New Zealand Forest Products  
 Nordiska Investeringsbanken  
 Königreich Norwegen  
 Ontario Hydro  
 J. C. Penney Overseas Finance N.V.  
 Rowntree Mackintosh Limited  
 Königreich Schweden  
 Shell International Finance N.V.  
 F. L. Smidth & Co. A/S  
 Sparbankernas Bank

Standard Chartered Bank Limited  
Teollisuuden Voima Oy – Industrins Kraft AB

Unilever USF Investments Limited  
Republik Venezuela

### Domestic shares

Aachener Strassenbahn und  
Energieversorgungs-Aktiengesellschaft  
Adt Aktiengesellschaft  
Aktiengesellschaft Kühnle, Kopp & Kausch  
Allgemeine Transportmittel Aktiengesellschaft  
Allweiler Aktiengesellschaft  
Augsburger Kammgarn-Spinnerei  
Baden-Württembergische Bank Aktiengesellschaft  
Bank für Brau-Industrie  
BASF Aktiengesellschaft  
Bayerische Hypotheken- und Wechsel-Bank  
Bayerische Motoren Werke Aktiengesellschaft  
Bayerische Vereinsbank  
Berliner Handels- und Frankfurter Bank  
Binding-Brauerei Aktiengesellschaft  
Brauerei Cluss  
Brauerei Feldschlösschen Aktiengesellschaft  
Braunschweig-Hannoversche Hypothekenbank  
Bremer Vulkan Schiffbau und Maschinenfabrik  
Buderus Aktiengesellschaft  
Chemie-Verwaltungs-Aktiengesellschaft  
Colonia Lebensversicherung Aktiengesellschaft  
Colonia Versicherung Aktiengesellschaft  
DEGUSSA Deutsche Gold- und Silber-Scheideanstalt  
vormals Roessler  
Deutsche Babcock Aktiengesellschaft  
Deutsche Centralbodenkredit-Aktiengesellschaft  
Deutsche Schiffahrtsbank Aktiengesellschaft  
Deutsche Schiffskreditbank Aktiengesellschaft  
Didier-Werke Aktiengesellschaft  
Eisenbahn-Verkehrsmittel-Aktiengesellschaft  
Elektrische Licht- und Kraftanlagen Aktiengesellschaft  
Enka Aktiengesellschaft  
Erdölwerke FRISIA Aktiengesellschaft  
Gelsenberg Aktiengesellschaft  
Arn. Georg Aktiengesellschaft  
Gerling-Konzern Allgemeine  
Versicherungs-Aktiengesellschaft  
Gutehoffnungshütte Aktienverein  
Hamburger Getreide-Lagerhaus-Aktiengesellschaft  
Hamburg-Mannheimer  
Sachversicherungs-Aktiengesellschaft

Handelsbank in Lübeck  
Hanfwerke Oberachern Aktiengesellschaft  
Hein, Lehmann Aktiengesellschaft  
Herlitz Aktiengesellschaft  
Hilgers Aktiengesellschaft  
Hoechst Aktiengesellschaft  
Holsten-Brauerei  
Hypothekenbank in Hamburg  
Industriekreditbank Aktiengesellschaft –  
Deutsche Industriebank  
Industrie-Werke Karlsruhe Augsburg Aktiengesellschaft  
Kabel- und Metallwerke Gutehoffnungshütte  
Aktiengesellschaft  
Katz Werke Aktiengesellschaft  
Koepp Aktiengesellschaft  
Fried. Krupp Hüttenwerke Aktiengesellschaft  
Krupp Stahlwerke Südwestfalen Aktiengesellschaft  
Mannesmann Aktiengesellschaft  
Maschinenfabrik Moenus Aktiengesellschaft  
Mechanische Seidenweberei Viersen Aktiengesellschaft  
MEZ Aktiengesellschaft  
Oelmühle Hamburg Aktiengesellschaft  
G. M. Pfaff Aktiengesellschaft  
Pittler Maschinenfabrik Aktiengesellschaft  
Progress-Werk Oberkirch Aktiengesellschaft  
F. Reichelt Aktiengesellschaft  
Reichhold Chemie Aktiengesellschaft  
Rheinelektra Aktiengesellschaft  
Rheinisch-Westfälisches Elektrizitätswerk  
Aktiengesellschaft  
Rheinische Hypothekenbank  
Schering Aktiengesellschaft  
Seilwolff Aktiengesellschaft  
Siemens Aktiengesellschaft  
Spinnstofffabrik Zehlendorf Aktiengesellschaft  
Strabag Bau-Aktiengesellschaft  
Otto Stumpf Aktiengesellschaft  
Süddeutsche Bodencreditbank  
Thüringer Gasgesellschaft  
Triton-Belco Aktiengesellschaft  
VEBA Aktiengesellschaft  
Vereinigte Seidenwebereien Aktiengesellschaft

Vereins- und Westbank Aktiengesellschaft  
 VKI-Rheinhold & Mahla Aktiengesellschaft  
 C. J. Vogel Draht- und Kabelwerke Aktiengesellschaft  
 Volkswagenwerk Aktiengesellschaft

Württembergische Feuerversicherung  
 Aktiengesellschaft  
 Württembergische Metallwarenfabrik

### Foreign shares

Alexander Howden Group Limited  
 Algemene Bank Nederland N.V.  
 All Nippon Airways Co., Ltd.  
 American Express Company  
 Amsterdam-Rotterdam Bank N.V.  
 Beecham Group Limited  
 Canon Inc.  
 Compagnie de Saint-Gobain-Pont-à-Mousson  
 Compagnie des Machines BULL  
 Consolidated Gold Fields Limited  
 Esmark, Inc.  
 FINSIDER  
 Fujitsu Limited  
 Jusco Co., Ltd.  
 KLM Koninklijke Luchtvaart Maatschappij N.V.  
 Lafarge  
 Litton Industries, Inc.  
 Marudai Food Co., Ltd.  
 Matsushita Electric Industrial Co., Ltd.  
 Midland Bank Limited  
 Mitsumi Electric Co., Ltd.  
 Nikko Securities Co., Ltd.

Nippon Shinpan Co., Ltd.  
 Nissan Motor Co., Ltd.  
 Nisshin Steel Co., Ltd.  
 Ing. C. Olivetti & C., S.p.A.  
 Olympus Optical Co., Ltd.  
 ROLINCO N.V.  
 RORENTO N.V.  
 Rotterdamsch Beleggingsconsortium N.V.  
 Rowntree Mackintosh Limited  
 Sankyo Electric Co., Ltd.  
 Sanyo Electric Co., Ltd.  
 Schweizerischer Bankverein  
 The Seiyu Stores, Ltd.  
 Sekisui Prefab Homes, Ltd.  
 Steyr-Daimler-Puch Aktiengesellschaft  
 Sun Company, Inc.  
 Thomson-CSF  
 Tokyo Electric Co., Ltd.  
 Tokyo Sanyo Electric Co., Ltd.  
 Trio-Kenwood Corporation  
 Turner & Newall Limited  
 Warner Communications Inc.

## Regional Advisory Councils

### Advisory Council of Bielefeld

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Partner and Managing Director,  
Wilhelm Karmann GmbH, Osnabrück

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Partner in Gerrit van Delden & Co.,  
Gronau (Westf.)

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Bielefeld

Joe Bierbaum,  
Partner and Managing Director,  
Bierbaum Textilwerke GmbH u. Co. KG, Borken (Westf.)

Dipl.-Kfm. Ehrenfried Brandts,  
Partner and Managing Director,  
Hermann Windel GmbH & Co., Bielefeld

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Member of the Supervisory Board,  
Germania-Epe Spinnerei AG, Gronau (Westf.)

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C. Deilmann AG, Bentheim

Rembert van Delden,  
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Managing Director, F. H. Hammersen GmbH, Osnabrück

Richard Dohse,  
Partner in Richard Dohse & Sohn oHG, Bielefeld

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

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Partner and Managing Director,  
"Ihr Platz", Osnabrück

Konsul Hans Georg Gallenkamp,  
Managing Director,  
Felix Schoeller jr. Feinpapierfabrik,  
Osnabrück

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Partner and Managing Director,  
Messrs. Windmöller & Hölscher, Lengerich (Westf.)

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Chairman of the Partners' Committee,  
A. Friedr. Flender GmbH & Co. KG, Bocholt, Neitersen

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Chairman of the Board of Managing Directors,  
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Partner in F. A. Kümpers KG, Rheine (Westf.)

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Partner and Managing Director,  
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Horn-Bad Meinberg

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Member of the Board of Managing Directors,  
Leffers AG, Bielefeld

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Deputy Chairman of the Board of Managing Directors,  
Nixdorf Computer AG, Paderborn

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Chairman of the Board of Managing Directors,  
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Partner in Miele & Cie. GmbH & Co., Gütersloh

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Member of the Supervisory Board,  
Westfalia Separator AG, Oelde

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Partner and Managing Director, Westfälische Metall  
Industrie KG Hueck & Co., Lippstadt

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General Manager, Erica Rössler/  
Modische Strickerei GmbH/Heinz Rössler & Söhne KG,  
Osnabrück

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Schmitz-Werke GmbH + Co., Emsdetten

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General Manager,  
Bekleidungswerke Erwin Hücke oHG,  
Lübbecke

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Partner in Gebr. Schulten, Südlohn

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Partner and Managing Director of the  
Starcke Group, Melle/Hannover

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General Manager,  
Rudolf A. Oetker Zentralverwaltung, Bielefeld

Ernst F. Theis,  
Member of the Advisory Council, FOSECO  
Gesellschaft für Chemisch-Metallurgische  
Erzeugnisse mbH, Borken (Westf.)

Dipl.-Kfm. Norbert Vossen,  
Partner and Managing Director,  
Frottierweberei Vossen GmbH, Gütersloh

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Managing Director, Brauerei Beck & Co., Bremen

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Chairman of the Advisory Council,  
August Brötje Werke für Heizungstechnik, Rastede i. O.

Kurt A. Becher,  
of Kurt A. Becher, Bremen

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Member of the Board of Managing Directors,  
Deutsche Schiffahrtbank AG, Bremen

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Bremen-Holzhausen

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of Karl Geuther & Co., Bremen

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Chairman of the Board of Managing Directors,  
DEUTSCHE DAMPFSCIFFFAHRTS-GESELLSCHAFT  
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Bremen

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

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Managing Director, DESMA-Werke GmbH,  
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Olympia Werke AG, Wilhelmshaven

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Norddeutsche Mende Rundfunk KG, Bremen

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

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Henry S. Thomas,  
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Carl Max Vater,  
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Wilkens Bremer Silberwaren AG, Bremen

Hubert Wulf,  
Sole proprietor of ADO Gardinenwerke Hubert Wulf,  
Papenburg

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Joh. Jacobs & Co. GmbH, Bremen

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Partner and Chairman of the Management Board  
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Aachen/Brussels

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Partner and Managing Director,  
Peter Bauwens Bauunternehmung, Cologne

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

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H. Dyckhoff, Cologne

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Partner and Managing Director,  
F. W. Brügelmann Söhne, Cologne

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Chairman of the Managing Board of the  
Sophia-Jacoba Gewerkschaft, Hückelhoven

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Partner and Managing Director of the  
Falke Group, Schmallenberg

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

Dr.-Ing. E. h. Erwin Gärtner,  
Cologne

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

Heinz Heudorf,  
Hilchenbach

Øivind Holm,  
Controller and Financial Director, European Central Office,  
National Lead Industries Inc., Brussels

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Member of the Board of Managing Directors,  
Dynamit Nobel AG, Troisdorf

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Chairman of the Management Board,  
A. Natterman & Cie. GmbH, Cologne

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Quarzwerte GmbH, Frechen

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Partner and Managing Director,  
Dr. Madaus & Co., Cologne

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Partner in Messrs. Pfeifer & Langen, Cologne

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Partner and Managing Director,  
MAUSER KG, Brühl (Rhld.)

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

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

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Werner Niederstein,  
Siegen

Otto Paes,  
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Eisenwerk Brühl GmbH, Brühl (Rhld.)

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Partner in Spedition Pracht KG, Haiger

Gerd Proenen,  
Partner and Managing Director,  
Messrs. Bierbaum-Proenen, Cologne

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Partner and Managing Director,  
William Prym-Werke KG, Stolberg (Rhld.)

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Otto Wolff AG, Cologne

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Deutsche Centralbodenkredit-AG, Cologne

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Strabag Bau-AG, Cologne

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Member of the Board of Managing Directors,  
Kaufhof AG, Cologne

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Partner and Managing Director,  
Krombacher Brauerei GmbH & Co.,  
Kreuztal (Westf.)

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Krupp Stahlwerke Südwestfalen AG, Siegen

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Member of the Board of Managing Directors,  
Klöckner-Humboldt Deutz AG, Cologne

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Cologne

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Lindgens & Söhne GmbH & Co., Cologne

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Gerling Group, Cologne

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Member of the Board of Managing Directors,  
Bayer AG, Leverkusen

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COLONIA VERSICHERUNG AG, Cologne

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

Franz-Egon Wirtz,  
Partner and Managing Director,  
Messrs. Reimbold & Strick Chemisch-Keramische Werke,  
Cologne

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Partner and Managing Director,  
Wolf Geräte GmbH, Betzdorf (Siege)

Dipl.-Ing. G. Theodor Wuppermann,  
Partner and Managing Director,  
Theodor Wuppermann GmbH, Leverkusen

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Honorary Chairman, Girmes-Werke AG,  
Greifrath-Oedt (Rhld.)

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Partner and Managing Director,  
Viktor Achter GmbH & Co., Viersen

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Member of the Board of Managing Directors,  
Thyssen Vermögensverwaltung GmbH, Düsseldorf

Dr. Gunther Berger,  
Member of the Board of Managing Directors,  
Gerresheimer Glas AG, Düsseldorf

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Member of the Management Board,  
Pakhoed N.V., Rotterdam (Netherlands)

Dr. Dr. h. c. Marcus Bierich,  
Member of the Board of Managing Directors,  
Mannesmann AG, Düsseldorf

Leo Brand,  
Partner and Managing Director,  
Brand GmbH & Co. KG, Neuss



Fritz Brandi,  
Chairman of the Management Board,  
ELF MINERALOEL GmbH, Düsseldorf

Niels v. Bülow,  
Honorary Chairman of the Supervisory Board,  
Gerresheimer Glas AG, Düsseldorf

Dipl.-Ing. Eduard H. Dörrenberg,  
Partner in Messrs. Rohde & Dörrenberg, Düsseldorf

Dipl.-Kfm. Wilhelm Fehler,  
Member of the Board of Managing Directors,  
Hein, Lehmann AG, Düsseldorf

Konsul Rudolf Grolman,  
Proprietor of Gustav Grolman, Düsseldorf

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

Dr. Hermann Janson,  
Partner and Managing Director,  
Vereinigte Uerdinger Oelwerke  
Alberdingk & Boley, Krefeld

Jan Klenewefers,  
Partner and Managing Director,  
Klenewefers Beteiligungs-GmbH, Krefeld

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

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Member of the Board of Managing Directors,  
Kaiser Aluminium Europe Inc., Düsseldorf

Dr. Otto Lichtner,  
Member of the Board of Managing Directors,  
Vereinigte Seidenwebereien AG, Krefeld

Dr. Heinz Mittag,  
Managing Director,  
Dr. Mittag Verwaltungsgesellschaft mbH, Düsseldorf

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

Dr. Frank Paetzold,  
Partner in W. Schlafhorst & Co., Mönchengladbach

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

Werner P. Roell,  
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Gothaer Allgemeine Versicherung AG, Göttingen

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Wuppertal

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Partner in Frowein & Co. KGaA, Wuppertal

Dipl.-Ing. Otto-Rudolf Fuchs,

Partner and Managing Director,  
Otto Fuchs Metallwerke, Meinerzhagen

Dr. Michael Girardet,

Partner in W. Girardet, Wuppertal

Dipl.-Kfm. Hartwig Göke,

Chairman of the Board of Managing Directors,  
Rheinisch-Westfälische Kalkwerke AG, Wuppertal

Wilhelm Hardt,

Partner in Johann Wülfig & Sohn, Remscheid

Kurt Henkels,

Partner in Stocko Metallwarenfabriken  
Henkels und Sohn GmbH & Co., Wuppertal

Dr. Dieter Heutling,

Chairman of the Management Board,  
L. & C. Steinmüller GmbH, Gummersbach

Dipl.-Volkswirt Kurt Honsel,

Chairman of the Board of Managing Directors,  
Honsel Werke AG, Meschede

Dr. Arnold Hueck,

Partner in Eduard Hueck KG,  
Metallwalz- und Presswerk, Lüdenscheid

Dipl.-Kfm. Peter Jagenberg,

Partner and Managing Director, Jagenberg & Cie.,  
Solinger Papierfabrik (GmbH & Co.), Solingen

Dr.-Ing. Jochen Kirchhoff,

Partner and Managing Director,  
Stephan Witte & Comp., Iserlohn

Dipl.-Wirtsch.-Ing. Diether Klingelberg,

Partner and Managing Director,  
W. Ferd. Klingelberg Söhne, Remscheid

Dieter A. H. Knipping,

Managing Director, Arnold Knipping GmbH  
Schraubenfabriken, Gummersbach

Dr. Aloys Kordes,

Member of the Board of Managing Directors,  
Bremshey AG, Solingen

Dipl.-Ing. Kurt Krawinkel,

Member of the Advisory Council,  
Leop. Krawinkel, Bergneustadt

Dr.-Ing. Erich Mittelsten Scheid,

Chairman of the Advisory Council, Vorwerk & Co.,  
Wuppertal

Dipl.-Ing. Günter Peddinghaus,

Senator E. h., Partner and Managing Director,  
Carl Dan. Peddinghaus GmbH & Co. KG, Ennepetal

Hans Walter Pfeiffer,

Proprietor of Ohler Eisenwerk Theob. Pfeiffer, Plettenberg

Albrecht R. Pickert,

Managing Director, R. & G. Schmöle Metallwerke GmbH &  
Co. KG, Menden

Dr. Franz J. Rankl,  
Chairman of the Management Board,  
Herberts GmbH, Wuppertal

Dr. Jürgen K. Rasner,  
Chairman of the Management Board,  
Gebr. Happich GmbH, Wuppertal

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

Hans Joachim Schlange-Schöningen,  
Rees

Enno Springmann,  
Partner in Gebr. Hilgeland Maschinenfabrik, Wuppertal

Dipl.-Ing. Karl-Ernst Vaillant,  
Managing Director,  
Joh. Vaillant GmbH u. Co., Remscheid

Hans Martin Wälzholz-Junius,  
Partner in C. D. Wälzholz, Hohenlimburg

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

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

Piero Bonelli,  
Honorary Chairman,  
DEUTSCHE FIAT AG, Heilbronn

Professor Dr. Fritz Burgbacher,  
Cologne

Josef Fischer,  
Member of the Supervisory Board,  
Hoesch AG, Dortmund

Dipl.-Math. Walter Hannecke,  
Member of the Supervisory Board,  
Magdeburger Feuerversicherungs-  
Gesellschaft, Hanover

Dr. h. c. Ernst Wolf Mommsen,  
Düsseldorf

Dr. Walter Salzer,  
Wuppertal

Hans Vaillant,  
Chairman of the Advisory Council,  
Vaillant GmbH u. Co.,  
Remscheid

Dr. Johann Wilhelm Zanders,  
Chairman of the Advisory Council,  
ZANDERS Feinpapiere GmbH & Co.,  
Bergisch Gladbach

We shall always remember them with respect and gratitude.

**6000 Frankfurt (Main) 1**, Grosse Gallusstrasse 10–14, Junghofstrasse 5–11

**4000 Düsseldorf**, Königsallee 45–47

**Domestic branches:**

Aachen with 5 sub-branches	Bad Säckingen	Bremerhaven with 3 sub branches and 1 paying office	Düsseldorf-Benrath with 1 sub-branch
Aalen (Württ) with 1 sub-branch	Bad Salzuflen with 1 sub-branch	Bretten (Baden)	Duisburg with 22 sub-branches
Achim (Bz Bremen)	Bad Segeberg	Brilon	Duisburg-Hamborn
Ahaus	Bad Tölz	Bruchsal	Duisburg-Rheinhausen
Ahlen (Westf)	Bad Wildungen	Brühl (Bz Cologne)	Duisburg-Ruhrort
Ahrensburg (Holst)	Bad Wörishofen	Brunsbüttel	Einbeck
Albstadt with 1 sub-branch	Bad Zwischenahn	Buchholz i d Nordheide	Eislingen
Alfeld (Leine)	Balingen	Bühl (Baden)	Eitorf
Alsdorf (Rheinl)	Bamberg	Bünde	Ellwangen (Jagst)
Alsfeld (Oberhess)	Barsinghausen	Burgdorf (Han)	Elmshorn
Altena (Westf)	Baunatal	Burscheid (Rheinl)	Elten
Altenkirchen (Westerw)	Bayreuth	Buxtehude	Eltville
Alzey	Beckum (Bz Münster)	Castrop-Rauxel with 1 sub-branch	Emden
Amberg	Bendorf (Rhein)	Celle	Emmendingen
Andernach	Bensheim	Clausthal-Zellerfeld	Emmerich
Ansbach	Bergheim (Erft)	Cloppenburg	Emsdetten
Arnsberg with 1 sub-branch	Bergisch Gladbach with 1 sub-branch	Coburg	Engelskirchen
Aschaffenburg	Bergneustadt	Coesfeld	Ennepetal (Westf)-Milspe with 1 sub-branch
Asperg	Bernkastel-Kues	Cologne with 26 sub-branches	Erkelenz
Attendorn	Betzdorf (Sieg)	Crailsheim	Erkrath (Bz Düsseldorf)
Augsburg with 7 sub-branches	Biberach (Riss)	Cuxhaven	Erlangen
Aurich	Biedenkopf	Dachau	Eschborn
Backnang	Bielefeld with 7 sub-branches	Darmstadt with 5 sub-branches	Echwege
Bad Berleburg	Bietigheim (Württ)	Datteln (Westf)	Eschweiler
Bad Driburg (Westf)	Bingen (Rhein)	Deggendorf	Espelkamp
Bad Dürkheim	Blomberg (Lippe)	Deidesheim	Essen with 26 sub-branches
Baden-Baden	Bocholt	Delmenhorst	Esslingen (Neckar)
Bad Harzburg	Bochum with 7 sub-branches	Detmold	Ettlingen (Baden)
Bad Hersfeld	Böblingen (Württ)	Dietzenbach	Euskirchen
Bad Homburg v d Höhe	Bonn	Dillenburg	Eutin
Bad Honnef	with 6 sub-branches	Dinslaken (Niederrhein) with 1 sub-branch	Fellbach (Württ)
Bad Iburg	Bonn-Bad Godesberg	Dormagen (Niederrhein)	Flensburg with 3 sub-branches
Bad Kreuznach	Boppard	Dorsten	Forchheim
Bad Lauterberg	Borken	Dortmund with 14 sub-branches	Frankenthal (Pfalz)
Bad Lippspringe	Bottrop with 1 sub-branch	Dreieich	Frankfurt (Main) with 23 sub-branches and 1 paying office
Bad Mergentheim	Bramsche (Bz Osnabrück)	Dülmen	Frankfurt (Main)-Höchst
Bad Münstereifel	Braunschweig with 12 sub-branches	Düren (Rheinl) with 1 sub-branch	Frechen
Bad Neuenahr	Bremen with 14 sub-branches	Düsseldorf with 31 sub-branches	Freiburg (Breisgau) with 7 sub-branches
Bad Oeynhausen	Bremen-Vegesack		Freising
Bad Oldesloe			
Bad Pyrmont			
Bad Sachsa (Südharz)			

## New name on the Saar

On September 5, 1978 the Saarländische Kreditbank AG in Saarbrücken was renamed "Deutsche Bank Saar AG". This new style was chosen because it expresses more clearly the close ties of Deutsche Bank – main shareholder in the bank together with Crédit Industriel d'Alsace et de Lorraine, Strasbourg, a member of a large private French banking group – with the Saar economic region and stresses the "universal" character of the bank. In most of the 18 offices of the largest private bank on the Saar the public took part in the renaming festivities. The bottom right-hand photo shows the Chairman of the Supervisory Board of Deutsche Bank Saar AG, Dr. Eckart van Hooven (centre) together with two members of the Board of Managing Directors, Dr. Dintelmann (left) and Dr. Prüm.



**Emphasizing our ties  
with Berlin**

"We now consider it time also to express our ties with Berlin and with our subsidiary here through its name". These were the words used by Dr. Wilfried Guth, Spokesman of the Board of Managing Directors, at our General Meeting in Berlin on May 18, 1978 to announce that the new name of Berliner Disconto Bank AG was to be "Deutsche Bank Berlin AG". Deutsche Bank was established in Berlin 108 years ago. After almost 29 years of activity under a different title, the name "Deutsche Bank" is now used again officially in Berlin. The renaming entailed numerous technical and organizational changes. Among other things, the Central Office (top photo) and 70 sub branches had to be equipped with new neon lettering.



Freudenberg (Kr Siegen)	Gummersbach	Höxter	Kreuztal (Kr Siegen)
Friedberg (Hess)	with 1 sub-branch	Holzminden	Kronberg (Taunus)
Friedrichshafen	Haan (Rheinl)	Horn – Bad Meinberg	Kulmbach
Fürstenfeldbruck	Hagen (Westf)	Hückelhoven	Laasphe
Fürth (Bay)	with 8 sub-branches	Hückeswagen	Laatzten
with 1 sub-branch	Haiger	Hürth (Bz Cologne)	Lage (Lippe)
Fulda	Halle (Westf)	Husum (Nordsee)	Lahn-Giessen
with 1 sub-branch	Hamburg	Ibbenbüren	Lahn-Wetzlar
Gaggenau (Murgtal)	with 44 sub-branches	Idar-Oberstein	Lahnstein
Garmisch-Partenkirchen	Hamburg-Altona	with 1 sub-branch	Lahr (Schwarzw)
Geesthacht	Hamburg-Bergedorf	Ingelheim (Rhein)	Landau (Pfalz)
Geislingen (Steige)	Hamburg-Harburg	Ingolstadt (Donau)	Landsberg (Lech)
with 1 sub-branch	Hameln	with 2 sub-branches	Landshut
Geldern	Hamm (Westf)	Iserlohn	Landstuhl
Gelsenkirchen	with 3 sub-branches	with 1 sub-branch	Langen (Hess)
with 5 sub-branches	Hanau	Itzehoe	Langenfeld (Rheinl)
Gengenbach	Hanover	Jever	Langenhagen (Han)
Georgsmarienhütte	with 18 sub-branches	Jülich	with 1 sub-branch
with 1 sub-branch	Hann. Münden	Kaarst	Lauenburg
Gerlingen (Württ)	Harsewinkel ü/Gütersloh	Kaiserslautern	Lauterbach (Hess)
Germering	Haslach (Kinzigtal)	with 1 sub-branch	Leer (Ostfriesl)
Gernsbach (Murgtal)	Hattingen (Ruhr)	Kamp-Lintfort	Leichlingen (Rheinl)
Gersthofen	Hausen ü/Offenbach	Karlsruhe	Leimen
Geseke (Westf)	now: Obertshausen	with 7 sub-branches	Leinfelden
Gevelsberg	Heidelberg	Kassel	Lemgo
Giengen (Brenz)	with 4 sub-branches	with 5 sub-branches	Lengerich (Westf)
Giessen	Heidenheim (Brenz)	Kehl	Lennestadt
now: Lahn	Heilbronn (Neckar)	Kempen (Niederrhein)	Leonberg (Württ)
Gifhorn	with 1 sub-branch	Kempton (Allgäu)	Leutkirch
with 1 sub-branch	Heiligenhaus (Düsseldorf)	Kevelaer	Leverkusen
Ginsheim-Gustavsburg	Helmstedt	Kiel	with 2 sub-branches
Gladbeck (Westf)	Hemer	with 7 sub-branches	Leverkusen-Opladen
with 1 sub-branch	Hennef (Sieg)	Kierspe (Westf)	Limburg
Goch	Heppenheim	Kirchheim unter Teck	Limburgerhof
Göppingen	Herborn (Dillkr)	Kleve (Niederrhein)	Lindau (Bodensee)
with 1 sub-branch	Herdecke (Ruhr)	with 1 sub-branch	Lingen
Göttingen	Herford	Koblenz	Lippstadt
with 1 sub-branch	Herne	with 1 sub-branch	Löhne (Westf)
Goslar	with 4 sub-branches	Königsbrunn	Lörrach
with 1 sub-branch	Herten (Westf)	Königstein (Taunus)	with 1 sub-branch
Grefrath	Herzberg (Harz)	Konstanz	Lohne (Oldb)
Grenzach-Wyhlen	Herzogenrath	with 2 sub-branches	Ludwigsburg (Württ)
Greven (Westf)	with 1 sub-branch	Konz ü/Trier	with 1 sub-branch
Grevenbroich	Heusenstamm	Korbach	Ludwigshafen (Rhein)
Griesheim ü/Darmstadt	Hilden	Kornwestheim (Württ)	with 6 sub-branches
Gronau (Leine)	with 1 sub-branch	Korschenbroich	Lübeck
Gronau (Westf)	Hildesheim	with 7 sub-branches	with 5 sub-branches
Gross-Gerau	Hockenheim (Baden)	Krefeld-Uerdingen	Lüdenscheid
Gütersloh	Höhr-Grenzhausen	Kreuzau	
with 1 sub-branch			

Lüneburg with 1 sub-branch	Neunkirchen (Kr Siegen)	Quakenbrück	Seesen
Lünen with 1 sub-branch	Neuss with 4 sub-branches	Radolfzell	Siegburg
Maikammer	Neustadt (b Coburg)	Rastatt	Siegen with 4 sub-branches
Mainz with 4 sub-branches	Neustadt (Weinstr)	Ratingen with 3 sub-branches	Sindelfingen
Mannheim with 17 sub-branches	Neu-Ulm	Raunheim	Singen (Hohentwiel)
Marbach	Neuwied with 1 sub-branch	Ravensburg with 1 sub-branch	Soest
Marburg (Lahn)	Nienburg (Weser)	Recklinghausen	Solingen with 4 sub-branches
Marl (Kr Recklinghausen)	Nördlingen	Regensburg with 4 sub-branches	Soltau
Mayen	Norden	Reinbek (Bz Hamburg)	Sonthofen
Meckenheim (Rheinl)	Norderney	Remagen	Spaichingen
Meerbusch with 1 sub-branch	Norderstedt	Remscheid with 5 sub-branches	Spenge
Meinerzhagen (Westf)	Nordhorn	Rendsburg	Speyer
Melle	Northeim	Reutlingen with 1 sub-branch	Sprockhövel (Westf)
Memmingen	Nürtingen	Rheda-Wiedenbrück	Stade
Menden (Sauerl)	Nuremberg with 13 sub-branches	Rheinbach	Stadthagen
Meppen	Oberhausen (Rheinl) with 9 sub-branches	Rheinberg (Rheinl)	Stadtlohn
Mettmann	Oberkirch (Baden)	Rheine (Westf) with 2 sub-branches	Starnberg
Metzingen (Württ)	Obertshausen	Rheinfelden (Baden)	Steinfurt with 1 sub-branch
Minden (Westf)	Oberursel (Taunus)	Rinteln (Weser)	Stolberg (Rheinl)
Mönchengladbach with 8 sub-branches	Öhringen	Rodgau	Straubing
Mönchengladbach-Rheydt	Oelde	Rosenheim (Bay)	Stuttgart with 14 sub-branches
Moers with 2 sub-branches	Oerlinghausen	Rottentburg	Stuttgart-Bad Cannstatt
Monheim (Rheinl)	Offenbach (Main) with 2 sub-branches	Rottweil	Sundern (Sauerl)
Mosbach (Baden)	Offenburg (Baden)	Rüsselsheim (Hess) with 1 sub-branch	Titisee-Neustadt
Mühlacker (Württ)	Oldenburg (Oldbg) with 1 sub-branch	Säckingen now: Bad Säckingen	Tönisvorst
Mühlendorf (Inn)	Olpe (Westf)	Salzgitter-Bad with 2 sub-branches	Traben-Trarbach
Mühlheim (Main)	Osnabrück with 5 sub-branches	Salzgitter-Lebenstedt with 1 sub-branch	Triberg (Schwarzw)
Mülheim (Ruhr) with 1 sub-branch	Osterholz-Scharmbeck	Salzgitter-Watenstedt	Trier with 1 sub-branch
Müllheim (Baden)	Osterode (Harz)	St. Georgen (Schwarzw)	Troisdorf
Münster (Westf) with 8 sub-branches	Ottobrunn	Schmallenberg (Sauerl)	Tübingen with 1 sub-branch
Munich with 46 sub-branches	Paderborn	Schopfheim	Tuttlingen
Munster	Papenburg	Schorndorf (Württ)	Übach-Palenberg
Nagold	Peine	Schüttorf	Überlingen (Bodensee)
Neckarsulm	Pforzheim with 3 sub-branches	Schwäbisch Gmünd with 1 sub-branch	Uelzen
Nettetal with 1 sub-branch	Pfullingen (Württ)	Schwäbisch Hall	Ulm (Donau) with 1 sub-branch
Neuburg (Donau)	Pinneberg	Schweinfurt	Unna
Neuenrade	Pirmasens with 1 sub-branch	Schwelm	Vechta
Neu Isenburg	Planegg	Schwerte (Ruhr)	Velbert (Rheinl) with 1 sub-branch
Neumünster	Plettenberg	Schwetzingen	Verden (Aller)
	Plochingen		Verl
			Viernheim (Hess)



Viersen with 3 sub-branches	Weener (Ems)	Wesseling (Bz Cologne)	Wörth am Rhein
VS – Schwenningen	Wegberg	Westerland	Wolfenbüttel
VS – Villingen	Wehr (Baden)	Wetzlar now: Lahn	Wolfsburg with 4 sub-branches
Voerde	Weiden (Opf)	Wiesbaden with 6 sub-branches	Worms
Vohburg	Weil (Rhein)	Wiesloch	Wülfrath
Vreden (Westf)	Weilheim	Wilhelmshaven with 1 sub-branch	Würselen (Kr Aachen)
Waiblingen	Weingarten (Württ)	Willich (Bz Düsseldorf) with 1 sub-branch	Würzburg with 3 sub-branches
Waldbröl	Weinheim (Bergstr) with 1 sub-branch	Wipperfürth	Wuppertal with 17 sub-branches and 1 paying office
Waldkirch (Breisgau)	Weissenthurm	Wissen (Sieg)	Xanten
Waldshut	Werdohl	Witten with 2 sub-branches	Zell (Mosel)
Waltrop	Werl (Westf)	Wittlich	Zirndorf
Wangen (Allgäu)	Wermelskirchen		Zweibrücken
Warendorf	Werne		
Wedel (Holst)	Wesel (Niederrhein) with 1 sub-branch		

**Deutsche Bank Berlin Aktiengesellschaft**, Berlin · 72 offices

**Deutsche Bank Saar Aktiengesellschaft**, Saarbrücken · 7 sub-branches  
Further offices in the Saar: Bexbach, Dillingen, Homburg, Lebach, Merzig,  
Neunkirchen · 1 sub-branch, Saarlouis, St. Ingbert, Völklingen

**Handelsbank in Lübeck**, Lübeck · 56 offices  
Subsidiary: Lübecker Hypothekenbank AG, Lübeck  
Further offices: Frankfurt (Main), Hamburg, Munich, Wuppertal

**Deutsche Centralbodenkredit-Aktiengesellschaft**, Berlin–Cologne  
Head office: Cologne  
Further offices: Berlin, Bielefeld, Düsseldorf, Essen, Frankfurt (Main), Karlsruhe, Stuttgart

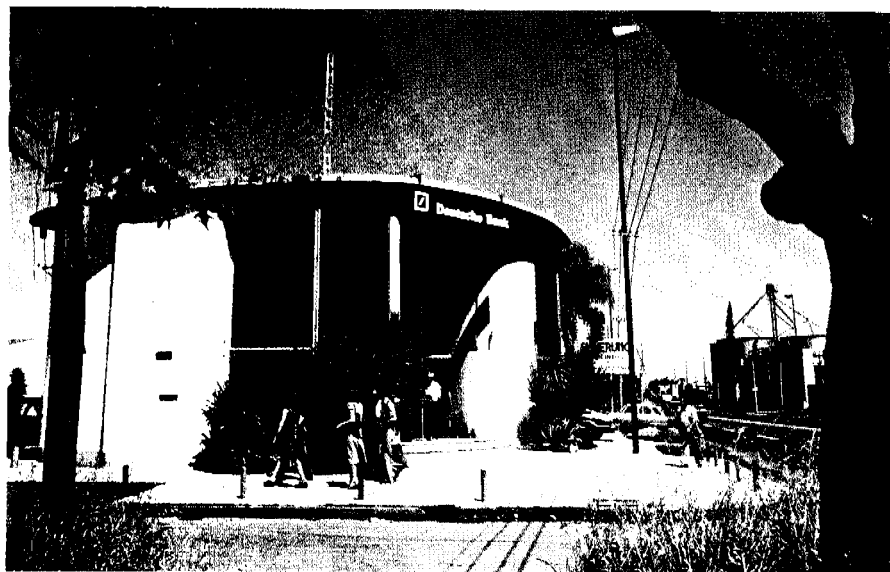
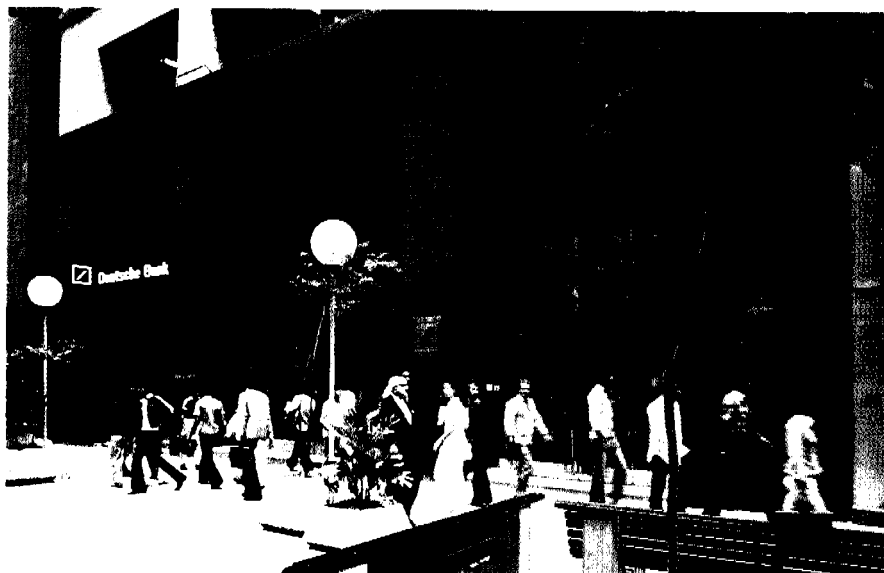
**Frankfurter Hypothekenbank**, Frankfurt (Main)  
Further offices: Düsseldorf, Essen, Hamburg, Munich, Stuttgart, Wiesbaden

**Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft**, Cologne  
Further offices: Bielefeld, Bremen, Essen, Frankfurt (Main), Freiburg, Hamburg, Hanover, Kiel, Mannheim,  
Munich, Münster, Nuremberg, Stuttgart, Trier

**GEFA Gesellschaft für Absatzfinanzierung mbH**, Wuppertal  
Further offices: Berlin · 1 sub-branch, Bielefeld, Düsseldorf, Frankfurt (Main), Freiburg, Hamburg,  
Hanover, Munich, Nuremberg, Saarbrücken, Siegen, Stuttgart, Ulm  
Subsidiary: GEFA-Leasing GmbH, Wuppertal

**In South America now under our own name**

Since 1978 Deutsche Bank has conducted business activities under its own name in Latin America. After the merger with its former subsidiary, Deutsche Ueberseeische Bank, the branches of this bank traditionally specializing mainly in South American business were also taken over and renamed. Thus the strength and expertise of both the parent company and its subsidiary, which had operated side by side in South America up to then, were combined. Besides having its own branches, the Deutsche Bank network in South America includes representative offices and associated companies. The illustrations show the São Paulo branch (top) and its banking hall as well as 3 of 10 sub-branches of the branch in Buenos Aires.



## Foreign branches

### *Argentina*

#### **Deutsche Bank AG, Sucursal Buenos Aires**

Reconquista esq. Bmé. Mitre, Casilla de Correo 995  
1000 Buenos Aires

Friedbert W. Böhm, Gerente  
Karl Ostenrieder, Gerente  
Raúl G. Stocker, Gerente

### *Belgium*

#### **Deutsche Bank AG, Filiaal Antwerpen**

Postbus 228, Frankrijklei 156  
B-2000 Antwerp

Dr. Axel Wiesener, Directeur  
Dr. Eberhard Weiershäuser, Directeur

#### **Deutsche Bank AG, Succursale de Bruxelles**

Boîte Postale 1405, Boulevard du Régent, 50  
B-1000 Brussels

Dr. Eberhard Weiershäuser, Directeur  
Dr. Axel Wiesener, Directeur

### *Brazil*

#### **Deutsche Bank AG, Filial de São Paulo**

Rua 15 de Novembro 137, Caixa Postal 30 427  
01000 São Paulo, SP

Hartwig Krieg, Gerente

### *France*

#### **Deutsche Bank AG, Succursale de Paris**

10, Place Vendôme, F-75001 Paris  
Boîte Postale 466 F-75026 Paris/Cedex 01

Dr. Günter Frowein, Directeur  
Hermann Josef Schmidt, Directeur

### *Japan*

#### **Deutsche Bank AG, Tokyo Branch**

Yurakucho Denki Building-S  
7-1, Yurakucho 1-chome, Chiyoda-ku  
C.P.O. Box 1430, Tokyo 100-91

Dr. Hans-Jürgen Beck, General Manager  
Takusumi Yasui, General Manager

### *Paraguay*

#### **Banco Alemán Transatlántico, Sucursal Asunción**

14 de Mayo esq. Estrella, Casilla de Correo 1426  
Asunción

Manfred Schmidt, Gerente

### *United Kingdom*

#### **Deutsche Bank AG, London Branch**

10 Moorgate, P.O. Box 441  
London EC2P 2AT

Manfred A. ten Brink, General Manager  
Dr. Klaus Liske, General Manager

### *U.S.A.*

#### **Deutsche Bank AG, New York Branch**

Solow Building 49th Floor, 9 West 57th Street  
P.O. Box 890 Radio City Station, New York, N.Y. 10019

Detlev Staecker, Executive Vice President and  
General Manager  
Hans-Joachim Buhr, Senior Vice President and  
General Manager

**Representative offices abroad***Arab Republic of Egypt*

**Deutsche Bank AG, Representative Office**  
23 Kasr el Nil, P.O. Box 2306, Cairo

Dr. Gerhard Behrens

Region: Egypt, Ethiopia, Libya, People's  
Democratic Republic of Yemen, Saudi Arabia,  
Sudan, Yemen Arab Republic

*Australia*

**Deutsche Bank AG, Representative Office**  
20 Martin Place (12th Floor), G.P.O. Box 3479  
Sydney, N.S.W. 2000/Australia

Joachim Hans Lawonn

Region: Australia, New Zealand, Papua/  
New Guinea, Oceania

*Brazil*

**Representação do Deutsche Bank AG**  
Av. Rio Branco 123, 150. and., cj. 1510,  
Caixa Postal 1392-zc-00, Rio de Janeiro

Rüdiger Zaddach

*Canada*

**Deutsche Bank AG, Representative Office**  
P.O. Box 95, Royal Bank Plaza, South Tower  
Suite 2185, Toronto, Ontario, M5J, 2J2

Klaus Bartels

*Central America*

**Deutsche Bank AG,**  
Representación para Centroamérica y el Caribe  
Edificio Metropolitano 8°, Calle 1 Avenida 2  
San José, Costa Rica, C.A.

Hans-Hartwig von Wartenberg

Region: Guatemala, El Salvador, Honduras,  
Nicaragua, Costa Rica, Panama

*Chile*

**Representación del Deutsche Bank AG**  
Estado 359, Casilla 3897, Santiago de Chile

Winfried Kreklau

Region: Chile, Bolivia

*Colombia*

**Representación del Deutsche Bank AG**  
Carrera 7 no. 32-13 Piso 26, Edificio Seguros Fenix  
Apartado Aéreo No. 8597, Bogotá D.E.

Helmut Düker

Region: Colombia, Ecuador

*Hong Kong*

**Deutsche Bank AG, Regional Representative Office**  
St. George's Building, 7/F, Ice House Street, Central  
G.P.O. Box 9879, Hong Kong

Paul von Benckendorff

Region: Burma, Hong Kong, Macau, Malaysia,  
Philippines, South Korea, Thailand, Vietnam

*Iran*

**Deutsche Bank AG, Representative Office**  
 Av. Karim-Khan Zand (AEG Building), P.O. Box 11-1873,  
 Tehran

Knut Witschel

Region: Iran, Afghanistan

*Italy*

**Deutsche Bank AG, Ufficio di Rappresentanza**  
 Via Brera, 3, I-20121 Milan

Dr. Hartmut Jerosch

*Japan*

**Deutsche Bank AG, Osaka Representative Office**  
 5th Fl. Itoman Bldg., 4-46, Honmachi  
 P.O. Box Higashi 215, Osaka 541

Peter Ehrenspeck

**Deutsche Bank AG, Tokyo Representative Office**  
 Yurakucho Denki Building-S  
 7-1, Yurakucho 1-chome, Chiyoda-ku,  
 C.P.O. Box 1430, Tokyo 100-91

Fereydoun Dehdashti

Dr. Michael-Walter Schnabel

*Lebanon*

**Deutsche Bank AG, Representative Office**  
 B.I.T. Building, Riad Solh Street  
 P.O. Box 11-710, Beirut

Region: Bahrain, Iraq, Jordan, Kuwait, Lebanon,  
 Qatar, Syria, United Arab Emirates

*Mexico*

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Michael Rücker

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**Deutsche Bank AG, Representative Office**  
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Matthias Hofmann-Werther

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Karl-Otto Born de Liñán

Region: Spain, Portugal

*Turkey*

**Représentation de la Deutsche Bank AG**  
 Cumhuriyet Cad. 283/3, P.K. Osmanbey 250,  
 Istanbul-Harbiye

Siegfried Brunnenmiller

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 Apartado 52 550 Sabana Grande, Caracas 150

Konrad Zimmermann

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40 Wall Street, New York, N.Y. 10005 / U.S.A.

Barthold von Ribbentrop, Executive Vice President

**DB Finance (Hong Kong) Ltd.**

St. George's Building, 7/F, Ice House Street, Central  
G.P.O. Box 9879, Hong Kong

Paul von Benckendorff, Managing Director

**Deutsche Bank (Asia Credit) Ltd.**

4301/4 OCBC Centre, Chulia Street, Singapore 1

Wolfgang Matthey, Managing Director

**Deutsche Bank Compagnie Financière Luxembourg**

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Dr. Ekkehard Storck, Administrateur Directeur  
Général

**Deutsche Bank (U.K.) Finance Ltd.**

10 Moorgate, P.O. Box 441, London EC2P 2AT, England

Manfred A. ten Brink, Managing Director

**Associated companies***Brazil*

Banco Bradesco de Investimento S.A., São Paulo

*Netherlands*

H. Albert de Bary & Co. N.V., Amsterdam  
(together with Amsterdam-Rotterdam Bank N.V.)

*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

**Further holdings in banks in***Africa*

Abidjan · Brazzaville · Casablanca · Dakar ·  
Libreville · Lomé · Ndjamena · Rabat · Yaoundé

*America*

Bogotá · Montevideo

*Asia*

Bombay · Karachi · Kuala Lumpur ·  
Manila · Seoul · Tehran

*Europe*

Athens · Helsinki · Madrid

## EBIC banks

## Board of EBIC



Amsterdam-Rotterdam Bank N.V.

C. F. Karsten  
O. Vogelenzang

Banca Commerciale Italiana

A. Monti  
A. Righi

Creditanstalt-Bankverein

H. Treichl  
G. N. Schmidt-Chiari

Deutsche Bank AG

F. W. Christians  
W. Guth

Midland Bank Limited

M. G. Wilcox  
G. W. Taylor

Société Générale de Banque S.A.

P. E. Janssen  
R. Alloo

Société Générale (France)

M. Lauré  
M. Viénot

## EBIC Secretariat

European Banks' International Company S.A. (EBIC S.A.), Brussels

## Joint ventures

*Federal Republic of Germany* European Arab Bank GmbH, Frankfurt (Main)  
European Asian Bank AG, Hamburg

*Asia* Offices of the European Asian Bank AG, Hamburg:  
Bangkok, Hong Kong, Jakarta, Karachi, Kuala Lumpur, Manila, Seoul, Singapore

*Australia* Euro-Pacific Finance Corporation Ltd., Melbourne and Sydney

*Belgium* Banque Européenne de Crédit (BEC), Brussels  
European Arab Bank (Brussels) S.A., Brussels

*United Kingdom* European Arab Bank Ltd., London  
European Banking Company Ltd., London

*U.S.A.* European American Banking Corporation, New York, Los Angeles and San Francisco  
European American Bank & Trust Company, New York

## Joint representative office

*Republic of South Africa* European Banks' International Company (Pty) Ltd., Johannesburg