

Deutsche Bank at a glance

Deutsche Bank AG	1979	1978
	DM m.	DM m.
Business volume	101,000	92,300
Balance sheet total	98,800	92,100
Funds from outside sources	90,700	85,100
Total credit extended	57,300	52,800
Own funds	4,278	3,890
Earnings on business volume	2,374	2,087
Earnings on services	698	655
Staff and other operating expenses	2,291	2,107
Taxes	448	423
Net income for the year	284	307
Allocations to disclosed reserves	90	120
Total dividend payment	194	187
Dividend per share of DM 50 par value	DM 9.—	DM 9.—
Shareholders	225,000	212,000
Staff	39,081	37,729
Customers (excl. banks)	5.2 m.	5.1 m.
Offices	1,151	1,142

Group	1979	1978
	DM m.	DM m.
Business volume	160,600	146,400
Balance sheet total	158,100	146,100
Funds from outside sources	146,900	136,400
Total credit extended	109,500	100,200
Own funds	5,056	4,573
Earnings on business volume	2,923	2,667
Earnings on services	785	754
Staff and other operating expenses	2,617	2,414
Taxes	665	657
Net income for the year	427	408
Staff	43,942	42,494
Customers (excl. banks)	6.1 m.	6.0 m.
Offices	1,355	1,342

Report for the Year 1979



Deutsche Bank
Aktiengesellschaft

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for the

Ordinary General Meeting

to be held on Tuesday, May 13, 1980, 10 a.m., in the Kuppelsaal of the Stadthalle Hanover, Theodor-Heuss-Platz 1 – 3, Hanover 1.

- 1.**
Presentation of the established Statement of Accounts and the Reports of the Board of Managing Directors and the Supervisory Board for the 1979 financial year

Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1979 financial year
- 2.**
Resolution on the appropriation of profits
- 3.**
Ratification of the acts of management of the Board of Managing Directors for the 1979 financial year
- 4.**
Ratification of the acts of management of the Supervisory Board for the 1979 financial year
- 5.**
Election of the auditor for the 1980 financial year
- 6.**
Authorization to issue Bonds with Subscription Rights and creation of Conditional Share Capital

Hermann J. Abs, Frankfurt am Main

Supervisory Board

Franz Heinrich Ulrich, Düsseldorf, *Chairman*

Konrad Reeb, Munich*,
Deputy Chairman
Deutsche Bank AG

Hermann Brandt, Hamburg*
Chairman of Deutsche Angestellten-Gewerkschaft

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

Dr. Hans Feith, Frankfurt am 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*
Deutsche Bank AG

Dr. Karl Klasen, Hamburg
President of Deutsche Bundesbank (retired)

Axel Kohl, Frankfurt am Main*
Deutsche Bank AG

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

Karl Messing, Düsseldorf*
Deutsche Bank AG

Josef Pfaff, Cologne*
Deutsche Bank AG

Irene Rodermund, Salzgitter*
Deutsche Bank AG

Marion Schardt, Essen*
Deutsche Bank AG

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

Heinz Vietheer, Düsseldorf*
First Chairman of Gewerkschaft
Handel, Banken und Versicherungen

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne*
Deutsche Bank AG

Hannelore Winter, Düsseldorf
Housewife

* *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 am Main
Deputy Chairman of the Board of Managing Directors
of AEG-TELEFUNKEN AG

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
Chairman 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
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 Nährger, 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 am Main
Deputy Chairman of the Board of Managing Directors
of Metallgesellschaft AG

Professor Dr. Joachim Zahn, Stuttgart

Horst Burgard

F. Wilhelm Christians

Robert Ehret

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Andreas Kleffel

Hilmar Kopper

Klaus Mertin

Hans-Otto Thierbach

Herbert Zapp

Ulrich Weiss, Deputy (from April 3, 1979)

Assistant General Managers

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

Chief Economist
Dr. Franz-Josef Trouvain

Managers of the Central Office

Reinhold Bandomir
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 Grasnack
Rudolf Habicht
Dr. Ulrich Hoppe
Gerhard Koenig
Paul Körtgen
Ernst Georg Kummer
Peter Laube
Richard Lehmann
Klaus Leukert
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 Schwilling
Günter Sonnenburg
Dr. Ernst Taubner
Gerd Volkemer
Christian Vontz
Walther Weber
Dr. Olaf Wegner
Johann Wieland
Claus Wreth

Managers of the Regional Head Branches

Bielefeld
Ernst Cremer
Dr. Lothar Gruss
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
Carl Ludwig
von Boehm-Bezing
Dr. Ulrich Klaucke
Gottfried Michelmann
Dr. Hugo
Graf von Walderdorff

Freiburg
Dr. Günther Dietzel
Dr. Hans-Peter Hirner
Heinz Quester

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

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

Mainz
Dr. Dieter Boschert
Dr. Jan Hiemsch

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

Munich
Dr. Siegfried Gropper
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

General economic situation

1979: a good year for business activity

The economy of the Federal Republic developed well in 1979. Real national product expanded by 4.4%. This exceeded even optimistic expectations. The growth rate is substantially higher than the average for the seventies. Despite new burdens resulting from the further rise in oil prices, the upswing showed remarkable dynamism and breadth. Towards the end of the year, however, the growth in demand levelled off. In view of the uncertain world situation, expectations for 1980 are set lower. But the driving force in our business cycle should suffice to allow further growth this year, though on a more moderate scale and at a slackening pace.

One of the positive features of the overall economic development in 1979 was the improved employment situation. On the negative side was a setback in progress towards price stability. Taking all things together, the Federal Republic performed favourably again on an international comparison.

Dynamic investment growth...

Overall economic activity was supported above all by private market forces and not by state promotional programmes. The main pillar was investment. Gross investment in machinery and equipment in the corporate sector grew by 10.3% in 1979; building investments, adjusted for prices, rose by 7.4%. That was the strongest growth in fixed assets since 1970.

The growth in industrial investment was encouraged by higher capacity utilization (84% in the year under re-

view after 81% in 1978), moderate wage agreement compared with those in the previous year and the resulting improvement in corporate earnings. Unit labour costs increased by only close on 2%, compared with 3.3% in 1978. The profit-on-sales ratio in industry probably rose slightly. However, it still remained lower than in earlier normal years. The ratio of wages and salaries to national income decreased slightly to 70.9% (1978: 71.3%).

The proportion of rationalization measures in total investment declined; according to an Ifo survey, it was 44% in industry (47% in the preceding year). On the other hand, the share of capacity extension investment increased again for the first time since 1970 (from 17% in 1978 to 20% in the year under review).

...and strong increase in employment

The above-mentioned changes benefited the labour market in particular. The average number of unemployed in 1979 fell by 117,000 to 876,000. This was the best result since 1974. The decrease was almost twice as high as in 1977 and 1978 taken together, although another contingent of school-leavers from a high birth-rate year had to be integrated into the labour force. The number of employed persons increased in 1979 by 315,000. A rise on this scale had not been achieved for many years.

The marked reaction of investment and employment to an improved earnings situation is noteworthy. For years, the public authorities have been endeavouring to stimulate business activity at the cost of substantial budget deficits. The state programmes were certainly necessary and helpful in supporting economic activity as

a whole. However, it is no coincidence but accords with rational entrepreneurial thinking that the willingness to invest and employment did not rise significantly until, after a long-lasting profit squeeze, corporate earnings increased again.

Only profitable investments secure jobs

This shows that the basic rules of the market economy function reliably and that demand growth alone does not bring us closer to full employment. Only growth combined with sufficient earnings and appropriate earnings prospects for the future strengthen the willingness of companies to extend their capacities and recruit new employees.

Moreover, the higher number of actually vacant positions, which far exceeds the official figure, reveals a structural labour market problem. In many branches of industry, there is an urgent shortage of skilled workers. In some cases, this lack of labour is acting as a brake on growth.

From this point of view also, selective labour market policy is more important than global demand stimulation. Necessary, amongst other things, are intensified training of unskilled persons and the re-training of persons with skills no longer in demand as well as the improvement of mobility in the labour force. It would seem to be particularly important to provide more information to young people about future career prospects in the various sectors.

The experience with investments, earnings and employment in the year under review should also be taken into account in the determination of future incomes policy. It is quite obvious that, above all, the social partners themselves must create the basis for new employment opportunities by reaching responsible wage agreements.

Exports bolster economic activity

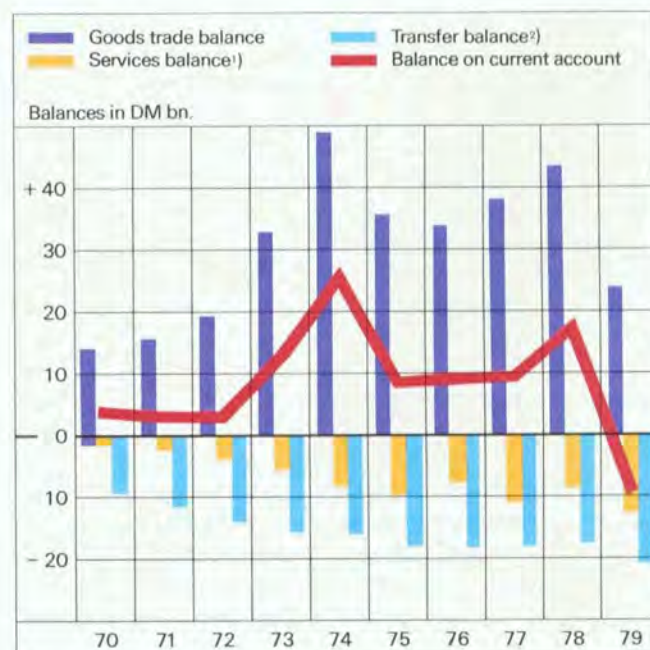
In the year under review, business activity again received strong support from exports; they increased in real terms by 7.2% (10.4% in nominal terms). Exports profited from the economic upturn in most neighbouring

West European countries. Over and above this, the modernization and rationalization measures taken in the past years under the persistent pressure of competition proved their worth. They resulted in a qualitative improvement in the export offering and increased the competitiveness of the German economy.

With growth of 9.1% in real terms and 19.9% in nominal terms, imports once again rose more strongly than exports. This reflects the sharp increase in import prices and the higher rate of economic growth in the Federal Republic than in other countries. Thus, considerable impulses for the world economy again emanated from German domestic demand.

In the period under review, the balance of payments on current account showed a deficit (DM 9 bn.) for the first time since 1965. The turnaround compared with the previous year (surplus of almost DM 18 bn.) was close on DM 27 bn. Two-thirds of this came from incremental spending in connection with the higher oil prices. In ad-

Balance on current account



¹) i. a. tourism, investment income.

²) i. a. transfers by foreign workers, Government payments to international organizations.

dition, there are the services and transfer deficits, which have been growing for a long time. The deficit on the balance of service transactions increased by almost DM 4 bn. within the space of one year to DM 12 bn. The principal item is the increasing expenditure on travel and tourism. In the period under review, German tourists spent DM 32 bn. abroad; in 1973, the figure had still been only about half as high.

A reduction of the German surpluses on current account has long been desired, particularly from an international point of view. With Germany's high monetary reserves, even a deficit gives no cause for concern, in so far as it is temporary. A persistent deficit, however, would be problematic. Such a development cannot be ruled out, particularly as the deterioration last year of our terms of trade will probably continue to burden our trade balance. Apart from that, a further rise in the price of energy is probable. For each unit imported in 1979, the Federal Republic had to export 6% more than in the previous year.

It is all the more important, therefore, that the competitiveness of Germany's export industry should not be additionally threatened from within. This not only applies to costs and prices. In industrial technology too, the Federal Republic must maintain its position and, if possible, establish new leads. The promotion and strengthening of research and innovation activity is therefore an important task.

Energy supply requires joint efforts

Owing to the renewed leap in the oil price and the uncertainty about what the oil countries would do in future, energy again became a problem of the most immediate importance. The German import price per tonne of crude oil was DM 207 at the beginning of 1979, DM 349 at year-end.

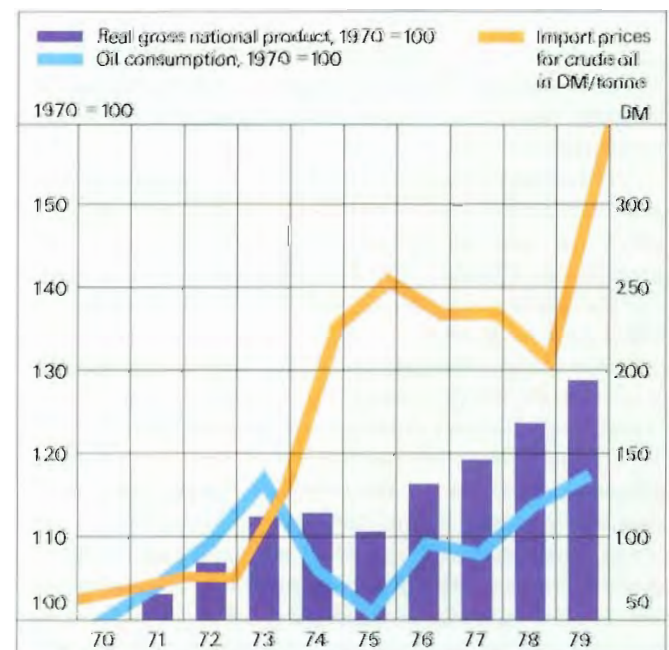
The supply of energy to the Federal Republic functioned smoothly during the year under review. It proved to be right that the Federal Government refrained from taking any dirigistic measures. In the energy sector too, the best way to achieve a balance between supply and demand is above all via prices. This is the most sensible method of inducing the necessary reactions on the market.

However, it should not be overlooked that the price elasticity of demand in the energy sector is relatively low. The price movements which are necessary to achieve the required conservation effect are comparatively large and meet with public criticism, not least in view of the burden on the lower income groups. Over and above this, the weak demand reaction tempts the OPEC producers to raise their prices further. This could lead to a vicious circle, to which an end would only be put by the then unavoidable recession.

It remains essential, therefore, that consumers should lower their energy consumption markedly, not only under the pressure of higher prices, but out of insight into what is necessary. An additional oil consumption tax, as suggested by the Council of Economic Experts, is not, in our opinion, expedient at the present time.

The scale of the energy problem shows that conservation alone, necessary as it is, cannot bring about a permanent solution. Just as urgent is the need to increase the supply of non-oil-based types of energy. Here, no potential, economical source of energy can be ignored. If our

Economic growth and oil consumption



dependence on imported energy, above all on oil, is to be even only gradually reduced and the employment possibilities in our economy are not to be seriously jeopardized, the use of coal and the supply of nuclear power will have to be increased already in the medium term.

The fact that energy supplies are still adequate at present harbours the danger that the decisions which are necessary in the public sector – as in the wake of the first oil shock in 1973 – might not be pursued with sufficient determination. In the medium term, we consider this to be the most serious possible curb to growth in the German economy.

In the corporate sector, the present energy situation creates important tasks and incentives for technical innovations and changes. The business community will probably meet the challenge by making full use of these new opportunities for creative action. This will benefit not only the energy balance but also our international competitiveness and overall business activity.

Oil price hike curbs growth in consumption

The oil price rise dampened real growth in private consumption. In the period under review, consumers had to spend roughly DM 10 bn. more on heating oil and petrol. This is about equal to the sum total of all tax relief measures and social income benefits implemented in 1979, less the burden resulting from the increase in value-added tax at mid-year.

The curbing effect of the oil price increase on the remaining consumer expenditures made itself felt above all in the second half of the year. Retail turnover increased by only less than 1% – adjusted for inflation – in the period from July to December, after 3.7% in the first six months of the year.

Taken as a whole, however, growth in private consumption during the period under review was still appreciable; at 2.8% in real terms, it was only half a percentage point under the previous year's result. A bolstering effect came above all from the stronger growth in disposable incomes (8% in 1979 after a good 6% in 1978). This growth came about, despite agreed-scale wage increases roughly one percentage point below those of the preceding year, as a result of the rise in employment; it accounts for about one quarter of the total

growth in gross wages and salaries. This is a further indication of the doubtfulness of the so-called "purchasing power theory of wages". Higher demand from additional costs is always two-sided. Genuine progress, on the other hand, is represented by demand increases, with no effect on costs, resulting from higher employment.

Price increases give cause for concern

In 1979, the decline in the value of money accelerated disquietingly. Of decisive influence here was the strong rise in the price of crude oil and other imported raw materials. Owing to the largely stable DM exchange rate, these price increases were passed on in full in domestic prices; there were no "appreciation benefits" as in 1978. Import prices increased overall by 12.9% in the year under review. Of the rise in industrial producer prices of 5% (1978: 1.2%), one and a half to two percentage points probably came from imported inflation. In addition, there were price increases for products which, until recently, suffered from strong price erosion for cyclical and structural reasons (e.g. steel, chemical fibres).

With regard to the cost of living – it rose by 4.1% on an annual average basis – comparatively high administrative price rises also played a role, as well as the increase in value-added tax effected at mid-year. Genuinely cyclical price rises – apart from in the construction sector – stayed within bounds in the year under review.

For 1980 a persistent levelling off in the rate of price rise was originally expected. The renewed oil price wave at the turn of the year dampened these hopes.

Budget deficits high, but lower than expected

Fiscal policy remained expansive in 1979. The central, regional and local authorities recorded a budget deficit of DM 47 bn. This was less than expected, but, at almost 3½% of national product, was still about twice as high as what should be considered normal in a cyclically average year.

The deficit in the year under review stemmed partly from the measures to support economic activity re-

solved in 1977 and 1978. It was again demonstrated how difficult it is in this sector to react flexibly to changed overall economic requirements. It is gratifying to note, however, that the authorities succeeded in no small measure in using unplanned incremental revenues to reduce borrowing and not for additional spending.

The difficulty of reducing budget deficits sufficiently, even in years with good business activity, shows how great the danger is that sizeable deficits can become a permanent feature, regardless of what is necessary from a cyclical point of view. To counteract this, priority should continue to be given to the consolidation of our state finances, or, more precisely, to reducing debt ratios to a level acceptable in the longer term too. A massive decrease in budget deficits is hardly possible anyway, in the short run, without some effect on the business cycle. In view of the current size of state expenditures and revenues, the deficit is already increasing further with parallel growth in both components. If, for example, one wished to reduce the 1979 deficit by one third this year, state spending – given the expected reve-

nues for 1980 (growth of roughly 7%) – could increase by only 3%.

So it is all the more necessary that the state should not in future, even in times of weaker business activity, react immediately with new stimulative programmes and higher deficits. The scope for relief on the revenue side is also only small in the present situation. It remains important not to pay for possible and, in themselves, quite opportune tax reductions – inter alia to reduce any undesired tax progression effects – with higher state indebtedness, but rather to combine them in the longer run with a relative reduction of state spending.

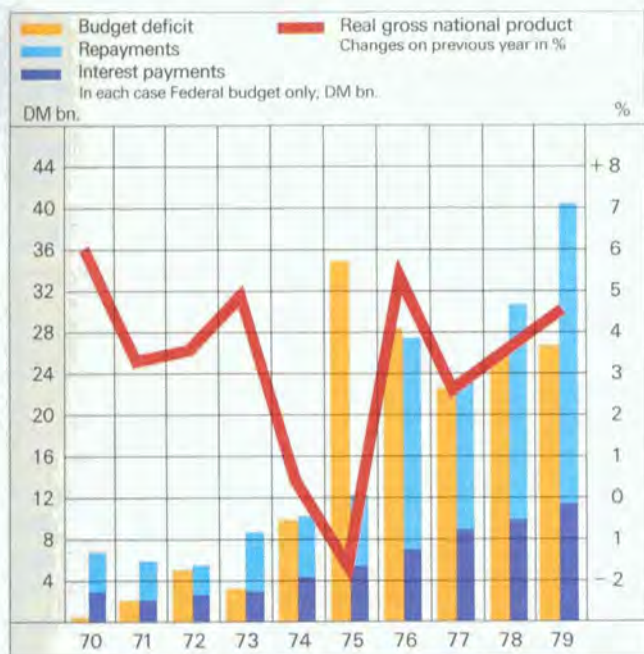
Improvement of business conditions by more performance-oriented tax policy

In tax and economic policy more emphasis than in the past should be placed on an improvement of the medium and longer-term business conditions. An investment and performance-oriented tax policy is the best and, ultimately, the cheapest form of growth promotion. What is necessary is a convincing new basic concept which will permanently reduce the share of direct taxes and promote productivity-oriented behaviour on the part of companies.

Progress in the consolidation of public finances and in the improvement of the tax structure requires changed patterns of behaviour on the part of state and citizens. The state must limit its activities to a level which again leaves greater scope for private initiative and private business activity. It is necessary to reconsider where the real needs from the point of view of social justice lie and where the welfare state has established claims amongst beneficiaries from whom a greater measure of self-help and personal responsibility can be expected. Such claims not only make the welfare state increasingly expensive, they actually create new social injustices themselves. A serious review should also be carried out of all direct and indirect state subsidies, including savings promotion.

To distinguish between genuine social and socio-political necessities and exaggerated claims is difficult and requires of Parliament and Government the courage to make decisions which will not go unopposed by those affected. But it is becoming increasingly urgent to make this distinction if we are not to promote tendencies run-

Public-sector debt and business activity



ning counter to performance and if we want to avoid a permanent curtailment of our economic flexibility which would threaten employment. Ultimately, the overall network of social benefits and provisions is itself only secure in so far and as long as the economy is able to cope permanently with the burdens resulting from it without any losses on the performance side. We consider a fundamental, critical review of the structure of state revenues and expenditures to be one of the great socio-political tasks of the 80's.

Bundesbank on appropriately restrictive course

The increasing threat to our monetary stability caused the Bundesbank to toughen its policy course already at the turn of 1978/79. The waves of inflation coming from outside had to be absorbed, but the aim was to set narrow limits on home-made inflation, without endangering business activity.

The pace of monetary expansion was actually reduced considerably in the period under review. Central bank money stock rose by 6.3% in the course of the year, after 12% in 1978. This increase lay in the lower segment of the targeted growth range (6 to 9%).

At the same time, there was sufficient liquidity available to finance the cyclical upswing. On average for the year, central bank money stock expanded by 9.1%. That is more than the growth rate in nominal national product (8.3%). At any rate, there can be no talk of the Bundesbank "choking" the business cycle.

Monetary policy was made more difficult again by strong movements of foreign exchange. Unlike the previous years, 1979 saw movements in both directions. In the first six months, the Bundesbank sold foreign currency worth DM 19.5 bn., from July to October it took in DM 18.7 bn. and in November and December again sold DM 4.4 bn. During the year as a whole, there was an outflow of DM 5.2 bn. Together with high fluctuations in public-sector balances held at the central bank, this led at times to considerable strains on the money market.

The Bundesbank endeavoured to counteract this, without deviating from its basic restrictive position, by means of pension transactions in securities, foreign exchange and bills as well as foreign exchange swaps. On a temporary basis, it permitted the Federal Government to place cash reserves in the banking system. Mini-

mum reserves were lowered in February, rediscount quotas were reduced, to begin with, in January, but then increased again in April and November. On the other hand, access to lombard credit was restricted. Nevertheless, strongish fluctuations in the supply of liquidity to the market could not be averted. Seen as a whole, the extension of the range of open market policy instruments is to be welcomed. It improves the possibilities for "fine-tuning".

Policy oriented to money supply puts pressure on banks' earnings

During the period under review, the Bundesbank's interest rate policy remained a dependent variable of central bank money control. In raising the discount rate from 3 to 6% in three stages up to the end of the year, the Bundesbank was simply adjusting its rates in line with market developments.

Interest rates and prices



The Bundesbank's strategy, which was more strongly oriented to money supply, put pressure on earnings in the banks' lending business. The cost of refinancing from some important sources increased considerably more quickly and strongly than the discount rate. Debit interest rates were adjusted to this only in part and with a time lag. The old rule that banks earn more in conditions of rising interest rates has not been true for some time now. The reason for this lies primarily in the lower mobility of the discount rate. Without the corresponding changes in the discount rate, appropriate increases in lending rates have so far, as a rule, been difficult to push through in the market owing to the intensive competition between the banks.

Price stability requires social consensus

For 1980, the Bundesbank has again announced a money stock growth target as a kind of guideline. The desired restriction of central bank money stock growth to 5–8% from the fourth quarter of 1979 to the fourth quarter of 1980 clearly illustrates the determination of the central bank to get the development of prices under control, without endangering the necessary financing of growth. The target corresponds to money stock expansion in 1979; the necessary continuity, therefore, seems to us to be assured.

Price stability must remain a priority aim in 1980 also. Only in this way can the emergence of inflation mentality and inflation expectations, which would be a lasting threat to growth and employment, be avoided.

The Bundesbank must not be left alone in its efforts to achieve a stable value of money. It needs the support of all forces decisive for economic policy and of all those involved in the economic process. Modern stability policy should consist of a combination of monetary policy, an appropriately tailored fiscal policy and a voluntary social consensus, oriented to productivity growth, in incomes policy. The greater the insight of the social partners and of the general public into the links between inflation, profits, wage levels, growth and unemployment, the more rapidly, effectively and "painlessly" can inflation be combatted. And for the Bundesbank too, the greater the support it receives through a more strongly supply-oriented stability policy on the part of the state, the better it will be able to fulfil its task.

Growing private demand for credit

Despite the restrictive policy, credit demand continued to increase in the period under review. Banks' lendings to domestic non-banks rose more strongly in 1979, at 12.8%, than in the previous year (11.8%). Time lags between monetary policy and its effects on the development of lending are not unusual in upswing phases. Credit expansion in 1979 was to a certain extent the result of investment decisions in 1978. At that time, projects resolved in conditions of ample funds and low interest rates were financed to completion in the year under review despite rising interest rates and a tight money situation.

About four-fifths of the credit expansion was accounted for by companies and private individuals. For the first time since the beginning of the seventies, the indebtedness of companies and self-employed persons increased relatively strongly; at 12.5%, however, the rise was still markedly below the rates which had previously been usual. Industry raised its liabilities to banks by 12% (previous year: 2.8%). In addition to long-term investment credits, companies also needed short-term funds for the financing of higher turnover and inventories. Investment projects were partly pre-financed on a short-term basis in the hope of a fall in interest rates.

The growth in housing construction and consumer credits remained high (13.1% and 18.7% respectively). Demand for construction financings, however, passed its peak in the course of the year as a result of the higher interest rates and the increase in construction costs and the price of land. Credits granted for housing construction purposes in the second half of 1979 were substantially below the previous year's level. Demand for consumer credits was dampened towards the end of the period under review by the lower demand for cars.

Lendings to the public sector increased somewhat more slowly than in the previous year at 13.7%. The central, regional and local authorities used the market above all in the first six months of the year.

Savers increasingly interest-conscious

Parallel to the growth in borrowing, savings formation also increased. In the period under review, it totalled DM 130 bn.; that was DM 16 bn. more than in the year before.

The growth stemmed above all from the expansion in disposable incomes. The saving ratio for households was 14.6% in 1979 as a whole.

Households proved increasingly interest-conscious in the period under review. About one-third of total savings was invested in fixed-interest securities and savings certificates on account of their higher yields. In the preceding year, the figure had been roughly 20%. The growth in savings deposits represented only one-tenth of saving. The higher interest differential between the various forms of saving accommodated the trend towards a differentiation of investment needs. With a rising standard of living and increasing saving activity in the middle and lower income brackets, the willingness and ability of households to engage in securities investment, with its greater possibilities and risks, are also growing.

Bond market: the year of the private investor

The bond market was characterized by strong rises in interest rates. The current yield on fixed-interest securities in circulation increased from 6.7% to more than 8%; thus, taking the average of all maturities, it finished more than two and a half percentage points above the preceding lowest level in April 1978. Such a steep increase within one and a half years had not been seen in the post-war history of the German bond market. The reason for it was the coincidence, on an unprecedented scale, of rising inflation, high budget deficits, growing private demand for credit, restrictive central bank policy and, at times, capital outflows to foreign countries.

Unlike the experience of previous rising interest rate phases, this had little effect on the new issue volume in the period under review. Decisive here was not least the public sector's strong recourse to the capital market. Gross sales of fixed-interest securities, at DM 106.5 bn., surpassed the high level of the previous year (DM 95.4 bn.). After deducting redemptions, however, net sales of DM 42.1 bn. were somewhat lower than in the previous year (DM 44.6 bn.).

Private investors were the market's principal support in 1979. They took roughly three-quarters of net sales of bonds. In the preceding four years, their share had only been about 25% on average. The increased buying of securities is the result of households becoming more conscious of interest rates, as mentioned above. In addi-

tion there was the expectation that the Bundesbank would be able to curb inflation within a reasonable time and thus create the basis for falling interest rates again in the course of 1980. This was also the reason for the recent inverse interest rate structure: since September 1979, short term bonds have had markedly higher yields than long-term paper.

Banks, otherwise the most important buyer group on the market, were largely absent in the period under review as purchasers of bonds. They took only 8% of bonds after roughly 50% on average in the four previous years. The increased demand for credit, coming in conditions of restrictive monetary policy, left little room in 1979 for "substitute debtors" in the form of security investments.

In December, the Federal bond was introduced as a new permanent issue. The aim is to develop the private willingness to invest at medium maturities in the securities sector too as a source of direct financing for the public authorities. In taking this step, the Federal Government has not only extended its range of debt instruments; it has now, in this sector also, assumed responsibility for market developments.

Disappointed expectations on the share market

On the stock market, the share price level – as measured by the index of the Federal Statistical Office – fell 11% in the year under review. The main reasons for this were the increasing world economic and world political uncertainties, the slowdown in business activity expected in 1980 in the Federal Republic too and the higher yields on alternative forms of investment. The dividend yield rose slightly: from 4.7% at the end of 1978 to 5.4% at the end of 1979 (including tax credit). Overall, the results on the share market were disappointing for the investor.

New shares worth DM 5.5 bn. were placed in the year under review. That was somewhat less than in the previous year and again represents only a small part of joint stock corporations' financing needs. An increase in this proportion – and thus a strengthening of the corporate sector's own capital base – continues to be urgently needed. Efforts to make the purchase of shares more attractive for domestic and foreign capital investors should not, therefore, be allowed to slacken. On the con-

Important events in economic and monetary policy

1979

1.1. Wages and income tax lowered as part of package of measures to strengthen demand and to improve economic growth of 28. 7. 1978; targeted tax benefit roughly DM 10 bn. Social and family policy spending raised by close on DM 3 bn.

International Monetary Fund allocates new Special Drawing Rights totalling SDR 4 bn.; Federal Republic receives SDR 224 m. (DM 534 m.).

11.1. Labour conflict in the steel industry (the first for fifty years) ended after 44 days; agreed-scale wage increase of 4%, no reduction in weekly working time to less than 40 hours.

19.1. Lombard rate raised from 3½ to 4%. Besides this, minimum reserves on domestic and foreign liabilities increased from 1.2. by 5%.

26.1. Bundestag approves Federal budget for 1979 with a volume of DM 203.9 bn. (growth of 7.8% on 1978); planned financing deficit DM 31.7 bn. (previous year: DM 26.4 bn.).

14.2. Offer of DM notes of the U.S.A. (Carter Notes). DM 2.5 bn. allocated.

1.3. Federal Constitutional Court rejects constitutional appeal against Co-determination Act.

2.3. Governing Board of the International Energy Agency resolves to reduce oil consumption of member countries in 1979 by 2 million b/d (5% of expected consumption).

13.3. European Monetary System comes into operation.

20.3. Industrial and developing countries agree on basic elements of a joint fund in the Integrated Commodities Programme; volume US\$ 750 m.

27.3. OPEC conference in Geneva raises crude oil price (Arabian Light) by 9% to US\$ 14.55 per barrel (159 litres). Additional charges possible depending on market situation.

30.3. Discount and lombard rates increased by 1 percentage point to 4% and 5% respectively. Rediscount quotas raised from 1.4. by DM 5 bn.

12.4. Provisional conclusion of GATT "Tokyo Round". Agreed inter alia: tariff reductions for industrial products by one third on average by January 1, 1987 and rules for the non tariff trade barrier sector.

22.5. Commission on the structure of banks submits report. Proposal: banks' holdings in non-banks should be limited to 25% plus one share.

28.5. Agreement signed on Greece's entry into the EC on 1.1.1981.

1.6. Lombard rate increased from 5 to 5½%.

3.6. Fifth World Trade Conference in Manila ends without any major results.

14.6. OECD Council of Ministers resolves extension of agreement on trade restrictions (Trade Pledge) by a further year.

18.6. Bundesbank extends range of open market policy instruments: banks' securities eligible as collateral will be taken en pension for 30 days. New "window" closed after one day, with the banks having received DM 7.6 bn. in this way.

28.6. OPEC Conference in Geneva raises crude oil price (Arabian Light) to US\$ 18 per barrel; additional charges possible depending on market situation.

29.6. World Economic Summit in Tokyo agrees on restriction of oil imports by 1985.

1.7. VAT raised from 12 to 13% (or 6 to 6½%).

13.7. Discount rate raised from 4 to 5% and lombard rate from 5½ to 6%.

23.8. Bundesbank resolves limitation on lombard credit. The ceilings granted to banks for utilization of lombard credit determined as from September by their rediscount quotas.

27.8. Bundesbank again offers en pension transactions in securities. Banks receive liquid funds amounting to DM 11 bn.

24.9. First change in central rates in European Monetary System. D-Mark revalued by 2%, Danish Krone devalued by 3%.

1.10. At the annual conference of the World Bank and International Monetary Fund, Interim Committee recommends creation of substitution account.

6.10. Anti-inflation programme of US Federal Reserve Board: i.a. money supply in the U.S.A. to be controlled directly in future through limitation of liquid reserves in banking system.

10.10. Bundesbank temporarily resumes en pension transactions in bills; discontinued on 31.10.1979.

23.10. British Government lifts all exchange controls in force in the United Kingdom.

29.10. Offer of DM bearer bonds of the U.S.A. (Carter Bonds); bonds worth DM 2 bn. are allocated.

31.10. Signing of the successor agreement to the Lomé Convention between the EC and the ACP countries. The financial payments are increased from the equivalent of roughly DM 8.7 bn. to DM 14 bn.

1.11. Discount rate raised from 5 to 6% and lombard rate from 6 to 7%. Rediscount quotas extended by DM 4 bn.

14.11. US President Carter orders blocking of all official Iranian assets in the United States.

29.11. Bundesbank announces money stock target for 1980: central bank money stock growth from the fourth quarter of 1979 to the fourth quarter of 1980 is to be held within a range of 5 to 8%.

30.11. Danish Krone is devalued by 5% in the European Monetary System.

European Council in Dublin unable to agree on United Kingdom's payments to the EC.

3.12. Federal Government issues Federal bonds as a permanent issue for the first time.

14.12. Bundestag approves budget plan for 1980; total volume DM 214.5 bn. (growth on previous year: 5½%); planned financing deficit DM 24.2 bn.

20.12. OPEC Conference in Caracas unable to agree on common oil price.

1980

1.1. Abolition of Payroll Tax and increase in Trade Earnings Tax allowance take effect.

Change of President at the Bundesbank: Vice-President Karl Otto Pöhl succeeds Dr. Otmar Emminger.

Allocation of Special Drawing Rights again totalling SDR 4 bn. (of which SDR 224 m. = DM 508 m. to the Federal Republic).

17.1. Further offer of DM bearer bonds of the U.S.A. (Carter Bonds); again, DM 2 bn. allocated.

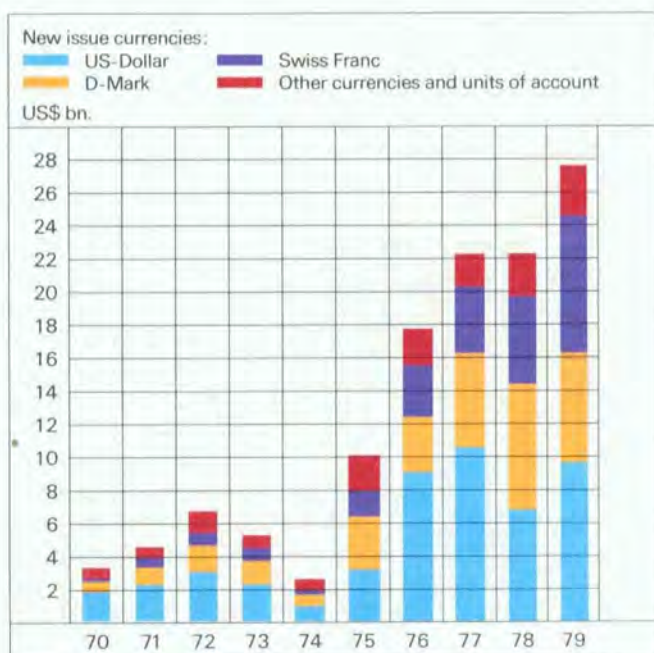
29.2. Discount rate increased from 6 to 7% and lombard rate from 7 to 8½%. Rediscount quotas raised by DM 4 bn. with effect from March 3. Limitation on lombard credit is lifted.

trary, the more share-oriented tax and incomes policy measures introduced during the last few years must be taken further. Companies too must continually re-examine their dividend policy from this point of view.

Strongly diminished growth of investment funds

In the period under review, sales receipts of German investment companies' funds open to the public declined sharply in connection with the rise in interest rates and the fall in share prices. They totalled DM 2.2 bn. compared with DM 6.3 bn. in the previous year. The growth was all in bond funds. Taking the share funds together, there was a net outflow of funds. At the end of the period under review, the assets of bond funds amounted to DM 20.3 bn. (5.4% growth on the previous year), those of share funds to DM 10.3 bn. (decline of 11.8%) and those of open-end property funds to DM 4.1 bn. (growth of 6.6%).

International bonds – new issues in Europe*



*) incl. private placements

Difficult conditions on the Eurocapital market

For the Eurocapital market, 1979 was again a difficult year. Massive interest rate rises and uncertain currency prospects impaired bond-issuing activity, considerably at times, above all in the second half of the year. Nevertheless, an overall rise in new issues was recorded, after stagnation in the previous year. At roughly US\$ 27.5 bn., the volume of international bond issues floated on the European capital markets was 24% up on the previous year's figure.

In 1979, there was a renewed increase in the placement of Eurodollar bonds, although in the last four months of the year – with strongly subdued demand in the market – almost exclusively in the form of floating rate notes and convertible bonds. The US-Dollar, with a share of 35%, returned to its traditional position at the top of the list of Euro-issue currencies. It did not, however, achieve its high percentage share of earlier "normal" years. The strongest growth was recorded by Swiss Franc bond issues of foreign borrowers. Last year, they accounted for just under a third of international issues in Europe. The lifting of restrictions on foreign investments in the Swiss capital market played an important part here. Total new international DM bond issues decreased by DM 3.2 bn. on the previous year to just under DM 12 bn.; their share of total new Euro-issues fell from 34% to 24%. Thus, with currency considerations producing unusually lively DM bond issuing activity in 1978, the year under review brought things back to normal.

Persistently liquid Eurocredit markets

The expansion of the Euromoney and Eurocredit markets continued. The net volume of international bank lendings (excluding interbank positions within the market) probably reached a good US\$ 650 bn. at the end of 1979. The DM share at European centres increased further at the expense of the US-Dollar; it came to one-fifth, with the Dollar component at two-thirds.

The Iran crisis and the reactions it triggered off caused uncertainty in the market. However, it was possible to avoid serious disturbances of the market system. But there will certainly be some adjustments in the legal structuring of the Eurobusiness.

The restrictive central bank policy in important industrial countries led to a massive rise in Euro-interest rates. In the Dollar sector, rates for three-month deposits touched 16% in October; Euro-DM interest rates increased from 3½% to roughly 9% in the course of the year. For borrowers, this meant a rise, not only in the cost of procuring current funds, but also in interest payments for roll-over credits taken up earlier.

Despite rising interest rates and brisk domestic demand for credit in most industrial countries, liquid funds continued to be in ample supply on the Euromarket. Publicized Eurocredits newly contracted in 1979, at roughly US\$ 78 bn., were 18% higher than in the previous year. The debtor structure with respect to credit promises changed markedly: the share of the OECD countries fell to 36%. That of the non-European developing countries which do not belong to OPEC increased, on the other hand, to 43%; this reflects, amongst other things, the heavier burden on these countries resulting from the rise in their oil bills and their repayment and interest expenses. The share of the state-trading nations rose to 10%.

OPEC's borrowing on the Eurocredit market – with a reduced share of 11% in new funds advanced – was concentrated, as in the past, on a few countries with high import and refinancing requirements.

With the high liquidity and persistently intensive competition between the Eurobanks, terms and conditions deteriorated further. Maturities of roll-over credits lengthened to 10–12 years, in some cases to 15 years. Spreads for credits to industrial countries fell to less than ½%. Developing countries were in numerous instances granted spreads of less than 1%. In many cases, therefore, the terms and conditions were probably no longer sufficient to cover adequate provision for lending and refinancing risks and to generate an appropriate yield.

It looks, however, as if a change is approaching here, not least owing to the recent experiences with Iran. The risk-consciousness of the banks active in the international lending business has certainly been heightened. This could well lead to a review of business policy with regard to country limits, provision for risk and the structuring of terms and conditions. Corrections would be necessary and appropriate to reduce the danger of sudden disruptions on the Euromarket. At the turn of the year, the first signs of a stronger differentiation of terms and conditions according to credit risk were apparent.

The discussion on stronger official control of the Euromarkets was continued in the period under review. Steering from the credit policy side via the introduction of minimum reserves still appears neither expedient nor feasible. Efforts are therefore rightly being concentrated on an improved supervision of market developments by the banking supervisory authorities. Under consideration here are, in the main, coordinated regulations on minimum ratios between own capital and lendings on the basis of consolidated balance sheets. Such measures should cause banks active in Euro-business to see the interest spreads on their international credits, more than in the past, from the point of view of the necessary servicing of own capital.

In establishing new legal regulations on supervision, however, those responsible will have to ensure that new distortions of competition are avoided and that the Euromarkets' lending scope and flexibility are not excessively restricted. The considerable financing requirements of the world economy cannot be met without a sizeable contribution from these markets.

World economy hit by new oil shock

The new, unexpectedly strong rise in the price of oil confronted the world economy with difficult tasks. The dollar price of petroleum more than doubled from the end of 1978 to the beginning of 1980. In percentage terms the increase was smaller than in the first two big oil price hikes of 1973/74. It was substantially higher in absolute terms. Moreover, the oil question gained importance, not only as a price problem, but also as a problem of quantity. The cutback in Iranian oil production in 1979 was more than offset by increased production in other OPEC countries. An undiminished world oil supply can, however, no longer be taken for granted today. For reasons that differ considerably to some extent, many oil countries are interested in conserving their oil reserves. This leads quite generally to a more hesitant supply policy, quite apart from the possibility of abrupt delivery cuts for specific, pressing reasons.

If bottlenecks are to be avoided in future, the consumer countries must reduce their dependence on oil more resolutely than in the past by means of energy conservation and the development of alternative energy sources.

The most important thing is to increase the general awareness in the countries involved of the urgency of this problem. Should the respective targets not be achieved, this could have fatal consequences for all concerned. In addition to the efforts mentioned above, it remains especially important to continue and further develop the dialogue with the OPEC countries.

Despite the pressures stemming from the oil market, the world economy still displayed remarkable expansive strength in the year under review. This weakened, however, in the course of the year. Real overall economic growth in the industrial countries in 1979, at an average 3%, remained below the previous year's figure (4%). At the same time, the world cyclical situation became increasingly differentiated.

In the U.S.A., economic activity slackened off markedly after an upward phase lasting about four years. The growth rate fell from 4.4% in 1978 to 2.3% in the year under review. In 1979, Japan and West Europe as a whole –

in contrast to the U.S.A. – first of all registered an upswing that tended to strengthen. Japan recorded the highest growth amongst the principal industrial countries. In the United Kingdom, on the other hand, national product hardly increased. There was a marked acceleration in the pace of expansion in Italy. France's economic growth slightly exceeded the previous year's level. However, the peak of the upswing has already been passed outside the U.S.A. as well. As in the Federal Republic, world economic expectations for 1980 are set lower. We are convinced that, provided all those involved behave reasonably, a world recession can be avoided. But a marked slowdown in growth must be expected.

Stronger inflationary tendencies

In the course of 1978, the reduction of inflation rates in the world had already come to a halt. With the rise in the price of oil and other raw materials as well as home-made cost increases, the rate of price rise steepened in 1979. In the industrial countries, inflation increased to 9% (1978: 7%). This average figure hides considerably higher inflation rates in individual countries. Apart from that, it only gives an incomplete picture of the acceleration in the rate of price increase during the year. The new wave of price rises also started from a level of inflation which was still far too high.

Balance of payments disequilibria larger again

The sharp increase in oil prices brought the oil-exporting nations considerable additional foreign exchange revenues. For OPEC as a whole, they probably amounted to about US\$ 70 bn. in the period under review. This country group's payments surplus (on current account), which had been almost completely erased in the previous year, rose to US\$ 50 bn. The full effects of the oil price rises in 1979 will, however, not be felt until 1980. A further substantial rise in the OPEC countries' global balance of payments surplus can be expected.

The counterpart to OPEC's incremental revenues is the extra burden on the oil-importing countries. For the industrial countries, the additional expenditure amounted to about US\$ 60 bn. Unlike the situation in 1974, this

The international business cycle in the 70's

Real gross domestic product, changes on previous year in %



rise in import costs in 1979 was accompanied by more or less stagnating exports to the oil countries. Reasons for this were the especially strong fall in the Iranian market's absorptive capacity, a levelling off in the development processes, signs of saturation and a cautious import strategy in many OPEC countries on account of the balance of payments weaknesses in the preceding year.

In 1979, the industrial nations' balance of payments on current account, after a surplus of US\$ 15 bn. in the previous year, recorded a deficit of about US\$ 25 bn., similar in size to that of 1974. However, the payments situation within this group was more balanced in the year under review than at that time. France, Italy and the United Kingdom, burdened with immense deficits after the first oil shock in 1973/74, had a considerably more favourable balance of payments situation this time. Japan and the Federal Republic of Germany, in 1978 the big surplus countries, now had deficits totalling US\$ 13 bn. together. In the U.S.A., the balance on current account in 1979, after a deficit of US\$ 13.5 bn. in the previous year, was more or less in equilibrium despite the additional spending on oil.

The balance of payments position of the state-trading nations was almost unchanged; in 1979, their overall deficit probably came to US\$ 5 bn. again. Within this group, the Soviet Union was able to improve its external trade and payments position thanks to its additional revenues from the sale of petroleum and gold. In the People's Republic of China, the sharp increase in imports of equipment produced a deficit on current account again after a number of years in surplus.

Recycling becomes more difficult

Owing to the new oil price waves, the external economic situation above all of the developing countries dependent on oil imports has become more difficult. Their oil bill is estimated to have risen by over US\$ 10 bn. in 1979 to more than US\$ 40 bn. It was about twice as high as the total official development aid of the western world. Despite improved revenues from raw material exports, the balance of payments deficit of these countries increased overall from close on US\$ 25 bn. in 1978 to roughly US\$ 40 bn. in 1979.

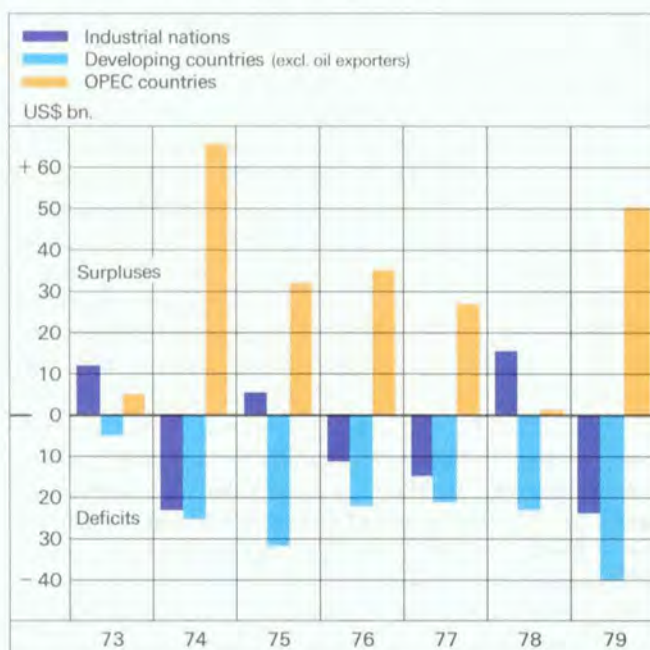
Thus, the need for recycling the OPEC countries' pay-

ments surpluses has increased again. But recycling has become more difficult. The foreign indebtedness of all developing countries has probably reached US\$ 350 to 400 bn. by now; it trebled from the end of 1973 to the end of 1979. The foreign exchange revenues of these countries, taken together, expanded at almost the same rate, which made it easier to service the debt. However, the financing situation of some countries has deteriorated. Of the above-mentioned total debt of the developing countries, one half is accounted for by ten states alone.

At the same time, many international banks are approaching the limits they have set on their lendings to individual countries or country groups. Certainly, the commercial banks will, in future too, make an appropriate contribution to the financing of the developing countries. Their ability and willingness to expand their international engagement, however, could well fail to match the future growth in overall financing requirements. At any rate, a stronger participation on the part of public

World balance of payments

(Balances on current account, incl. official transfers)



authorities in balance of payments and development financing appears to be necessary in future. Above all, besides increased official aid to the poorer developing countries, greater recourse by debtor nations to the International Monetary Fund and the World Bank would be desirable.

In this connection, the possibilities for stronger cooperation between commercial banks and international institutions – ahead of difficult situations and not after acute crises have arisen – should be discussed again. Various forms of co-financing, in particular, would be conceivable in this context. Here, neither the independence nor the different functions and responsibilities of both sides should be placed in question or diluted.

Foreign exchange markets predominantly quiet

The world political tensions, the energy problems and the resurgent fear of inflation were reflected in the year under review, not so much in the currency sector as by the precious metal markets. The demand for gold and other precious metals increased massively. The price of one fine ounce of gold crossed the US\$ 500 mark towards the year's end and rocketed to more than US\$ 800 at the beginning of 1980. It had thus trebled within six months. Up to the end of February, it moved between US\$ 600 and 700.

On the foreign exchange markets, developments in the year under review were predominantly quiet. Exchange rate fluctuations in the major currencies remained within relatively narrow bounds. Exceptions were the Japanese Yen, which was exposed to persistent downward pressure, and the Pound Sterling, whose external value strengthened markedly with fluctuations.

In 1979, the D-Mark appreciated by 5.6% against the US-Dollar and by 29.9% against the Japanese Yen. Vis-à-vis the member currencies of the European Monetary System (EMS), the D-Mark was upvalued by 2.3% overall. Against the Pound Sterling, on the other hand, which does not belong to the EMS exchange rate arrangement, the D-Mark was devalued by 3.6%. Taking a weighted average for the currencies of our principal trade partners, the D-Mark rate was 3.7% higher at the end of the year than twelve months earlier.

To prevent excessive fluctuations in rates on the foreign exchange markets, the central banks again used a

considerable volume of funds. In accordance with the willingness of the United States, expressed in 1978, to defend the dollar rate, the American monetary authorities participated actively in the concerted official market operations. To increase their foreign exchange reserves, the United States placed promissory notes (Carter Notes) for DM 2.5 bn. in the German capital market in February 1979 and bearer bonds (Carter Bonds) for DM 2 bn. in November. In both cases, the paper had maturities of two and a half and three and a half years. Including the funds borrowed in November 1978 and January 1980, the US Government's D-Mark indebtedness on the German market increased to DM 9.6 bn.

US-Dollar relatively stable

Basic to the comparatively quiet development on the foreign exchange markets last year were the relative stability of the US Dollar and the cooperation in the newly created European Monetary System. At first, the US-Dollar even strengthened markedly against the D-Mark. This was supported by strong flows of capital back to the U.S.A., the reduction in the American deficit on current account and the simultaneous movement into deficit of the German balance on current account.

Owing to the uninterrupted rise of inflation in the U.S.A., the Dollar went through a phase of weakness in the summer months, which intensified disquietingly in September despite the raising of US interest rates. Only with the biting credit policy measures of October 6 was this development effectively countered. Keystone of the stabilization package was a change of course in the monetary policy of the Federal Reserve Board. Its aim now is direct control of the money supply by a limitation of liquid reserves in the banking system.

The new policy triggered off a drastic rise in Dollar interest rates in the U.S.A. and on the international financial markets. The appreciably firmer Dollar exchange rates, which – in relation to the D-Mark – returned to the level of the beginning of the year by mid-November, reflected the restoration of market confidence in the US currency. Since then, too, in a time when the markets were overshadowed by the heightening of tension in the Iranian-American conflict and by the military intervention of the Soviet Union in Afghanistan, the US-Dollar has remained remarkably strong.

Diversification process in monetary reserves

In the interest of the world monetary system, special demands continue to be placed on the willingness of the U.S.A. to defend the external value of the Dollar. The US-Dollar, as an international payment medium and principal reserve currency, cannot be replaced in the foreseeable future.

This is true despite the plans to introduce a substitution account which is to facilitate the exchange of official dollar reserves into Special Drawing Rights (SDR) of the International Monetary Fund. Such a measure could prepare the way for a greater use of Special Drawing Rights in the international monetary system. As things stand, however, the transition to an SDR-standard is only conceivable in the longer run at the earliest.

The trend, observed for some time now, towards a diversification of official and private reserves into non-dollar currencies will probably persist in the longer run. The D-Mark, as an international investment currency, is today second only – albeit a distant second – to the US-Dollar. The Deutsche Bundesbank estimates that, per end of 1978, the average DM share of the foreign exchange reserves of foreign monetary authorities was a good 11%. It is clear to all central banks, however, that the use of the D-Mark as a reserve currency is limited by the potential of our economy and by the volume of the financial markets. Moreover, recent developments have shown that the attractiveness of the D-Mark can quite easily be subject to fluctuations.

The EMS put to the test

As a new element in the international monetary scene, the European Monetary System had to pass its first tests under difficult general world economic conditions. After the System came into operation on March 13, 1979, developments within this extended exchange rate arrange-

ment were quiet at first. Then, in the course of September, the influence of the Dollar weakness led to greater strains, to which the partners reacted with an adjustment of the exchange rates. This first realignment on September 24 brought a revaluation of the D-Mark by 2% against the partner currencies and a devaluation of the Danish Krone by 3%. In our opinion, a slightly higher DM revaluation would have been more realistic. On November 30, the Danish Krone was devalued again by 5%.

Experiences so far confirm that the cohesion of the EMS in its present form depends to a large extent on the development of the US-Dollar. Since the D-Mark is used increasingly as an alternative currency when confidence in the Dollar weakens, there is a greater danger in such a situation of the European currencies drifting apart.

Hopes of greater convergence between economic and monetary developments in Europe have so far not been fulfilled. This applies above all to inflation in the bigger partner countries.

“Competitive non-devaluation” harbours dangers

Finally, it has become apparent that the willingness to effect appropriate exchange rate adjustments in the EMS is not equally strong on all sides. The partner countries with weaker currencies are opposed not only to the devaluation of their own currencies, but also to larger revaluations of the stronger ones. They are particularly afraid of the resulting inflationary pressure on their domestic price levels. Such “competitive non-devaluation” could, with a persistently large inflation differential between the partner countries, lead to lasting strains in the System. And then, as a harmonization of national inflation rates “in the middle” ought not to be considered, the danger of a breakdown could not be ruled out. This can only be averted if member countries pursue their anti-inflation policies so consistently that both the need for exchange rate adjustments and the need for intervention are kept within reasonable limits.

Development of the bank

Business policy changes earnings structure

During the year under review the development of the bank's business was influenced by markedly higher customer demand for credit. Besides the increasingly tight Bundesbank policy and a substantial increase in our refinancing costs, the principles of the Banking Act¹⁾ also had a restrictive effect.

In these circumstances, our business policy was aimed at improving the earnings structure of our assets-side business, overall growth being slower. This was achieved primarily by reducing interbank business and dealings in bills of exchange in favour of cash credits to customers. In this way we succeeded in offsetting the effects of the higher interest rates for deposits.

The bank's own funds were strengthened in October by an increase of the share capital (funds obtained: DM 297 m.) in order to expand the scope for the development of business in future.

Slower growth of balance sheet total

In line with the aims set out above the bank's business volume grew during the year under review only about half as strongly as in the three preceding years. It increased by a total of 9.4% and reached DM 101 bn. as at the end of the year. More than four-fifths of the increase came in the last two months.

The balance sheet total, which rose by 7.2% to DM 98.8 bn., developed more slowly than the business volume. The main cause of this was that we passed on a greater volume of bills to the Bundesbank to be rediscounted.

The Group balance sheet total was DM 158 bn. That was 8.2% up on the end of 1978. The growth was mainly attributable to the parent company; in addition the mortgage banks and our Luxembourg subsidiary also contributed.

Operating result up, overall result less satisfactory

The operating result grew by 8.9% in 1979. The rise was therefore higher than in the preceding year, but was once again smaller than the expansion of average business volume. This meant that the profit ratio (operating result as a percentage of average business volume) was again lower than in the previous year. This is all the less satisfactory since the extraordinary account, which influences the overall result, made special provisions necessary, as already in the preceding years.

The growth in the operating result is largely due to the earnings-oriented shifts in lending business, though these only took full effect in the second half of the year, and particularly in the last quarter; in the first half the operating result had still been 6% lower than the corresponding figure for the previous year.

Higher interest surplus

The largest contribution to the increased earnings was made by the interest surplus. It grew by 13.7%, which was more strongly than in the previous year, mainly because the structure of the credit volume was more favourable from an earnings point of view. The interest margin improved somewhat in the second half of the year, but the average for the whole year was only slightly above that for 1978.

The stabilization of the interest margin cost considerable effort. Forces emanating from the market tended rather to aggravate the situation. These included above all the strong increase in the cost of refinancing from major sources, especially time deposits. We had to make greater use of them than in the preceding year, particularly since savings deposits did not expand any further for the first time since 1952. The central bank's merely "compliant discount policy" also made it more difficult to adjust conditions on the lending side. In addition, the high proportion of fixed-rate credits dating from the preceding phase of low interest rates considerably limited the scope for reacting to changes in the interest level.

At our foreign branches, as at home, we have altered the pattern of our lending business in favour of engagements generating higher earnings.

¹⁾ These principles concerning the capital and liquidity of banks require certain ratios to be maintained between liable capital, claims and commitments.

Services sector continues to suffer from under-cover in payment business

Earnings in the services sector rose by 6.6% in the year under review. Commissions on foreign business were the main contributory factor; this applies also to business in foreign exchange, foreign note and coin, and precious metals at the bank's branches, which is also considered part of this sector. In securities dealings the result was slightly below that of the previous year. In payment business the cover shortfall which has prevailed for years continued to increase. It represents a considerable burden on the bank's overall result.

Total profits on own-account trading decline

Taken as a whole, profits on own-account trading were lower than in 1978. While the result decreased in the securities sector, it remained at the previous year's level in foreign exchange dealing.

By contrast, an exceptional result was achieved in precious metal trading. Turnover in this area rose substantially during the last few weeks of the year under review, and, together with the increased interest surplus, it contributed to the improvement in our operating result.

Staff and other operating expenses covered by interest surplus

Staff and other operating expenses rose by 8.7% during the year under review to DM 2.3 bn. They were more than covered by the interest surplus.

Staff expenses increased by 7.5%.

Other operating expenses were up 12.8%. This reflects not only the higher rentals for the use of EDP equipment, which is continuing to increase, but also the sharp rise in public charges, for instance an average of 18.6% in postal charges at the beginning of 1979.

Changes in important balance sheet items



Adequate risk provision

The extraordinary account for the year under review is burdened by write-downs of our securities holdings. Without qualification we follow the rule of valuing these holdings, including those shown under subsidiaries, associated companies and trade investments, or held indirectly via holding companies, in accordance with the minimum value principle.

We have always valued our claims cautiously. Provision was made, applying strict standards, for all discernible risks in domestic and international business; allowance was made for latent risks by increasing the general provision accordingly.

Not least because of this comprehensive provision for risks, a smaller sum was transferred to reserves in 1979 than in the preceding year. We made an allocation of DM 90 m., which was DM 30 m. less than in 1978. In that year, however, DM 10.4 m. of the sum allocated stemmed from a tax-free merger profit.

Marked change in balance sheet structure

The business policy pursued during the year under review led – as was the aim – to substantial changes in the structure of the bank's balance sheet (cf. the diagram opposite).

On the assets side the shares of the balance sheet total made up by bills of exchange, claims on banks, and bonds and notes declined markedly. At the end of 1979 bills of exchange only accounted for 2.4% of total assets (previous year: 6.9%), claims on banks 26.6% (previous year: 28.7%), bonds and notes 5.0% (previous year: 5.7%). By contrast the share of claims on customers in the balance sheet total rose from 43.9% to 48.3%.

The increase in the cash reserve was entirely due to the reporting date. It produced a rise of almost three percentage points in cash liquidity.

On the liabilities side, time deposits of banks and of customers showed relatively strong growth. At the end of 1979 they made up 26.5% and 20.7% respectively of the balance sheet total (previous year: 25.9% and 18.7%). There was a drop in the shares of customers' sight deposits and of savings balances. Total credit extended, including lendings to banks, continue to be covered by customers' deposits and the bank's own bonds.

Overall credit growth slower

During the period under review total credit extended by the bank grew by 8.5%, which was only approximately half the rate in the previous year. At the end of the year our lending totalled DM 57.3 bn.

The slower growth is partly due to the drop in lending to banks by DM 0.8 bn. At year-end it was about one seventh lower than a year earlier. It was reduced for reasons of profitability and liquidity. In addition discounts were cut back by DM 2.0 bn.

On the other hand we increased claims on customers by 18.1%. At the end of December they accounted for approximately 83% of total credit extended, as compared with 77% a year earlier. There was high growth in claims on both corporate and private customers. Lending to public authorities rose by 3%.

Short and medium-term claims on customers grew more strongly again in 1979 (21.0%) than in the preceding years; this was partly connected with the reduction of discounts mentioned above. Expansion in long-term claims on customers (15.4%) also remained substantial. At the end of the year 51% of total claims on customers had maturities of four years and more (previous year: 52%).

Corporate business lively

In business with corporate customers the decline in short and medium-term cash credits, customary at the beginning of the year, did not take place, in line with the development of the general business cycle. In the following months demand increased markedly.

The growth in corporate business also includes commuting of financings taken up abroad at some earlier date. All in all, we arranged less Eurocredits in 1979 than in the preceding year. The main reason for this was the high interest rates on the Euromarket.

Our investment credit specifically for small and medium-sized firms, the Small Business Loan, was again in heavy demand during the period under review. We agreed to provide more than 6,000 new loans within the framework of this programme.

Deutsche Beteiligungsgesellschaft mbH, in which we, along with Karl Schmidt Bankgeschäft, Hof (Saale), have an interest, increased its trust assets by DM 18 m. to DM

Events of the year



The Colombian Minister of Planning, Dr. Wiesner Durán, (with Dr. Guth, Board Spokesman) explains his country's economic policy in Frankfurt.



Federal President Carstens at the DB trade fair stand during the Radio and TV Exhibition in Berlin.



A new bank building is inaugurated: guests from politics, business and local authorities at the Duisburg Branch.



DM 225 m. bond issue for the EC: Vice-President Ortolí (centre) and Dr. Guth, Spokesman of the Board of Managing Directors, at the signing.



The ninth DM bond issue for the Japanese city Kobe: Mr. Watanabe, Finance Ministry representative (r.), and Mr. Kopper, Board Member (l.).



Federal Chancellor Schmidt at the thirteenth German Bankers' Convention with Dr. Christians, Spokesman of the Board of Managing Directors.



A US\$ 600 m. credit for Italy's state-owned holding company in the power supply sector, ENEL: signing of the agreement at our bank.



Financing Polish copper deliveries: Director of Impexmetal, Mr. Rybeczko, with Mr. Thierbach, Member of the Board of Managing Directors.

118 m. Over 90% of this was invested in holdings in small and medium-sized enterprises. Altogether it invested in 24 firms with about 15,000 jobs, over 80 branches and annual turnover of over DM 2.1 bn.

The repurchase right granted to the firms proved to be a workable instrument. So far, it has been exercised in 15 cases, once in preparation for the introduction of a family business to the stock exchange. The company invested the funds received in return in new holdings. Over and beyond its initial holding, it participated in subsequent capital increases by the partner companies in five cases in 1979.

Over DM 4 bn. consumer credits

As in the previous year lending to households was one of the main contributors to the expansion of claims on customers. The total volume of Small Personal Loans and Personal Loans for Specified Purposes rose during the year under review by about DM 500 m. to over DM 4 bn. The main purpose for which credit was wanted was, as before, to finance car purchases. The average amount of the Personal Car Loans taken up was DM 12,600. The payment morale of private customers remains good.

The bulk of the growth in Small Personal Loans and Personal Loans for Specified Purposes (three-quarters) fell in the first six months. Demand slackened noticeably in the course of the second half.

The number of accountholders who made use of our Overdraft Credit rose further. At the end of 1979 about two-thirds of all personal accounts had credit commitments, based on twice the holder's monthly income. The maximum under this programme was lifted from DM 6,000 to DM 10,000.

Building finance with declining growth rates

The strongest growth we recorded during the year under review was again in building financing. At the end of 1979 the volume of building loans provided by the bank amounted to DM 10.3 bn. (previous year: DM 7.6 bn.). Our Group, including the mortgage banks belonging to it, reported building financing of DM 29.3 bn. (excluding

communal loans). In the housing financing sector the Group achieved a market share of about 5%, with lendings of DM 24.9 bn.

In the first six months of the year under review demand concentrated mainly on loans from the bank, owing to the differential in conditions following the strong rise in capital market interest rates. From mid-year interest shifted more to loans from the mortgage bank subsidiaries.

In the course of the year the growth in building loan business slackened off. With the number of building permits declining, financing was provided for more older buildings – mostly for the modernization and private purchase of rented and owner-occupied dwellings.

We continued to work hand-in-hand with mortgage banks, building and loan associations and, more recently, insurance companies. In 1979 "Building finance with family assurance" was added to the "BauKreditSystem"; it provides for repayment of loans from the proceeds of life assurance policies.

The bank's entire standardized loan business with private customers, including building financing, totalled DM 16 bn. as at the end of the year. That was 34% of all claims on customers.

Further progress in the development of European payment business

The efforts to find joint national and international solutions in developing payment systems were successfully continued.

Eurocheque, for instance, with 30 million users, 13 million of whom are in the Federal Republic alone, has become the most widespread cashless payment medium in Europe.

Also EUROCARD, which was introduced jointly by the German banking sector as a credit card for use worldwide, developed positively in the past year. The number of cardholders in the Federal Republic rose to over 100,000. Banking groups in eleven European countries have meanwhile adopted this payment medium as a joint service run by EUROCARD companies in each of the countries.

In May 1979 the German banking associations and the Bundespost reached an agreement about automatic cash dispensers. The eurocheque card will be used to

operate all such dispensers. As agreed, it will be possible for the cash dispensers of individual banks linked to the system to be used by the customers of other banks too.

The consultations which have been going on for some time about the development of a standard European travellers' cheque, in order to prevent further cost-inducing fragmentation of the travellers' cheque market, were continued. Banks from 17 European countries have declared their basic willingness to develop jointly a Euro Travellers' Cheque.

Saving: more investments bearing higher interest

Total new savings of our private customers (change in savings deposits and savings certificates in circulation plus the balance of purchases and sales of securities booked to savings accounts) were, at DM 3.1 bn., almost on a par with the previous year.

Owing to the changed interest rate structure savings activity was concentrated more strongly than in the previous years on forms bearing higher interest. The sum recorded just for securities purchases via savings accounts was DM 3 bn. net, which was almost twice as high as in the preceding year. Net inpayments to households' time deposit accounts, which are not included in the total new savings cited above, were also appreciably higher than the previous year's level.

Sales of our savings certificates at fixed interest rates also increased strongly. Although certificates worth close on DM 400 m. were returned during the period under review, the total circulation of our savings certificates (those bearing normal interest and the type sold at a price discounted for interest as well as the savings certificate with a rising interest rate, which was introduced during the year under review) was DM 2.3 bn.

In the case of account saving as part of "Erfolgssystem 100", deposits under contracts in the state premium-bearing and wealth formation schemes rose by 10.7%, while those under contracts bearing a bank bonus rose by as much as 18.7%. Altogether, the balances paid in under such savings plans came to almost DM 4.7 bn.; the contracted amounts rose to about DM 6.6 bn.

On the other hand, no further growth was recorded in total savings deposits, for the first time since 1952. Even

including interest credited to the accounts, there was a drop of DM 143 m. to DM 18.9 bn. Besides the preference for investments bearing higher interest rates, the fact that funds from maturing savings contracts were not re-placed on savings accounts contributed to this development. The total amount of such funds which matured in 1979 was, however, lower than in the preceding years.

But savings deposits, with 36%, continue to account for a large share of customers' deposits. The number of savings accounts rose by 3.2% to 5.5 million. Since total deposits decreased, the average balance per savings account declined slightly from the previous year to DM 3,450.

Securities business up slightly on previous year

Turnover in securities business for our private and institutional customers amounted to DM 42.6 bn. in the year under review. So a further slight increase (1.6%) over the high figures for the previous year was achieved.

The decisive factor behind this was the substantial rise (11.9%) in fixed-interest securities and "Schuldscheine" (certificates of indebtedness). On the other hand share turnover dropped, particularly in the second half of the year. In 1979 it was 23.2% below the previous year's result.

In foreign securities business the opposite development took place. Trading in fixed-interest securities was down 19.7%. Turnover in foreign shares rose by 2.2%; it benefited from the lively demand for oil and commodity shares.

Own-account trading, especially in bonds, suffered more than business for non-bank customers from the tight liquidity situation and the rise in market yields. But the drop in turnover remained within bounds. Support was provided mainly by the continued expansion of dealing in "Schuldscheine" with banks.

The number of safe-custody accounts we maintain for customers increased once again (3.2%). The market value rose – despite lower quotations on the share and bond markets – by 0.8% to a total of DM 66.7 bn.

The portfolio management service for our customers continued to develop satisfactorily. We now also manage portfolios for an increasing number of foreign customers.

Uneven developments at investment fund subsidiaries

The slower growth of the investment fund market also affected our business during the period under review. Net sales of investment certificates were 29.8% lower than in the preceding year.

Our investment fund subsidiaries developed unevenly. In the case of the funds offered to the public by DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main, in which we and our subsidiary Deutsche Bank Berlin AG have a majority holding, new unit sales declined. They amounted to DM 523 m. in the year under review. The largest drop was in share funds. Of the total assets of the DWS funds, DM 8.1 bn. at the end of 1979, 30.6% was in share funds and 69.4% in bond funds.

The DWS funds distributed a total of DM 664 m. to unitholders during the year under review. The value of the fund units was negatively affected by the weakness in prices on the German stock markets; on the other hand, engagements in foreign markets had a positive effect in some cases.

Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main, a capital investment company and a wholly-owned subsidiary of the bank, recorded a steady inflow of funds from large institutional investors again in 1979. The total fund assets rose by 14% to over DM 3.2 bn. They are divided among 96 special funds. Such funds have meanwhile become a standard part of the investment portfolio of numerous institutional investors (insurance companies, company pension and benevolent funds, professional associations' pension schemes etc.).

The above-mentioned fund assets also include staff funds set up on the initiative of individual companies as part of internal measures to promote wealth formation. During the year under review the company was asked to establish one more staff fund, so that it now manages a total of four such investment portfolios.

The open-end property fund "grundbesitz-invest", which is managed by our affiliate Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, and sold by Deutsche Bank and Wüstenrot, issued less units during the year under review than in the previous year. This was mainly due to reduced availability of properties suitable for investment by the fund. Altogether, investment units worth DM 41 m. were sold. The fund's assets rose by 6% to over DM 1 bn. 80% of this was invested in properties

widely distributed regionally, in terms of property size and the business of the tenants. The value of a "grundbesitz-invest" unit rose in 1979 by 6.3%.

Closed-end property funds meet with interest

New closed-end property funds met with strong interest among customers during the year under review. Our affiliate Deutsche Grundbesitz-Anlagegesellschaft mbH floated two more funds with aggregate certificate capital of DM 50 m. They were soon placed. In June the building of the First National Bank of Atlanta, Atlanta, Georgia, was purchased for one closed-end property fund. USA-Grundbesitzbriefe (Atlanta) worth a total of DM 59.4 m. were sold. This was the fourth North American property fund prepared under our management.

The bank also offered its customers investment projects bearing tax advantages in the period under review. These were a financing of DM 63.5 m. for three wide-bodied aircraft (Airbus A 300) for Hapag-Lloyd Fluggesellschaft mbH and limited-liability capital of DM 80 m. to purchase the new cruise liner MS "Europa" for Hapag-Lloyd AG. In addition to these, the DM 100 m. participation model "Trumpf Berlin" of the Leonard Monheim AG group of companies was successfully placed under our management.

Slight decline in Euro-issues

On the German share market issuing activity remained lively, though it was impaired by declining prices. The bank was involved in handling 38 cash capital increases; in 26 of these cases it acted as lead manager, manager or co-manager. The issuing companies thereby obtained own funds totalling over DM 3 bn. Worthy of special note were the capital increases of Deutsche Lufthansa AG (amount provided: DM 408 m.), VEBA AG (DM 674 m.) and Siemens AG (DM 175 m.). During the period under review the bank was also involved in handling 13 capital adjustments as well as other capital measures, such as mergers, exchange and compensation offers and capital reductions.

In international issuing business the bank managed or co-managed 101 Eurobond issues, including 49 D-Mark

issues. In line with the declining share of the D-Mark in the total volume of international issues, this represented a marked drop in the number of D-Mark bonds compared with the previous year (62 D-Mark bonds). Nevertheless, we were able to retain our leading position among the international issuing houses again during the year under review. The largest transactions were the issues for the World Bank in an aggregate amount of DM 1.35 bn., a DM 225 m. issue for the European Economic Community within the scope of the Ortolí Facility, and US\$ 200 m. bonds with warrants of Bayer International Finance N.V.

Precious metal markets hectic at times

Following the currency unrest of the preceding years, developments in foreign exchange dealing were quieter on the whole in 1979. From mid-year, however, business was again more difficult at times as a result of increasing tensions in the market.

Serving our customers engaged in foreign trade therefore presented the foreign exchange dealers once again with a difficult task. It was, however, largely possible to meet requests for forward cover.

In business in precious metals there were supply bottlenecks at times caused by the massive demand on the market. Now and again market developments became hectic. Thanks to appropriate precautions, however, we have been able to carry out all customers' orders.

Restraint in international credit business

In international credit business we deliberately kept the expansion of volume within narrower limits in 1979 than in the preceding years. The main reason for this was the continued deterioration of market conditions as reflected in maturities and margins while risks tended to increase. We have further refined our range of methods for monitoring and limiting risks in international business.

In export financing, the trend from seller to buyer credit, which has persisted for a number of years, continued. The volume of credit extended by AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main, again increased.

In addition to AKA credits, we participated as lead manager during the year under review in the financing of various large projects connected with plant construction and with supplying energy and raw materials. These included schemes in Brazil, the People's Republic of China, Indonesia, Nigeria and Poland. Long-term buyer credits guaranteed by the Federal Government and also a considerable volume of accompanying Eurocredits were made available.

Our turnover in handling the payment side of German imports and exports has increased further.

Foreign branches successful in attracting corporate customers

Growth at the foreign branches was lower than in the preceding years. The main reason behind this was that we did not expand short-term bank-to-bank business any further. However, we did aim to achieve selective expansion of lending business with non-bank customers and to tap better refinancing sources. The branches in New York and Brussels/Antwerp have been able to expand their credit volume substantially during their short period in operation.

Growing business volume in Luxembourg and Singapore

In 1979, too, most of the Euro-financings were channelled via our subsidiary in Luxembourg. The balance sheet total of Deutsche Bank Compagnie Financière Luxembourg rose by 17.6% to the equivalent of DM 15.5 bn. in the financial year which closed at the end of September 1979.

Luxembourg's activities were again concentrated mainly on international syndicate business. All in all, our subsidiary took part as lead manager, manager or co-manager in 31 credits with a total amount of DM 11 bn. (converted). A comparison with the previous year (47 credits totalling DM 23 bn.) shows that not only the number but also the average size of the credits was down substantially in 1979.

Deutsche Bank (Asia Credit) Ltd. – our subsidiary in Singapore – achieved a balance sheet volume of approximately DM 1.1 bn. (converted) in its first full business year. It was able to build up a notable credit portfolio,

New foreign branches



In the past year we continued to expand our foreign network. New branches were opened in New York, Madrid, Milan and Hong Kong.



New York: Dr. Christians, Dr. Guth, Dr. Herrhausen, Members of the Board, at the first press conference on the bank's own premises.



Madrid: the Spanish Premier, Mr. Suarez, talking to the two Spokesmen of our Board of Managing Directors.



Hong Kong: International Finance and Investment Conference of the bank to mark the opening of the branch.



Milan: Dr. Christians and Mr. Thierbach, Members of the Board of Managing Directors, welcoming the guests of honour from politics and business.

mainly to borrowers in ASEAN countries, thereby opening up the markets in this region increasingly for Deutsche Bank. That will continue to be the company's main role in the future. Besides this, it engages in money and foreign exchange dealing.

ACC serves German investors in the U.S.A.

Atlantic Capital Corporation – our investment banking affiliate in New York – expanded its activities in 1979. Helping European, especially German, companies planning investments in the United States was an area of particularly marked growth. With the increased attractiveness of the U.S.A. for foreign investors, this business has become more and more important. We are also advising small and medium-sized enterprises here on a growing scale.

During the period under review Atlantic Capital Corporation successfully arranged 21 long-term financings, leasing transactions and holdings. In addition, it also widened its securities trading and order business. It participated as underwriter in 211 American and international security issues.

New foreign branches

We have further rounded off our foreign organization. Our branch in New York was officially opened. Three new branches (Madrid, Milan, Hong Kong) commenced operations. In Madrid we are engaging particularly in corporate and foreign business and – to a limited extent – in business with private customers. In Milan foreign business and lending, above all with large and medium-sized companies in Lombardy, will be the main sectors, in addition to money and foreign exchange dealing. The activities of our Hong Kong branch are mainly connected with foreign exchange and money dealing.

With these new offices, the expansion of our foreign branch network, which we have intensively pursued since 1976, was largely concluded. We are now represented under our own name in most of the world's major financial centres, especially in the European capitals and financial centres of particular importance for the German economy. At the end of 1979 the bank had twelve foreign branches of its own and five wholly-owned subsidiaries abroad.

During the period under review the bank also opened new representative offices in Nairobi and Tokyo, and – at the beginning of 1980 – in Johannesburg. The office in Johannesburg has taken the place of the EBIC representative office. The representative office in Tokyo is needed in addition to our branch to look after investment banking clientele in Japan.

Altogether, the bank is at its customers' service through 83 bases in 50 countries and about 4,000 correspondent banks in all parts of the world.

EBIC joint ventures remain successful

Independent of the expansion of our own foreign branches, the cooperation with our European partner banks in EBIC remains an essential element of our foreign strategy. The exchange of opinions and experience in the EBIC working groups and the programmes for joint training of members of staff were continued. At the trade fairs in Brno, Budapest, Hanover, Leipzig and Poznan the partner banks were represented jointly by "EBIC Houses". The EBICREDIT system and EBICLEASE – the arrangement of cross-border leasing transactions – continued to operate.

The EBIC joint ventures were also successful in their work in 1979. Overall, they recorded strong growth.

At European American Bank (EAB), New York, the balance sheet total increased by 12% to US\$ 7.7 bn. It now ranks among the first thirty of more than 14,000 United States banks. The earning power showed further improvement. The capital was increased by US\$ 60 m. to US\$ 290 m.

The expansion at EAB in 1979 was mainly concentrated in the international and corporate sectors, and in the sub-branches in New York City and on Long Island.

Expansion of presence in South East Asia

At European Asian Bank AG, Hamburg, business volume grew by DM 1 bn. to DM 3.6 bn. The operating result also rose further. This bank's own funds are to be increased in 1980 by DM 79 m. to DM 205 m. Having opened a number of offices in the preceding year, the bank did not set up any new branches during the period under review. But further steps in this direction are planned for 1980. The bank's presence on the Indian

sub-continent is to be extended through new branches in Bombay (India) and Colombo (Sri Lanka).

Banque Européenne de Crédit (BEC) in Brussels – EBIC's bank specializing in Eurocredits – increased its lending during the year under review to the equivalent of Belg. frs. 73.2 bn. (US\$ 2.5 bn.).

BEC lead-managed or co-managed 45 syndicated Euro-financings worth US\$ 7.3 bn. (previous year: US\$ 6.4 bn.). Over and beyond this it participated in 27 syndicates which placed credits for the equivalent of US\$ 4.5 bn. The balance sheet total rose by 7% to Belg. frs. 97.2 bn. Net income for the year increased to Belg. frs. 568 m.

European Banking Company Ltd. (EBC), London, was able to strengthen its market position further. The number of international issues it either managed or co-managed increased in 1979 to 20 in an aggregate amount of US\$ 1.2 bn., compared with 15 issues totalling US\$ 756 m. in the preceding year. In the case of floating rate issues, the bank continued to be one of the principal market leaders. At the same time the bank's credit volume remained more or less unchanged; in granting new credits the main emphasis was on project financings.

Euro-Pacific Finance Corporation Ltd., Melbourne, in which the EBIC banks have a 47.5% interest, raised its balance sheet total in the business year ended as per June 30, 1979, by 15% to Aus.\$ 239 m. (DM 456 m.). The corporation once again participated in a large number of syndicated financings, above all for South East Asian countries.

At European Arab Holding S.A., Luxembourg, the balance sheet total of the Group grew by approximately 35% to the equivalent of close on US\$ 1.7 bn. The branch in Bahrain was converted during the year under review into a legally independent office under the name "European Arab Bank (Middle East) E. C., Bahrain". The Group engages mainly in Euro-syndicate business and money dealing. Only at European Arab Bank GmbH, Frankfurt am Main, which is owned by the holding company, is the main activity the financing and settlement of German exports to Arab countries.

Development at other associated banks

Our holding in Banco Comercial Transatlántico, Barcelona, was increased once again during the year under re-

view. It then comprised 29.5% of the capital of Ptas. 1.45 bn. (DM 38 m.). The bank increased the number of its offices to 92.

We participated in the capital increase of DM 24.3 m. (converted) to the equivalent of DM 78.2 m. at Banco Bradesco de Investimento S.A., São Paulo, in proportion to our five-percent holding. Thereafter, the institution's own funds totalled DM 272.7 m. (converted). With a balance sheet total of Cr\$ 40.88 bn. (DM 1,658.9 m.), as of December 31, 1979, Banco Bradesco de Investimento is the largest investment bank in Brazil. Major sectors of its activities are granting medium and longer-term credit, new issue business, securities trading and management consultancy. Along with Banco Brasileiro de Descontos and some other related enterprises it forms the country's largest private banking group.

H. Albert de Bary & Co. N.V., Amsterdam, of which Amsterdam-Rotterdam Bank and Deutsche Bank each owns half, succeeded in building up its position in the financing and settlement of European and overseas goods trade. In addition, de Bary strengthened its short and medium-term Eurocredit business in 1979. The institution is also at the service of our German customers with its offices in Amsterdam and Rotterdam. Staff delegated by us are active members of the management.

Al-Bank Al-Saudi Al-Alami Ltd. (Saudi International Bank), London, in which we have a 5% share, increased its balance sheet total by 61% to £stg. 785.2 m. (DM 3,025.5 m.) in 1979. In order to adjust the bank's own funds to the expanded volume of business, the shareholders raised the capital from £stg. 25 m. to £stg. 38 m. The main shareholder is the Saudi Arabian Monetary Agency (SAMA). The bank is active in international lending business and has a particularly strong position in forward exchange dealing in Saudi Riyals.

Banco de Montevideo – one of our smaller foreign associated banks – increased its balance sheet volume in the 1978/79 business year by 24.7% to the equivalent of DM 321.8 m. We hold a 43.3% interest in this Uruguayan commercial bank which specializes in the financing and settlement of foreign trade.

Union Togolaise de Banque, Lomé – also one of the smaller associated banks – succeeded in expanding its market share among the Togolese banks to about 40%. At the beginning of 1980 the partners, who include the Togolese Government besides three European banks – Deutsche Bank holds 18% – resolved to make a further issue of bonus shares equivalent in value to DM 4.3 m.

Nationalization of bank holdings in Iran

In June the Iranian Government nationalized the country's banks. This also affected our shares in the Industrial and Mining Development Bank of Iran (3% of the capi

tal of Rials 13.4 bn.) and in the Foreign Trade Bank of Iran (10% of the capital of Rials 4.2 bn.). It was indicated that reasonable compensation would be offered. The negotiations on this subject with the Iranian authorities are still in progress.

Our staff

Higher staff figure

The number of persons employed in our bank rose in 1979 by 1,352 to 39,081 (+3.6%). This increase is in part attributable to the expansion of our international business. In Madrid, Milan and Hong Kong new branches required staffing. At other foreign branches there was need for additional personnel due to growing business demands. Our employees working abroad – including those at subsidiaries and associated companies – increased by 314 to 1,847, of whom 318 have foreign assignments for limited periods only.

On the domestic side, the rise in staff levels stemmed for the most part from measures resolved in 1978. Apart from improving the personnel situation in our sub-branches, additional employees were taken on above all in corporate and private customer business.

As in past years the number of apprentices rose, this time by 279 to 3,839, or 10.3% of our domestic staff. Thus our training capacity is fully utilized. Nearly one-tenth of all apprentices in the banking sector are currently undergoing initial vocational training at our bank.

Gratifying performance of our apprentices

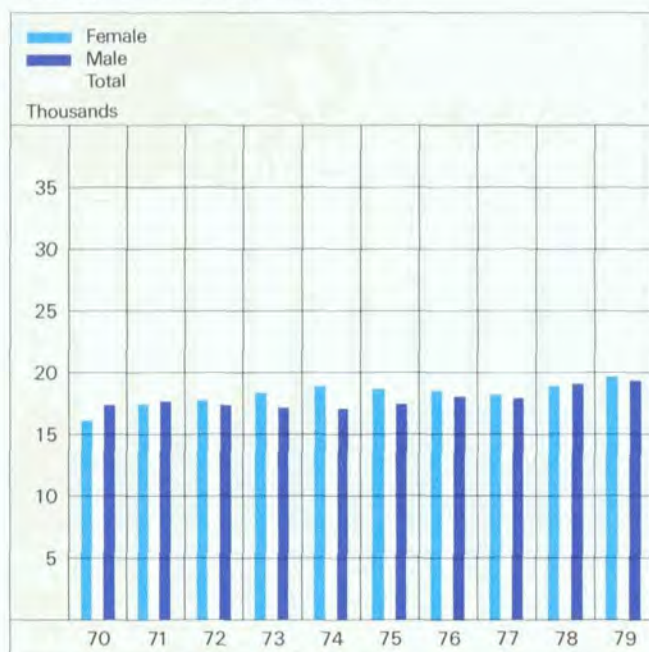
In the year under review 1,716 young persons were taken on for vocational training while 1,437 young members of staff took the examination concluding their apprenticeship. Above-average examination results were again obtained by our young qualified bank clerks. More than half, 53% to be exact, passed with "distinction" or "merit".

Of all bank clerks who had finished their training, 83% – or all the newly qualified clerks who voiced a wish to this effect – were appointed as regular members of staff. It is gratifying to note that of the young people who chose to stay with us, a large percentage – about 60% – had passed the "Abitur" (university entrance examination). In our view this confirms that well-founded practical training has in the meantime become a true alternative to university studies.

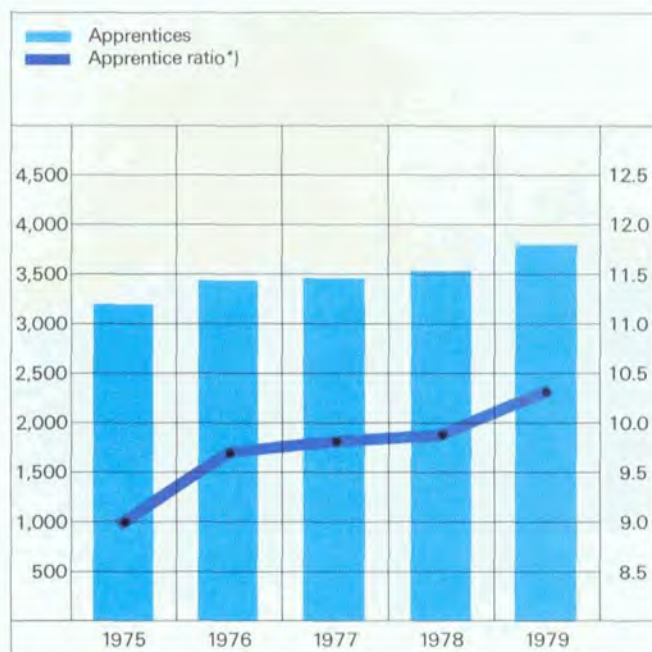
Nonetheless we still place strong emphasis on employing university graduates as well. There is still great interest in the roughly 2-year graduate training scheme designed especially for these persons. From over 1,000

Growth in the number of employees

including part-time employees and apprentices



Number of apprentices



*) in relation to the number of domestic employees

Partners in the bank



In 1979 about 15,600 employees participated in over 850 seminars and advanced training courses. The company spent more than DM 70 m. for this purpose. In the year under review...



... we employed a total of roughly 39,000 persons, of whom 19,400 were men...



... and 19,600 women, who thus accounted for more than half of our staff.

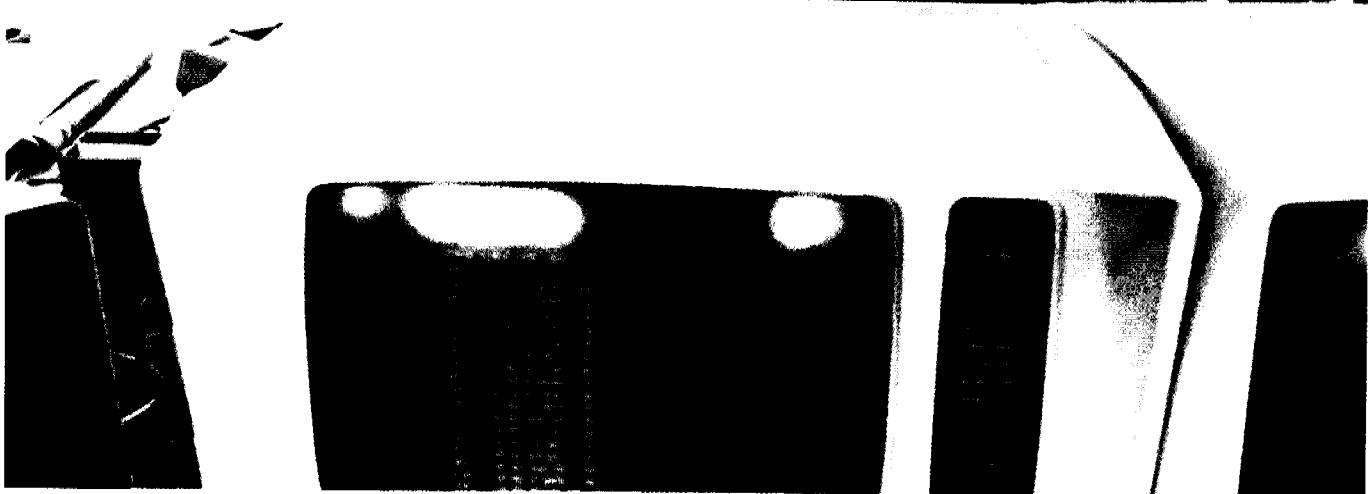


Over 3,800 apprentices are at present being trained for a banking career in all departments of the bank...

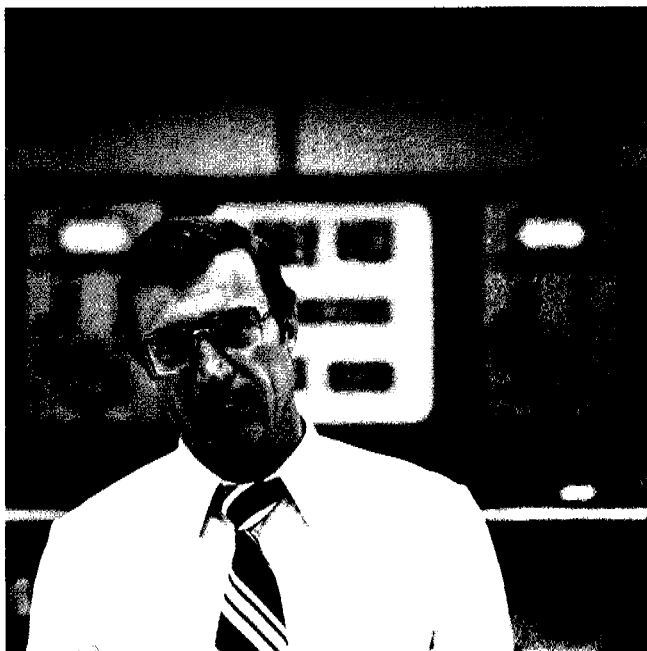


... where experienced specialists assist them in preparing for the growing demands in customer service.

2.380	1 MONAT	98	4	- 55	10	21%	19%	WEEK	8	8%
13.873	2 MONATE	177		-105		41	39			
2.650	3 MONATE	277		-140						
4.400								1 MON	8%	
1.0580	6 MONATE	530	8	-245		GOLD/\$		2 MON	8%	
48.55		745	10			21225	1300	3 MON	8%	
	12 MONATE	970	12	-460	20	1 FIX	2 FIX	6 MON	8%	
						21045		12 MON	9	



Electronics and automation and the related new technical media are making people even more important...



... because these facilities can only be as good as the people who program and monitor them...



... however, over 30,000 telephones remain a vital instrument for transmitting information while...



... terminals working at electronic speed provide data for advising customers. This cost-intensive service is largely invisible as...



... personal service is and always has been what counts most in our 1,151 branches.

applicants we took on 51 carefully selected candidates. At year's end our trainee group consisted of 107 persons. The graduate staff is to supplement the new generation of bank-trained employees who will occupy qualified and managerial positions. Graduates account for 18% of staff outside the agreed-scale salary bracket. This shows that the employees with a banking background have made full use of their opportunities for advancement and are predominant in this category too.

15,600 participants in advanced training courses

The bank's national and international competitive position is based primarily on the qualification and performance of its staff. We therefore attach great importance to advanced training within our bank. Last year 851 internal advanced training courses were held in which roughly 15,600 employees took part. 907 members of staff offered their services as lecturers.

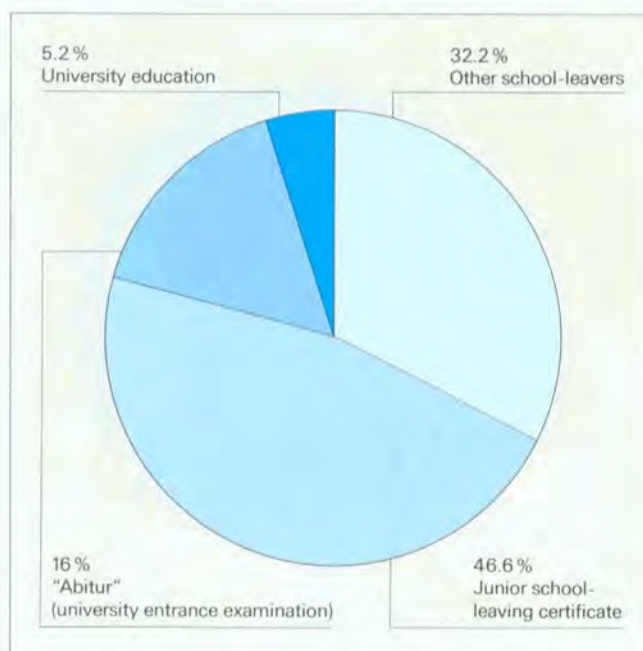
For years now "personnel management seminars" have been held for staff with management functions. Roughly 5,200 employees from all management levels have taken part in such courses to date. As an additional guideline for our executives, our "Principles for staff management" were newly formulated, set out in written form and distributed to all employees with management responsibility in the year under review.

Staff shares still in strong demand

Staff shares were again issued in the reporting year. As in the past, employees of at least one year's standing were entitled to one share and those of at least two years' standing to two shares. The ruling introduced in 1978 allowing staff with at least 10 years' bank service to purchase an additional third share was again applied. All in all 81% of the eligible employees and retired members of staff of the bank and its domestic subsidiaries made use of the offer in spring 1979. With that more than 400,000 Deutsche Bank staff shares have been issued since 1974. Expenses accruing to the bank in connection with the sale of these staff shares at a reduced price came to DM 12.1 m. in 1979, totalling c. DM 58 m. since the first issue in 1974.

Capital formation of our members of staff is being implemented increasingly through home building and

School background of staff



Purchase of staff shares by employees and retired members of staff



*) number of shares purchased

the purchase of owned dwellings. We support this with mortgage loans for our employees. At the end of the year 7,254 such loans worth a total of DM 505 m. had been utilized.

As in past years staff members again made numerous suggestions for the improvement of work flows, customer service and cost saving in 1979. About one out of every five such suggestions was put into practice and was thus eligible for a premium. In the last five years a total of DM 340,000 has been awarded to employees who submitted improvement suggestions.

Staff expenses up by 7.5%

In 1979 overall staff expenses rose by DM 122.5 m. to DM 1,755.5 m. The total payroll grew by 8.4%, social contributions by 9.0%. The cost increment stemmed from the staff growth described above on the one hand and from the 4.5% flat-rate rise in agreed-scale salaries in March and an increase in the non-scale sector on the other.

Growth of staff expenses



Of the above overall staff expenses, a total of approx. DM 71 m. were training and advanced training costs; this represents 6.3% of current salary expenses.

Cooperation with Staff Councils

Once again the General Staff Council and the branch Staff Councils exercised their functions in a responsible manner. The management's thanks are due to them for their committed efforts. Questions relating to personnel, social and economic matters were dealt with in a spirit of fair and constructive cooperation at the meetings of the General Staff Council, the Economic Committee and other committees of employees regularly attended by management.

Senior Executives' Spokesmen Committee newly elected

The members of the Senior Executives' Spokesmen Committee were newly elected in the reporting year. A number of meetings with management provided an opportunity to discuss business developments and problems of special interest to the senior executives group. We would like to thank the representatives of our senior executives for their personal endeavours and for their objective and open-minded cooperation.

Commendable performance of our staff

In the year under review, many problems arose that could not have been solved without the help of the extensive expert knowledge and the untiring efforts of our employees. Our special thanks go to the entire staff, in particular to those who have served the bank loyally over many years. Last year, 87 members of staff were able to look back on 40 years' service with the bank and 508 completed their 25th year of service with us.

Over and above our active employees, we cared for 8,525 retired members of staff and widows as well as 186 orphans at the end of the year. 437 persons retired, many of whom were employees of long standing. We are pleased to see that pensioners and their families continue to express their attachment to the bank in a variety of ways.

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

Paul Beck, Hamburg	Josef Kurz, Cologne
Walter Behrens, Essen	Ilse Mansson, Kiel
Bärbel Bittlinger, Cologne	Dr. Jürgen Melcher, Frankfurt
Werner Budde, Dortmund	Gerlinde Metzler, Frankfurt
Ofelio Bugs, Asunción	Dr. Hilmar Moritz, Nuremberg
Franz-Josef Dümpelmann, Siegen	Christel Müller, Bielefeld
Walter Dunker, Hamburg	Günter Petras, Frankfurt
Johannes Duske, Düsseldorf	Herbert Pflug, Taunus-Zentrum Eschborn
Albert Josef Esser, Düren	Siegfried Polster, Göppingen
Manfred Fleisig, Duisburg	Eberhard Rohweder, Flensburg
Georg Flessa, Cologne	Georg Rosenberg, Frankfurt
Ursula Flügel, Mainz	Theodor Rütger, Lippstadt
Wolfgang Froede, Hamburg	Georg Sammereier, Munich
Ernst Gauger, Stuttgart	Ruth Seifert, Stuttgart
Werner Göttel, Kaiserslautern	Bernhard Sibbing, Gronau
Heinz Dieter Gossmann, Iserlohn	Heinz Sielaff, Villingen-Schwenningen
Hans Otto Grave, Düsseldorf	Horst Szymendera, Hamburg
Ingeborg Haas, Baden Baden	Otto Scharl, Munich
Helene Hackenbroich, Cologne	Gisela Schinkels, Düsseldorf
Erwin Herrmann, Hamburg	Gerhard Schwarz, Freiburg
Otto Hess, Pirmasens	Gertrud Strohn, Wuppertal
Edith Hinzmann, Hamburg	Peter Strunck, Hamburg
Hannsgerd Jagdmuth, Düsseldorf	Frieda Trunk, Würzburg
Ferdi Kämmerling, Frankfurt	Hans Vanberg, Aachen
Shizuo Kakei, Tokyo	Kurtgünther Vogel, Solingen
Heinrich Kirschbaum, Grevenbroich	Karl-Heinz Wandschneider, Hamburg
Heinz Kniha, Munich	Elfriede Weinmann, Stuttgart
Johann Knobloch, Munich	Fritz Weisser, Mannheim
Heinz Koch, Wuppertal	Karin Wetzig, Frankfurt
Lieselotte Kramer, Koblenz	Wolfgang Wohlgemuth, Hamburg
Georg Kranz, Augsburg	Inge Zia, Frankfurt
Ernst Kraus, Munich	Susanne Zimmermann, Göppingen
Rolf Kreckel, Bremen	Günter Zimpel, Cologne
Richard Künstler, Paderborn	Helga Zita, Duisburg
Rudi Kunze, Hamburg	

We mourn the passing away of 276 retired employees of our bank.

We shall always honour their memory.

Balance Sheet

Volume of Business

The bank's *balance sheet total* rose by DM 6.6 bn. = 7.2% to DM 98.8 bn. in the past financial year. The *volume of business* (balance sheet total + endorsement liabilities) increased by DM 8.7 bn. = 9.4% and now amounts to DM 101.0 bn. The growth rate was only about half as high as in the three preceding years.

At the beginning of the year the volume of business declined initially as usual in this season and showed only slight fluctuation up to mid-year. Then in the last months it rose considerably since the capital increase carried out in October provided new scope for further growth based on the higher credit demand.

Last year, too, turnover in credit and payment business continued its steady climb. *Turnover* on our non-

bank customers' accounts was up by 12.9% to DM 2,759 bn. An average turnover of DM 82 m. and approx. 16,000 business transactions were recorded per employee.

The *financing balance* on page 53 shows the most important movements according to source and use of funds. One third of the expansion was financed by each of customers' deposits, banks' deposits and other funds; one half of the funds were used for the increase in lending. The following changes were registered in our balance sheet against the previous year:

Business development during 1979



Assets	in millions of DM
Cash reserve	+ 2,998
Cheques and other items received for collection	+ 155
Bills of exchange	- 3,952
Claims on banks	- 172
Treasury bills and discountable Treasury notes	+ 136
Bonds and notes	- 295
Other securities	+ 231
Claims on customers	+ 7,304
short and medium-term	+ 4,045
long-term (4 years or more)	+ 3,259
Subsidiaries, associated companies and trade investments	+ 92
Land and buildings, office furniture and equipment	- 2
Other assets	+ 197
Remaining assets	- 45
Balance sheet total	+ 6,647

Liabilities	in millions of DM
Liabilities to banks	+ 2,464
Liabilities to customers	+ 3,048
including: time deposits	+ 3,202
savings deposits	- 143
Bonds and notes	+ 63
Provisions	+ 285
Own funds (Capital and Disclosed reserves)	+ 387
Remaining liabilities	+ 400
Balance sheet total	+ 6,647

Liquidity

The cash reserve increased by DM 3.0 bn. to DM 9.7 bn.; *cash liquidity* expressed as a percentage of total liabilities of DM 91.3 bn. was 10.6% on 31. 12. 1979 (against 7.9% previous year).

Total liquid funds of DM 21.5 bn. accounted for 23.6% (preceding year 25.0%) of total liabilities (*overall liquidity*).

As at 31. 12. 1979 total liquid funds and liabilities were composed as follows:

	End of 1979 DM m.	End of 1978 DM m.
<i>Cash reserve</i>		
Cash on hand	396.0	315.5
Balance with Deutsche Bundesbank	9,288.6	6,385.7
Balances on postal cheque accounts	37.0	22.4
	<u>9,721.6</u>	<u>6,723.6</u>
<i>Other liquid funds</i>		
Cheques, items received for collection	738.3	583.6
Bills of exchange rediscountable at Deutsche Bundesbank	1,395.3	5,259.4
Claims on banks payable on demand	5,313.6	4,119.2
Treasury bills and discountable		
Treasury notes	523.4	387.0
Bonds and notes eligible as collateral for Bundesbank advances	3,835.5	4,281.3
<i>Total liquid funds</i>	<u>21,527.7</u>	<u>21,354.1</u>
<i>Liabilities</i>		
Liabilities to banks	32,708.5	30,244.9
Liabilities to customers	53,263.9	50,215.3
Bonds and notes	4,725.3	4,662.7
Own acceptances and promissory notes outstanding	585.3	335.8
Other liabilities	35.0	34.4
<i>Total liabilities</i>	<u>91,318.0</u>	<u>85,493.1</u>

Through a reduction of the total volume of discounts and increased rediscountings, holdings of bills of exchange dropped by nearly DM 4.0 bn. to DM 2.4 bn.; the share of bills rediscountable or eligible as collateral at Deutsche Bundesbank was DM 1.4 bn. = 59%.

During the reporting year the principles regarding capital resources and liquidity laid down by the Federal

Banking Supervisory Office pursuant to Sections 10 and 11 Banking Act were observed by the bank at all times. Interest risks assumed in connection with long term credits at fixed rates were carefully monitored and kept within reasonable limits through refinancing at matching maturities and interest rates.

Assets

Securities

Bonds and notes decreased by DM 0.3 bn. to DM 4.9 bn. Of these, 78% was eligible as collateral for Deutsche Bundesbank advances.

Securities not to be shown elsewhere increased over the previous year by DM 231 m. to DM 2.0 bn. Of this, shares tied by syndicate transactions accounted for DM 414 m.

We have also included under Securities our shareholdings in non-bank companies which we regard as purely financial investments and which, because they are not intended as business participations, are not shown under Subsidiaries, associated companies and trade investments. The balance sheet value of holdings of more than 10% in the share capital of a company amounted to DM 1,172 m., of which DM 1,126 m. is attributable to holdings of at least one quarter of the capital.

The following shareholdings of over 25% of the share capital 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 am Main
Karstadt AG, Essen
Pittler Maschinenfabrik AG, Langen (Hess.)
Süddeutsche Zucker-AG, Mannheim

In no case did the bank have a majority holding. For information on the development of these companies we refer you to their annual and interim reports.

In January 1979 the bank purchased a share of 25% in the capital of Nixdorf Computer AG, Paderborn, with the intention of placing the new shares in agreement with the family shareholders of the company. They constitute a part of the syndicate holdings.

<i>Total credit extended</i>	End of 1979		End of 1978		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	23,325.6	40.7	19,280.5	36.5	+ 4,045.1	= 21.0
long-term (4 years or more)	24,384.5	42.6	21,125.2	40.0	+ 3,259.3	= 15.4
	47,710.1	83.3	40,405.7	76.5	+ 7,304.4	= 18.1
Discounts	4,883.7	8.5	6,885.8	13.1	— 2,002.1	= 29.1
Lendings to banks	4,703.9	8.2	5,497.4	10.4	— 793.5	= 14.4
Total credit extended	57,297.7	100.0	52,788.9	100.0	+ 4,508.8	= 8.5

Our holding of more than 25% in Schitag Schwäbische Treuhand-Aktiengesellschaft, Stuttgart, was sold last year in the interest of achieving greater correspondence between professional activity and ownership within this accounting company.

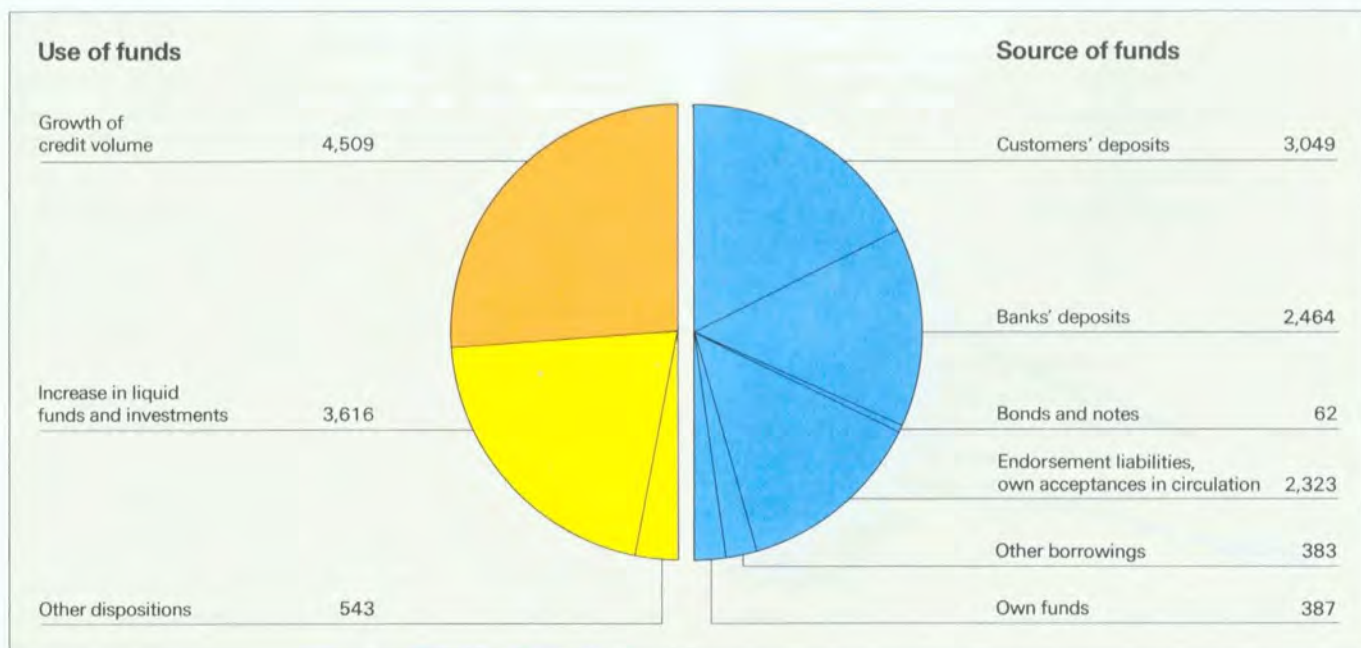
The bank's total securities holdings were, as in the past, valued according to the minimum value principle.

Total credit extended

Total credit extended by the bank last year rose by DM 4.5 bn. = 8.5% to DM 57.3 bn. This growth corresponded to only slightly more than half the previous year's increase. Foreign borrowers accounted for about 20% of the credit expansion.

Financing balance 1979

Amounts in millions of DM



Claims on customers increased by DM 7.3 bn. (= 18.1%) to DM 47.7 bn. Growth in short and medium-term claims on customers at DM 4.0 bn. = 21% was considerably higher than in the preceding year, whereas discounts dropped by DM 2.0 bn. = 29.1% to DM 4.9 bn.

The still pronounced growth in long-term claims on customers at + DM 3.3 bn. = 15.4% to DM 24.4 bn. stemmed mainly from the rise in long-term building financing credits (+67.6%) and our Personal Mortgage Loans (+22.3%). Our standardized lending business (programmed personal credits and programmed loans for building financing) expanded overall by DM 3.6 bn. = 28.7%.

Claims on banks remained nearly unchanged at DM 26.3 bn. (−0.6%); foreign banks accounted for roughly four-fifths of this. A rise was recorded in claims on banks payable on demand. We reduced our time deposits with foreign banks for reasons of profitability. Lendings to domestic and foreign banks decreased by DM 0.8 bn. to DM 4.7 bn.

The graph below shows the development of total credit extended over the past ten years and clearly illus-

trates that the structural shift towards longer-term lending business also persisted last year.

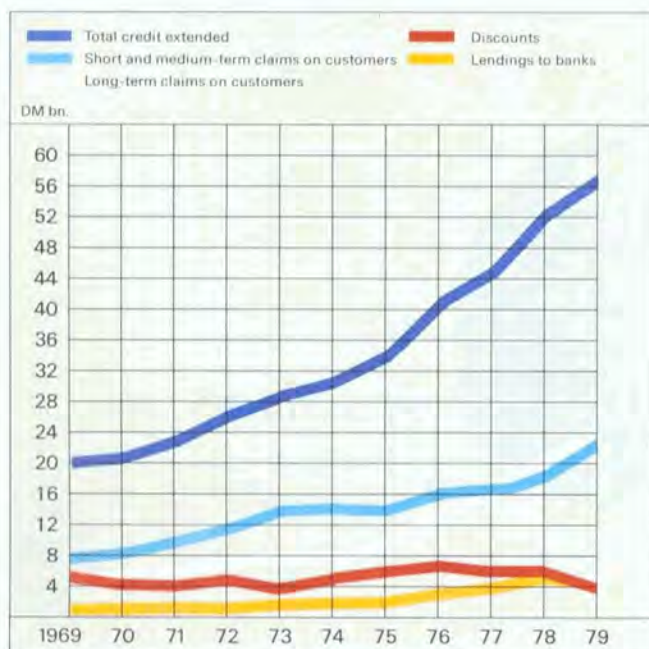
48.9% of long-term claims on customers and 63.1% of long-term claims on banks matured in less than four years or were resold to third parties on a forward basis.

Funds from public lending programmes for specific purposes amounting to DM 1.9 bn. (DM 1.4 bn. last year) and placed at our disposal mainly by Kreditanstalt für Wiederaufbau have been transmitted to the borrowers on the terms fixed by the lenders.

At DM 16.3 bn., rights of recourse from *guarantees and letters of credit*, which we do not include in Total credit extended, declined slightly (−1.2%) owing to an easing in guarantee credits granted to domestic customers and banks.

The breakdown of our lendings to customers by size and the breakdown by sector opposite, based on the categories used in the borrowers' statistics of the Deutsche Bundesbank, reflect the wide diversification of our lending business – both with regard to amounts and business sectors. The limits for large credits established in Section 13 Banking Act were observed.

Total credit extended 1969 – 1979



Number of credits to customers

End of 1979

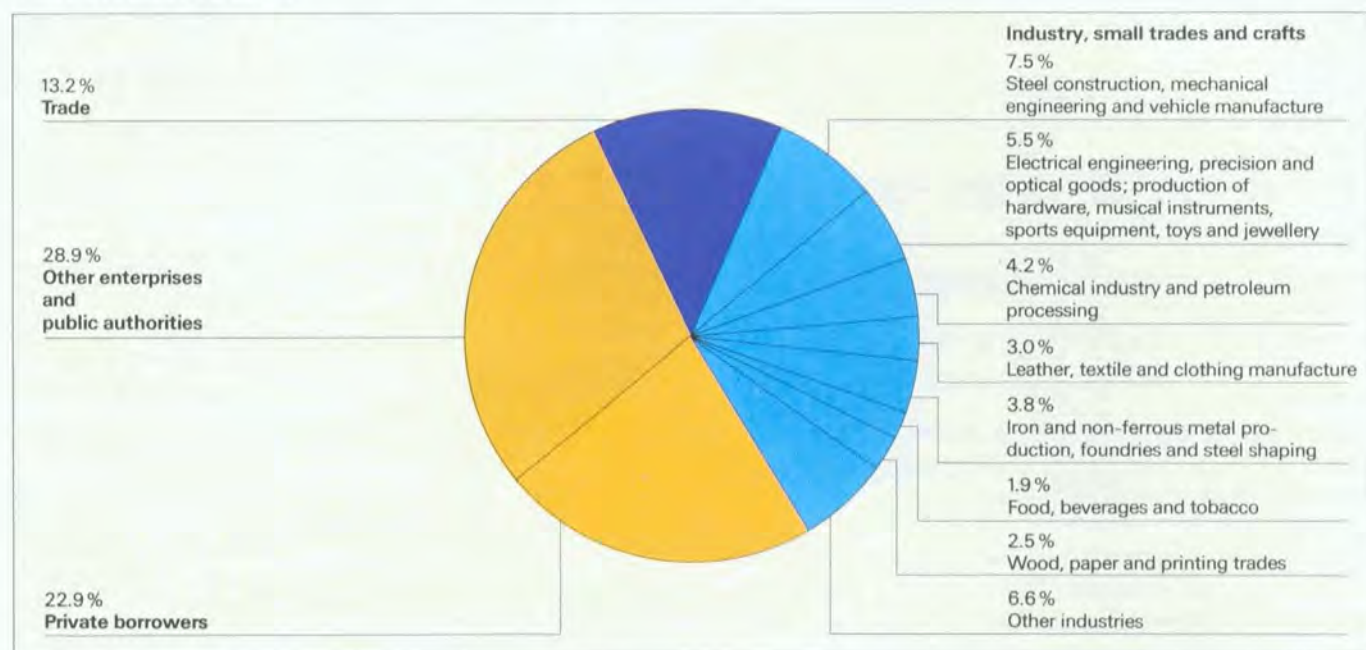
up to DM 10,000	1,040,034	= 71.6%
more than DM 10,000 up to DM 100,000	344,359	= 23.7%
more than DM 100,000 up to DM 1,000,000	63,252	= 4.3%
more than DM 1,000,000	5,378	= 0.4%
	1,453,023	= 100.0%

Sufficient provision has been made for discernible risks, taking into account the financial standing of individual borrowers and with special assessment of country risks, through 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 holdings in associated banks with a range of services similar to or materially supplementing those of our bank are again shown, as

Breakdown of lendings to customers (claims and discounts) by sector as at December 31, 1979



well as holdings in administrative companies, which, as independent auxiliary operations, relieve the bank of administrative work not of a typically 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 thus not intended as business participations, in particular the blocks of shares listed on p. 52, are shown in the balance sheet under Securities or – if they are not documented in security form – under Other assets.

A complete register of subsidiaries, associated companies and trade investments showing our respective capital shares is to be found on pp. 111 to 113 of the report. The business development and situation of companies included in the consolidated statement of ac-

counts is dealt with in the Report of the Group, which also gives information on the bank's relations with related companies. Developments in other important subsidiaries, associated companies and trade investments are reported on pp. 38 ff.

The balance sheet value of *Subsidiaries, associated companies and trade investments* stood at DM 1,554.2 m. at the end of 1979; of this figure, DM 1,318.7 m. related to banks and DM 185.2 m. to banks' holding companies.

The change against the previous year derives from additions of DM 114.6 m., transfers of other assets of DM 4.4 m. to subsidiaries, associated companies and trade investments account, disposals of DM 10.7 m. as well as write-downs amounting to DM 16.7 m. which became necessary mainly on foreign holdings.

The additions refer to the participation in capital increases and capital payments as well as purchases supplementing interests already held; in this connection we should like to mention the following noteworthy transactions:

Capital increases

Al-Bank Al-Saudi Al-Alami Ltd., London
 Deutsche Bank Compagnie Financière Luxembourg,
 Luxembourg
 European Asian Bank AG, Hamburg
 Gefa Gesellschaft für Absatzfinanzierung mbH,
 Wuppertal
 Rhein-Neckar-Bankbeteiligung GmbH, Stuttgart

Capital payments

Deutsche Wagnisfinanzierungsgesellschaft mbH,
 Frankfurt am Main
 German American Capital Corporation, Baltimore, U.S.A.

Purchases

Deutsche Centralbodenkredit-AG, Berlin – Cologne
 Frankfurter Hypothekenbank, Frankfurt am Main
 Handelsbank in Lübeck AG, Lübeck

After further partners left the company, we transferred the shares in Essener Grundstücksverwertung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen, to Subsidiaries, associated companies and trade investments in accordance with the principles of the bank. The company's real estate is used largely by Deutsche Bank.

The Iranian banks Foreign Trade Bank of Iran, Tehran, Iran, and Industrial Mining Development Bank of Iran, Tehran, Iran, which appeared as holdings last year, have been nationalized by the Iranian authorities. Our compensation claims are now shown under claims.

The shareholding in EHC Penta Hotels N.V., Amsterdam, was sold last year.

Fixed assets

Land and buildings were down to DM 759.4 m. Additions amounted to DM 61.8 m. Of this, DM 14.4 m. relate to real estate purchases, for the most part in foreign countries. For new buildings, extensions and modernization measures a total of DM 47.4 m. was capitalized. Construction work begun in Bremen, Duisburg, Hanover and Offenbach in past years was completed. New projects were started in Bensheim, Düsseldorf and Offenburg.

Total disposals of DM 23.3 m. consist almost solely of transferred partial construction costs for new buildings

completed by leasing companies and to be leased to the bank. In the year under review the bank had to pay DM 4.5 m. in rental costs under leasing contracts.

Total depreciation including special depreciation in accordance with Section 6 b Income Tax Act amounted to DM 43.8 m.

On the basis of a long-term building lease, Deutsche Grundbesitz Beteiligungs-Gesellschaft Dr. Fischer-Dieskau & Co. – Anlagefonds 1 – KG, Frankfurt am Main, is erecting a bank office building on a construction site purchased by Deutsche Grundbesitz-Anlagegesellschaft mbH & Co., Loewenstein Palais, Frankfurt am Main. Construction work on the new building, which will be let to Deutsche Bank, is progressing as planned.

Office furniture and equipment appears at DM 269.3 m. There were additions of DM 77.2 m. as opposed to disposals of DM 1.5 m. and depreciation in the amount of DM 72.4 m. The additions figure includes minor items worth DM 10.7 m. which were written off immediately.

Other asset items

Recovery claims on Federal and Länder authorities under Currency Reform Acts are shown in the balance sheet at DM 305.9 m. after scheduled repayment of DM 14.1 m. and assumption of DM 4.3 m. by the Deutsche Bundesbank. Of the overall figure, DM 298.7 m. relate to equalization claims and DM 7.2 m. to covering claims in accordance with Section 252 Equalization of Burdens Act and Section 19 Old Savings Act.

Apart from precious metal holdings, coins, medallions and claims which arise outside the banking business, the balance sheet item *Other assets* consists primarily of share rights not documented by securities and which we do not regard as business participations. The book value of holdings of at least 25% in the capital of a company came to DM 462.2 m. The blocks of shares in the joint-stock companies listed opposite are held indirectly through holding companies. Only in one case does this indirect interest of the bank in the companies named work out at more than 25% of the company's share capital. For details on the development of these companies we refer you to their annual reports.

The shares in Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt am Main, and Stern Automobil Beteiligungsgesellschaft mbH, Frankfurt am Main, in-

Holding company	holds at least 25% of:
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich our share 33⅓% –	Metallgesellschaft AG, Frankfurt am Main
Deutsche Gesellschaft für Anlageverwaltung mbH, Frankfurt am 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 am Main our share 50% –	Leonische Drahtwerke AG, Nuremberg
Kistra Beteiligungsgesellschaft mbH, Frankfurt am Main – our share 75% –	Hutschenreuther AG, Selb (Bay.)
Rossmas Beteiligungsgesellschaft mbH, Frankfurt am Main – our share 60% –	Didier-Werke AG, Wiesbaden

cluded in last year's report were sold at the beginning of 1979, the latter to Komet Automobil-Beteiligungsgesellschaft mbH, Frankfurt am Main, in which we still have a 50% interest.

Own shares

At the end of the year we held 70,217 *Own shares* in the nominal amount of DM 50 (– 0.32% of our share capital) taken over at an average price of DM 248.62 so that they could be 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. We purchased 44,717 of these shares on 28. 11. 1979 on the basis of the assumed subscription rights and another 25,500 on 13. 12. 1979 through purchase by third parties.

The 52,203 Deutsche Bank shares with a nominal value of DM 50 each shown in the balance sheet as at the end of 1978 at an average purchase price of DM 297.89 as well as the 37,149 own shares in the same nominal amount purchased in addition in the course of the year under review at an average of DM 279.64 (together 0.43% of our share capital) were passed on by us or our dom-

estic subsidiaries in 1979 to our staff members and retired employees as staff shares at a preferential price of DM 140. The difference is contained in staff expenses. The sales proceeds remained in our working funds.

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 – spread over the entire business year – purchased 878,385 Deutsche Bank shares in the nominal amount of DM 50 each at current market prices, averaging DM 244.76 per share and sold them again at an average price of DM 245.40. Again, these sales proceeds stayed in our working funds. Thus own shares sold in this manner in the course of the year accounted for 3.94% of our share capital. The average daily holding of these shares amounted to 0.01% of our share capital.

The highest daily holding of own shares to result from the above-mentioned purchase and sale transactions in the year under review was 95,226 shares = 0.46% of our share capital.

117,038 Deutsche Bank shares with a DM 50 par value each (= 0.53% of our share capital) had been pledged to the bank and its related companies as credit security at 31. 12. 1979.

Funds from outside sources

	End of 1979		End of 1978		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	6,316.9	7.0	5,886.7	6.9	+ 430.2 =	7.3
time deposits	26,185.3	28.9	23,863.0	28.0	+ 2,322.3 =	9.7
customers' drawings on other banks	206.3	0.2	495.2	0.6	- 288.9 =	58.3
	32,708.5	36.1	30,244.9	35.5	+ 2,463.6 =	8.1
Liabilities to customers						
payable on demand	13,940.7	15.4	13,950.7	16.4	- 10.0 =	0.1
time deposits	20,411.4	22.5	17,209.6	20.2	+ 3,201.8 =	18.6
savings deposits	18,911.8	20.8	19,055.0	22.4	- 143.2 =	0.8
	53,263.9	58.7	50,215.3	59.0	+ 3,048.6 =	6.1
Bonds and notes	4,725.3	5.2	4,662.7	5.5	+ 62.6 =	1.3
Total funds from outside sources	90,697.7	100.0	85,122.9	100.0	+ 5,574.8 =	6.5

Liabilities**Funds from outside sources**

Funds from outside sources increased to DM 90.7 bn. last year; at DM 5.6 bn. = 6.5% this was the lowest growth rate in years. Here liabilities to foreign customers and banks continued to gain importance.

Liabilities to banks amounted to DM 32.7 bn. The rise by DM 2.5 bn. = 8.1% stemmed from the DM 3.0 bn. increase in long-term liabilities to banks which serve to refinance our long-term lending business. Short-term bank time deposits were reduced by DM 0.7 bn. = 10.5%. Liabilities to foreign banks account for DM 26.3 bn. or 80% of all bank deposits.

Liabilities to customers increased by DM 3.0 bn. = 6.1% to DM 53.3 bn.

The increase of customers' deposits is due solely to the inflow of DM 3.2 bn. in time deposits; demand deposits remained unchanged at DM 13.9 bn. *Savings deposits* declined. Savings deposits subject to agreed periods of notice eased by 2.5% to DM 10.2 bn. while other savings deposits expanded by a further DM 122 m. to DM 8.7 bn. (+1.4%).

Of decisive importance for the poor account saving result was the unusually high volume of securities sav-

Customers' deposits 1969 – 1979

ing. Including securities purchases (less sales) via savings accounts and the increment in savings certificates in circulation, *Total saving* amounted to DM 3.1 bn. (–3.6%). The diagram below on total saving in the last 10 years illustrates the growing importance of securities saving in overall saving.

The liabilities to customers payable on demand also include gold and silver certificates in circulation worth DM 279 m.; they are covered by corresponding asset items.

For the first time, liabilities to customers and banks include Certificates of Deposit issued by our foreign branches in the amount of DM 504 m. These are for the most part bearer notes, which, contrary to other bonds and notes, appear as liabilities as per instructions of the Federal Supervisory Authority.

The chart on the left shows how customers' deposits developed in the last decade. At the end of 1979, demand deposits exceeded savings deposits – as in 1973. The share of customers' demand deposits continued to decline last year.

Own *Bonds and notes* for DM 4.7 bn. were in circulation at the end of 1979. Compared with the preceding years, growth (+1.3%) has levelled off considerably owing to repayments.

The item Bonds and notes includes for the first time bearer savings certificates with increasing interest rates issued last year.

Own acceptances and promissory notes in circulation at the end of the year amounted to DM 585 m.; this item relates mainly to promissory notes issued by our Tokyo Branch to refinance claims on customers in accordance with Japanese money market practice.

Provisions

Provisions are shown at DM 1,958.7 m.

On the basis of actuarial opinion, *provisions for pensions* had to be increased by DM 76.2 m. to DM 1,037.6 m.

Other provisions in the amount of DM 921.1 m. cover provisions for taxes, the general provision concerning rights of recourse from endorsement liabilities which cannot be deducted from assets, guarantees and letters of credit as well as provisions for risks in lending business and contingent liabilities.

Other liability items

Other liabilities of DM 34.9 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 of DM 173,000 to Franz Urbig- und Oskar Schlitter-Stiftung GmbH, Düsseldorf, and to Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Frankfurt am Main. Endowment assets of both institutions amounted to DM 2.409 m. on 31. 12. 1979, of which DM 2.236 m. was invested in securities.

Special items with partial reserve character amounted to DM 20.7 m. The reserve as specified in the *Tax Act regarding Developing Countries* is shown at DM 14.9 m. after additions of DM 7.2 m. and the writing-back of DM 15.2 m., of which DM 14.0 m. had to be prematurely written back owing to part value depreciation.

The reserve in accordance with *Section 6b Income Tax Act* of DM 10.8 m. registered at the end of 1978 was

Total annual savings



used for special depreciation of land and buildings. Of the book profits that arose in the reporting year DM 5.1 m. were transferred to the reserve in accordance with Section 6b Income Tax Act.

Furthermore a *replacements reserve* in accordance with Paragraph 35 Income Tax Directive was formed in the amount of DM 0.7 m.

Deferred items on the liabilities side amounting to DM 770 m. relate to 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 came to DM 2.2 bn. at the end of 1979. In addition, bills in the amount of DM 194 m. were in the process of collection.

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

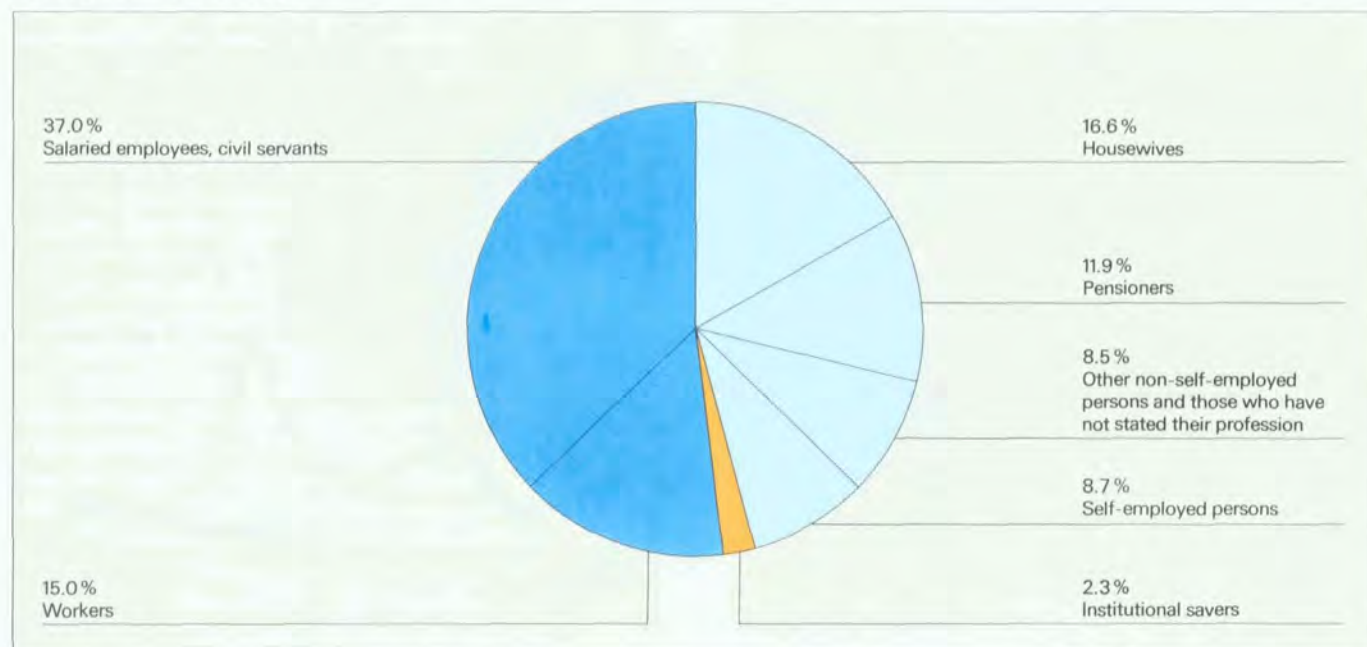
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements dropped by DM 0.2 bn. to DM 16.3 bn. owing to the lower number of guarantees assumed in foreign business.

At the end of the year, commitments from the *sale of assets subject to repurchase agreements* stood at DM 787 m.

Other liabilities

Liabilities for possible calls on shares not fully paid up in private and public limited companies were recorded at DM 46.5 m. at the end of 1979; beyond this, our share of liability for third-party obligations in accordance with Section 24 "GmbH" Act amounted to DM 11.0 m.

Breakdown of savings deposits by groups of savers as at December 31, 1979



With regard to our interest in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there is an obligation to pay further capital of up to DM 46.0 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 Depository Insurance Fund, we have undertaken to indemnify the Bundesverband deutscher Banken e. V., Cologne, for any losses that might be incurred through measures in favour of banks in which we have a majority holding.

Profit and Loss Account

Earnings on the volume of business

Owing to the reduction of money transactions with other banks, growth in the average volume of business decelerated noticeably in the year under review. The growth rate was 11.2% after 20.7% in 1978. Since it was possible to improve the interest margin slightly through earnings-oriented shifts in assets business, the interest surplus at 13.7% increased more strongly than in the preceding year (+ 7.4%).

The expansion in the average volume of business resulted for the most part from the strong rise in domestic claims on customers last year. Refinancing was effected in part through additional shorter-term customers' time deposits.

The considerable increase in interest income from credit and money market transactions by DM 1,447.1 m. = 32.8% and in interest expenses by DM 1,198.2 m. = 42.0% reflects the rise in the interest rate level stemming from the restrictive policy of the Deutsche Bundesbank. This policy led to an increase in the discount rate in three stages from 3% to 6%.

Higher bond holdings on average for the year caused current income from fixed-interest securities and Government-inscribed debt to rise by DM 10.3 m. Earnings from other securities and subsidiaries, associated companies and trade investments in the amount of DM 308.1 m. relate primarily to dividend earnings from shareholdings of 25% or more. The DM 27.3 m. increment is chiefly attributable to higher payments stemming from capital and dividend increases including the connected tax credits.

The interest surplus of DM 2,373.6 m. achieved in the past business year exceeds the comparable 1978 figure by DM 286.5 m. It covers staff and other operating expenses which expanded to DM 2,290.4 m.; in this connection, mention should be made – in a comparison with the statements of accounts prior to 1978 – of the increase in interest surplus stemming from tax credits, which replaced the earnings tax privileges relating to holdings of 25% or more.

Earnings on the volume of business developed as follows:

	1979 DM m.	1978 DM m.	Change
Interest and similar income from lending and money market transactions	5,857.8	4,410.7	+ 32.8%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments	564.6	527.0	+ 7.2%
Total interest and similar income	6,422.4	4,937.7	+ 30.1%
Interest and similar expenses	4,048.8	2,850.6	+ 42.0%
Earnings on the volume of business (Interest surplus)	2,373.6	2,087.1	+ 13.7%

Earnings on services

The DM 45.1 m. rise in *Commissions and other service charges received* stemmed mainly from international business. In this sector commissions received for the settlement of foreign payments business and earnings from precious metal dealings with customers, in so far as it falls into this category, increased. In securities business commission income eased slightly as a result of reduced turnover in share trading.

After deduction of *commissions paid*, the commission surplus deriving from service transactions improved by DM 43.3 m. to DM 697.9 m. This earnings increment covered only 24% of the rise in total staff and other operating expenses of DM 183.2 m., after 34% in the previous year.

Other income

The ordinary and extraordinary income falling under this item amounted to DM 313.2 m. The increase of DM 49.8 m. is based above all on the gratifying rise in profits from precious metals business. Own business in foreign exchange stayed at about the same level as last year.

Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses are recorded at DM 181.1 m. in accordance with the possibil-

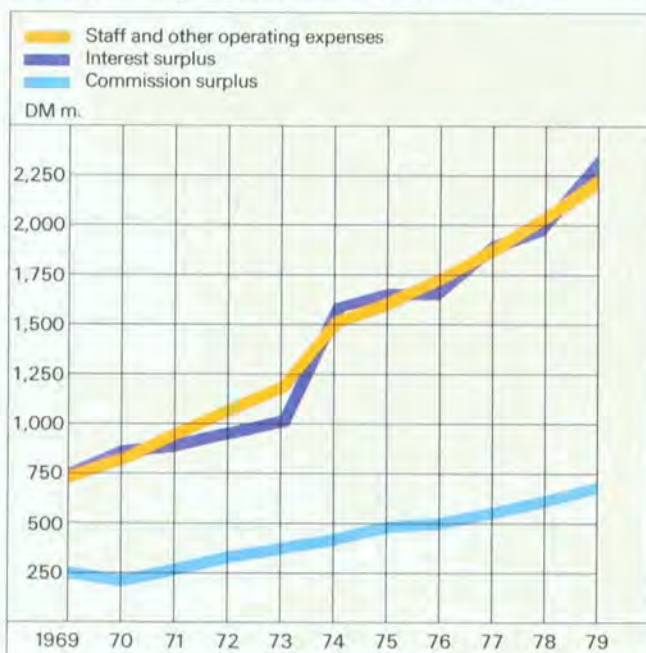
ity for offsetting profits and earnings pursuant to Section 4 of the Order concerning Banks' Statements of Accounts. This item had to be shown primarily because, on the one hand, profits from the sale of securities that can be offset against expenditure declined and, on the other, write-downs on securities holdings were much higher than the comparable 1978 figure owing to falling stock market prices.

Staff and other operating expenses

Staff and other operating expenses continued to expand. Although the growth rate levelled off against the previous year from 9.7% to 8.7%, in terms of absolute figures the rise of DM 183.2 m. was only slightly lower than in 1978.

Staff expenses (Salaries and wages, Compulsory social security contributions, Expenses for pensions and other employee benefits) rose by DM 122.5 m. = 7.5% to DM 1,755.5 m. The increase in Salaries and wages by

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



DM 104.7 m. and in Compulsory social security contributions by DM 15.4 m. stemmed chiefly from the rise of 4.5% flat in agreed-scale salaries effective from March 1, 1979 and the corresponding adjustment to salaries in the non-agreed-scale sector. Additional expenses were incurred as a result of the staff increase averaging 3.4%.

Expenses for pensions and other employee benefits exceeded the previous year's figure by DM 2.4 m.

At DM 534.9 m. *Other operating expenses* passed the DM 0.5 bn. mark. They have risen by DM 250.8 m. since 1974, i.e. within the last 5 years, with DM 118.1 m. recorded in the last two years only. The DM 60.7 m. increment in 1979 resulted mainly from the increase in rents for data processing equipment and office space (including leased property used by the bank), the rise in postal charges and the increase in costs dependent on the oil price.

Depreciation

Depreciation (including special depreciation pursuant to Section 6 b Income Tax Act) on *land and buildings and office furniture and equipment* came to DM 116.2 m. Depreciation of DM 16.7 m. was necessary for *Subsidiaries, associated companies and trade investments*, largely those in foreign countries.

Remaining expenses

Other expenses were shown at DM 109.0 m. As in past years, this item includes our contribution to the Deposit Insurance Fund of the Bundesverband deutscher Banken e. V., Cologne, (DM 16 m.) and the provision for 1979 annual vacation not yet taken. Beyond this, the item also contains depreciation on share rights included in Other assets.

Total emoluments of the Board of Managing Directors amounted to DM 9,328,282.63. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received a total of DM 3,116,303.45. A fixed payment of DM 280,620 went to the Supervisory Board. The dividend-related emoluments of the Supervisory Board amounted to DM 775,282.09. Members of the Advisory Board received DM 433,920 and members of the Regional Advisory Councils DM 3,122,271.59.

Operating result

The *operating result*, i.e. the surplus on current business (including own-account trading), received support in the year under review from the successful results achieved in precious metals business. This, together with the earnings increment in interest and services business, made it possible to offset the fall in profits in securities business and the rise in staff and other operating expenses and to improve the operating result by 8.9%.

Taxes

Taxes on income and assets increased by DM 22.3 m. to DM 424.1 m. The additional expenditure was the result both of the higher taxable profits and the rise in property tax with no effect on earnings.

Included in *Other taxes* (DM 23.6 m.) is DM 3.0 m. company tax arising from the capital increase in 1979.

Proposed appropriation of profits

The Profit and Loss Account closes as follows:

<i>Income</i>	DM	7,529,219,677
<i>Expenses</i>	DM	7,245,335,755
<i>Net income for the year</i>	DM	283,883,922
<i>Allocation to Disclosed reserves</i>	DM	90,000,000
<i>Distributable profit</i>	DM	193,883,922

It will be proposed to the shareholders that a dividend of DM 9 per share of DM 50 par value, i.e. DM 193,883,922 be paid on the share capital of DM 1,114,132,900, of which DM 74,000,000 from the capital increase in October 1979 is entitled to one half of the dividend for the 1979 financial year.

Capital and reserves

On May 16, 1979 the Ordinary General Meeting 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, 1984. On September 21, 1979 the Board of Managing Directors decided to make partial use of this authorization and increase the share capital by DM 74 m. The Supervisory Board gave its consent to this resolution on September 24, 1979. The new shares were offered to shareholders and holders of warrants from the 1977/1987 4½% US-Dollar bond issue with subscription rights issued by Deutsche Bank Compagnie Financière Luxembourg in the ratio of 1 for 15 at a price of DM 200 per DM 50 share. With that, the share capital of the bank totals DM 1,114,132,900. The premium of DM 222 m. as well as additional proceeds from the sale of the residual amount and new shares not taken up of DM 1,249,108 were transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act. With the capital increase, the bank has continued its policy of adapting capital in small steps to the business situation. New own funds had to be allocated to uphold market opportunities and guarantee a smooth development of business.

The conditional capital of DM 56,117,100 which was unchanged at December 31, 1979 serves as security for the indefeasible subscription rights granted to holders of warrants from the 1977/1987 4½% US-Dollar bond issue with subscription rights issued by Deutsche Bank Compagnie Financière Luxembourg, Luxembourg.

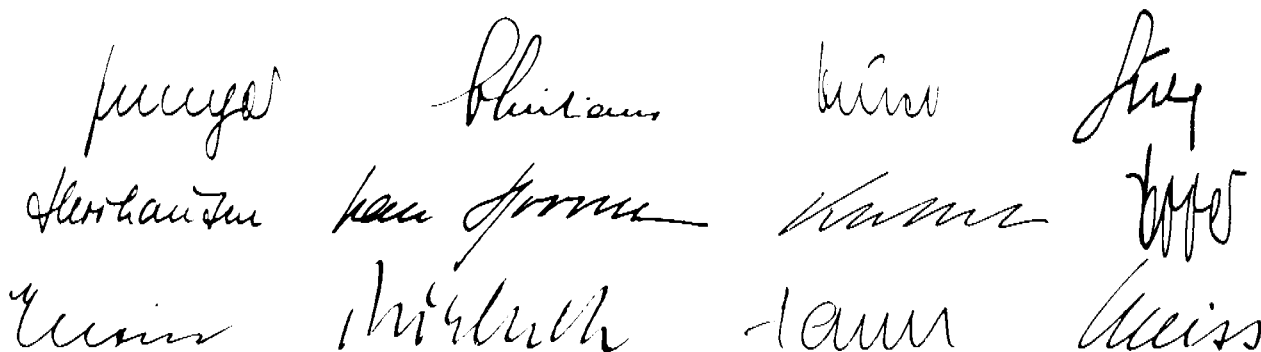
From the *Net income for the year 1979* we have transferred DM 90 m. to Disclosed reserves. As compared with December 31, 1978, the bank's *own funds* were increased overall by DM 387,249,108. They now total DM 4,277.8 m. and are made up as follows:

<i>Capital</i>	DM	1,114,132,900
<i>Disclosed reserves</i>		
a) <i>legal reserve</i>	DM	1,728,676,467
b) <i>other reserves</i>	DM	1,435,000,000
	DM	<u>4,277,809,367</u>

Beyond this, there is authorized capital in the amount of DM 126 m.

Frankfurt am Main, March 1980

The Board of Managing Directors



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 international lending business, the development of the capital markets, the monetary and currency situation, the bank's larger building projects and concentrated use of electronic data processing. The state of business activity was 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 also 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 am Main, who were elected auditors of the annual accounts by the Or-

inary 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, 1979, the proposed appropriation of the profits and the Report of the Board of Managing Directors. We do not raise any objections.

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

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

At the Supervisory Board meeting on April 3, 1979 we appointed Dr. Ulrich Weiss, previously Manager of the bank, Deputy Member of the Board of Managing Directors. At the meeting on January 29, 1980 Mr. Hilmar Kopper and Dr. Herbert Zapp, until then Deputy Members, were called as full Members of the Board of Managing Directors.

Frankfurt am Main, April 1, 1980

The Supervisory Board



Chairman



Deutsche Bank
Aktiengesellschaft

Annual Balance Sheet

as of December 31, 1979

Profit and Loss Account

for the period from
January 1 to December 31, 1979

Development of the Balance Sheet

from January 1, 1952
to December 31, 1979

Assets

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1978 in DM 1,000
Cash on hand		396,020,986	315,527
Balance with Deutsche Bundesbank		9,288,571,317	6,385,708
Balances on postal cheque accounts		36,997,183	22,381
Cheques, matured bonds, interest and dividend coupons, items received for collection		738,271,451	583,608
Bills of exchange		2,359,235,696	6,311,559
including:			
a) rediscountable at Deutsche Bundesbank	DM 1,395,303,507		
b) own drawings	DM 288,488,474		
Claims on banks			
a) payable on demand	5,313,591,800		4,119,203
b) with original periods or periods of notice of			
ba) less than three months	3,698,661,108		5,236,097
bb) at least three months, but less than four years	14,416,595,965		13,448,127
bc) four years or more	<u>2,832,307,111</u>		<u>3,629,510</u>
		26,261,155,984	26,432,937
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	368,183,333		382,327
b) of other issuers	<u>155,240,823</u>		<u>4,622</u>
		523,424,156	386,949
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 1,198,911,565		
ab) of banks	DM 694,208,216		
ac) of other issuers	<u>DM 222,691,351</u>	2,115,811,132	2,229,291
including:			
eligible as collateral for			
Deutsche Bundesbank advances	DM 2,086,135,779		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 278,249,990		
bb) of banks	DM 1,815,768,713		
bc) of other issuers	<u>DM 738,981,663</u>	<u>2,833,000,366</u>	<u>3,014,054</u>
including:			
eligible as collateral for			
Deutsche Bundesbank advances	DM 1,749,445,513	4,948,811,498	5,243,345
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,722,117,034		1,706,387
b) other	<u>283,022,787</u>		<u>67,456</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 1,171,524,043	2,005,139,821	1,773,843
Claims on customers with original periods or periods of notice of			
a) less than four years	23,325,610,725		19,280,508
b) four years or more	<u>24,384,537,947</u>		<u>21,125,232</u>
including:			
ba) secured by mortgages on real estate	DM 5,222,498,181	47,710,148,672	40,405,740
bb) communal loans	DM 1,403,112,885		
due in less than four years	DM 11,931,463,000		
Recovery claims on Federal and Länder authorities under Currency Reform Acts		305,872,480	324,283
Loans on a trust basis at third party risk		237,423,456	271,598
Subsidiaries, associated companies and trade investments		1,554,209,600	1,462,652
including: investments in banks	DM 1,318,735,400		
Land and buildings		759,438,600	764,727
Office furniture and equipment		269,262,700	266,032
Own shares		17,457,298	15,551
nominal amount	DM 3,510,850		
Own bonds		11,891,434	8,054
nominal amount	DM 11,761,100		
Other assets		1,348,287,021	1,151,720
Deferred items		5,271,149	3,526
Total Assets		98,776,890,502	92,129,740
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		3,845,099,954	2,638,093
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a)		830,491,323	655,271

Balance Sheet as of December 31, 1979

Liabilities

	DM	DM	DM	31. 12. 1978 in DM 1,000
Liabilities to banks				
a) payable on demand		6,316,882,968		5,886,699
b) with original periods or periods of notice of				
ba) less than three months	6,054,214,093			
bb) at least three months, but less than four years	14,013,613,688			
bc) four years or more	6,117,483,029	26,185,310,810		23,863,033
including: due in less than four years	DM 4,568,411,213			
c) customers' drawings on other banks		206,273,103		495,171
			32,708,466,881	30,244,903
Liabilities to customers				
a) payable on demand		13,940,661,916		13,950,735
b) with original periods or periods of notice of				
ba) less than three months	12,734,604,530			
bb) at least three months, but less than four years	4,470,782,253			
bc) four years or more	3,206,031,327	20,411,418,110		17,209,580
including: due in less than four years	DM 2,889,488,390			
c) savings deposits				
ca) subject to legal period of notice	10,188,097,319			
cb) other	8,723,748,171	18,911,845,490		19,055,007
			53,263,925,516	50,215,322
Bonds and notes with a life of				
a) up to four years		1,006,397,500		1,186,133
b) more than four years		3,718,947,700		3,476,547
including: maturing in less than four years	DM 3,466,796,200		4,725,345,200	4,662,680
Own acceptances and promissory notes outstanding			585,274,635	335,808
Loans on a trust basis at third party risk			237,423,456	271,598
Provisions				
a) for pensions		1,037,578,400		961,459
b) other		921,067,007		711,760
			1,958,645,407	1,673,219
Other liabilities			34,855,046	34,224
Endowments and benevolent funds				
Endowment assets		2,409,017		2,300
less investments in securities		2,236,480		2,119
			172,537	181
Deferred items			770,371,790	580,270
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		14,945,324		22,932
b) in accordance with Section 6b of the Income Tax Act		5,102,621		10,819
c) replacements reserve		668,800		-
			20,716,745	33,751
Share capital			1,114,132,900	1,040,133
Conditional capital DM 56,117,100				
Disclosed reserves				
a) legal reserve	1,505,427,359			
Allocation from capital increase	223,249,108	1,728,676,467		1,505,427
b) other reserves (voluntary)	1,345,000,000			
Allocation from Net income for the year	90,000,000	1,435,000,000		1,345,000
			3,163,676,467	2,850,427
Distributable profit			193,883,922	187,224
Total Liabilities			98,776,890,502	92,129,740
Own drawings in circulation			6,788,250	6,766
including: those discounted for borrowers' account	DM 6,788,250			
Endorsement liabilities on rediscounted bills of exchange			2,231,023,880	157,588
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also p. 54 of the Annual Report)			16,306,995,056	16,502,983
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			786,840,754	933,268
Savings premiums under the Savings Premium Act			288,298,042	281,502
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			4,527,388,637	1,960,230

Expenses

Profit and Loss Account

	DM	DM	1978 in DM 1,000
Interest and similar expenses		4,048,801,501	2,850,575
Commissions and similar service charges paid		22,391,172	20,803
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		181,144,308	—
Salaries and wages		1,348,604,343	1,243,907
Compulsory social security contributions		186,084,120	170,722
Expenses for pensions and other employee benefits		220,849,781	218,350
Other operating expenses		534,914,490	474,190
Depreciation of and adjustments to land and buildings and office furniture and equipment		116,175,223	95,798
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		16,728,768	12,867
Taxes			
a) on income and assets	424,157,663		401,821
b) other	<u>23,567,570</u>		<u>20,886</u>
		447,725,233	422,707
Allocations to Special items with partial reserve character		12,960,031	15,440
Other expenses		108,956,785	85,999
Net income for the year		283,883,922	307,224
Total Expenses		7,529,219,677	5,918,382

Net income for the year

Allocations to Disclosed reserves from Net income for the year

 a) legal reserve

 b) other reserves (voluntary)

Distributable profit

In the year under review the Bank effected payment of DM 106,890,158 representing pensions and contributions to the Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a. G.), Berlin. The payments to be effected in the next five years will probably reach 110%, 122%, 134%, 147% and 161% of the above amount.

Frankfurt am Main, March 4, 1980

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Burgard Christians Ehret Guth

Herrhausen van Hooven Kleffel Kopper

Mertin Thierbach Zapp Weiss

for the period from January 1 to December 31, 1979

Income

	DM	DM	1978 in DM 1,000
Interest and similar income from lending and money market transactions		5,857,800,408	4,410,703
Current income from			
a) fixed interest securities and Government inscribed debt	256,511,383		246,191
b) other securities	216,787,530		199,008
c) subsidiaries, associated companies and trade investments	<u>91,343,703</u>		<u>81,747</u>
		564,642,616	526,946
Commissions and other service charges received		720,309,392	675,261
Other income, including income from the writing back of provisions for possible loan losses		313,224,095	263,384
Income from profit pooling, profit-transfer and partial profit transfer agreements		11,062,575	12,177
Income from the writing back of provisions, unless it has to be shown under "Other income"		36,185,991	20,695
Income from the writing back of special items with partial reserve character		25,994,600	9,216
Total Income		7,529,219,677	5,918,382

DM	DM	1978 DM
	283,883,922	307,223,922
<u>90,000,000</u>	<u>90,000,000</u>	<u>120,000,000</u>
	<u>193,883,922</u>	<u>187,223,922</u>

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 am Main, March 24, 1980

Treuverkehr AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf

Wirtschaftsprüfer

Fandré

Wirtschaftsprüfer

Development of the Balance Sheet of Deutsche Bank AG

– Amounts in DM millions –

Balance Sheet	End of	1979	1978	1977	1976	1975
Assets						
Cash reserve		9,722	6,723	5,401	4,522	4,735
Bills of exchange		2,359	6,311	6,219	6,626	6,279
Claims on banks		26,261	26,433	21,988	15,973	13,274
Treasury bills and discountable Treasury notes		524	387	96	248	147
Bonds and notes		4,949	5,243	3,940	3,098	2,027
Securities not to be shown elsewhere		2,005	1,774	1,846	1,875	1,530
Claims on customers		47,710	40,406	34,301	30,767	25,002
short and medium-term		23,326	19,281	17,120	16,903	14,859
long-term (four years or more)		24,384	21,125	17,181	13,864	10,143
Recovery claims on Federal and Länder authorities under Currency Reform Acts		306	324	343	363	388
Loans on a trust basis at third party risk		238	272	281	199	72
Subsidiaries, associated companies and trade investments		1,554	1,463	1,396	1,250	1,173
Land and buildings		759	765	742	681	643
Office furniture and equipment		269	266	240	225	191
Other assets		1,348	1,152	1,261	1,118	891
Remaining assets		773	611	554	416	487
Balance Sheet Total		98,777	92,130	78,608	67,361	56,839
Liabilities						
Liabilities to banks		32,708	30,245	23,419	19,285	13,401
including: time deposits		26,392	24,358	17,422	13,420	8,324
Liabilities to customers		53,264	50,215	44,950	39,828	37,395
including: time deposits		20,411	17,210	14,282	10,549	9,123
savings deposits		18,912	19,055	18,123	17,654	16,613
Bonds and notes		4,725	4,663	3,982	2,844	1,220
Provisions		1,959	1,673	1,453	1,298	1,131
for pensions		1,038	961	877	805	742
other		921	712	576	493	389
Share capital		1,114	1,040	960	900	900
Disclosed reserves		3,164	2,850	2,490	2,200	2,100
legal reserve		1,729	1,505	1,265	1,085	1,085
other reserves (voluntary)		1,435	1,345	1,225	1,115	1,015
Remaining liabilities		1,649	1,257	1,181	826	512
Distributable profit		194	187	173	180	180
Balance Sheet Total		98,777	92,130	78,608	67,361	56,839
Own drawings in circulation (discounted)		7	7	–	–	–
Endorsement liabilities		2,231	158	127	437	125
Business Volume		101,015	92,295	78,735	67,798	56,964

Contingent liabilities from guarantees, etc.	16,307	16,503	15,515	16,445	11,927
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Figures from the Profit and Loss Account

	For the year	1979	1978	1977	1976	1975
Earnings on business volume (Interest surplus)		2,374	2,087	1,944	1,696	1,697
Earnings on services (Commission surplus)		698	655	591	535	515
Staff and other operating expenses		2,291	2,107	1,921	1,776	1,647
Taxes		448	423	333	293	279
Net income for the year		284	307	283	280	281
Allocations to Disclosed reserves		90	120	110	100	101
Distributable profit		194	187	173	180	180
Dividend in DM per share or in %		9.—*	9.—*	9.—*	10.—	10.
Number of staff at year's end		39,081	37,729	36,034	36,319	35,994

* 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

1974	1973	1972	1971	1970	1969	1965	1960	1956	1. 1. 1952
5,183	6,428	5,138	3,717	2,763	1,673	1,609	1,388	699	417
4,742	3,457	3,743	3,877	4,095	4,186	2,711	2,109	1,897	598
11,066	8,143	5,911	5,450	4,303	3,462	1,285	983	686	347
—	—	249	725	408	—	203	482	54	64
1,466	1,258	1,272	1,058	1,482	1,635	657	557	333	3
1,123	1,106	1,148	1,147	1,325	1,307	1,064	706	352	60
23,294	22,746	19,823	16,824	14,785	13,411	7,206	4,128	2,805	1,690
15,147	14,452	12,082	10,283	8,893	8,190	6,235	3,696	2,396	1,458
8,147	8,294	7,741	6,541	5,892	5,221	971	432	409	232
402	422	443	462	481	499	511	501	476	417
61	64	105	71	52	43	153	65	87	46
1,051	900	773	590	534	340	146	80	54	9
575	457	389	332	345	276	206	154	118	61
169	159	142	123	101	88	—	—	—	20
780	695	639	559	462	463	9	10	33	1
421	429	459	253	296	353	94	59	27	25
50,333	46,264	40,234	35,188	31,432	27,736	15,854	11,222	7,621	3,758
12,031	9,553	8,901	7,391	6,776	5,132	2,153	1,744	1,810	589
7,278	4,904	4,328	3,470	3,618	2,367	849	692	1,149	391
33,905	33,091	28,182	25,213	22,397	20,326	12,096	8,475	5,092	2,652
10,915	12,752	8,450	7,750	7,331	6,393	2,818	2,551	1,652	731
13,444	11,957	11,048	9,667	8,187	7,647	4,444	2,200	964	197
528	200	—	—	—	—	—	—	—	—
973	696	666	558	522	484	366	281	209	188
658	485	433	387	364	346	221	146	127	76
315	211	233	171	158	138	145	135	82	112
720	720	640	560	480	480	350	250	200	100
1,549	1,459	1,274	1,064	880	850	500	300	150	41
634	634	474	314	170	170	50	50	25	25
915	825	800	750	710	680	450	250	125	16
483	415	463	301	291	344	333	132	135	188
144	130	108	101	86	120	56	40	25	—
50,333	46,264	40,234	35,188	31,432	27,736	15,854	11,222	7,621	3,758
—	—	—	—	—	—	—	—	—	—
502	715	1,432	780	640	1,332	417	167	317	794
50,835	46,979	41,666	35,968	32,072	29,068	16,271	11,389	7,938	4,552
9,007	6,081	4,406	4,387	4,185	3,144	1,856	1,473	816	461
1,629	1,051	993	930	900	785	—	—	—	—
453	405	360	291	249	274	—	—	—	—
1,565	1,224	1,107	984	850	773	—	—	—	—
207	101	144	117	96	104	—	—	—	—
234	155	158	141	116	150	126**)	90	50	—
90	25	50	40	30	30	70	50	25	—
144	130	108	101	86	120	56	40	25	—
10.—	9.—	9	9.—	9.—	12 50	16%	16%	12%	—
35,820	35,287	34,914	34,801	33,070	30,422	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.

	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 1961–1965		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.—	120,000,000.—	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
Capital increase: 1979 (1 for 15 at 400)	74,000,000.—	223,249,108.—*)	297,249,108.—
Allocation from net income 1979		90,000,000.—	90,000,000.—
December 31, 1979	1,114,132,900.—	3,163,676,466.77	4,277,809,366.77

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**)	1,445,500,000.—
Premium from capital increases	1,677,676,466.77
Total disclosed reserves	3,163,676,466.77

*) Including sale of residual shares.

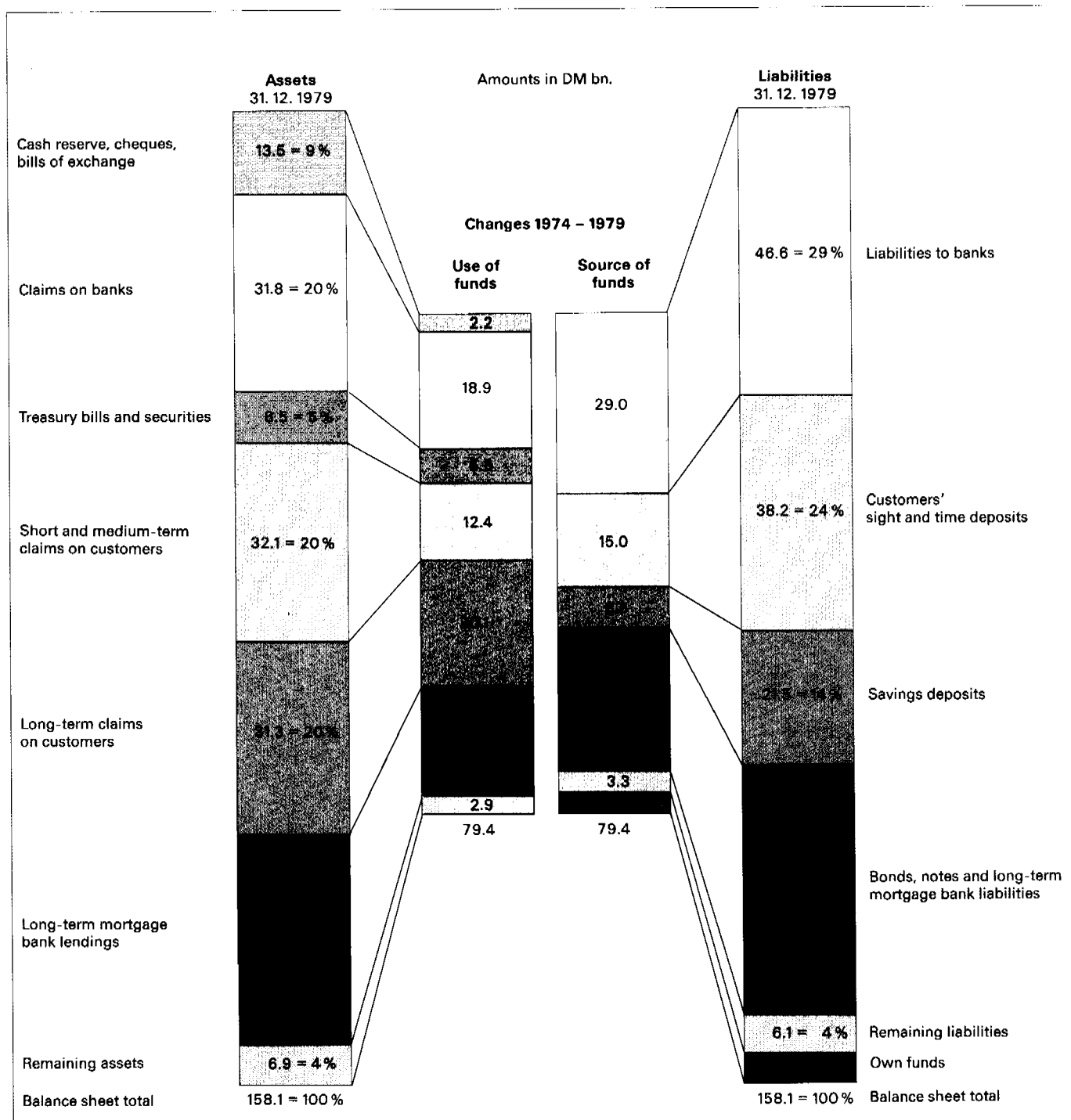
**) Allocations from the Conversion Account total DM 41,766,357.28.

Report of the Group for 1979



Deutsche Bank
Aktiengesellschaft

Deutsche Bank Group
Structure of the Consolidated Balance Sheet as of 31. 12. 1979
and Development of the Consolidated Balance Sheet 1974 - 1979



Survey

In the year under review, the Deutsche Bank Group's *business volume* rose by DM 14.2 bn. = 9.7% to DM 160.6 bn. The *balance sheet total* grew somewhat more slowly by DM 12.0 bn. = 8.2%, since vis-à-vis the previous year endorsement liabilities increased by DM 2.1 bn.

The growth of the Group in 1979 was smaller than in the previous years. For the period 1974–1979, which saw an unusually long phase of low interest rates and changing monetary policy situations, the balance sheet total doubled, as did funds from outside sources and total credit extended. This growth was accompanied by a structural shift in the consolidated balance sheet which derived essential impulses from the continued strength-

ening of the bank's foreign engagements via its subsidiaries and the setting up of foreign branches and which finds particular expression in the expansion in claims on and liabilities to banks. Noteworthy was the high demand for long-term loans which found its reflection in the greater circulation of mortgage bonds and bonds and notes and in the rise in long-term claims on customers.

The structural change in our customers' saving behaviour resulted in savings deposits playing a lesser role as a source of funds than in previous years.

At the end of the year, the consolidated Group companies employed 43,942 people in 1,355 offices, 26 of which are abroad; this was 3,364 or 8% more employees than only 5 years ago.

Consolidated companies

The consolidated annual statement of accounts as of December 31, 1979 comprises, as before, the results of Deutsche Bank AG and those of the following companies. As a result of additional purchases, the capital holdings which must be consolidated in Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne, Frankfurter Hypothekenbank, Frankfurt am Main, and Handelsbank in Lübeck Aktiengesellschaft, Lübeck, have risen slightly vis-à-vis the previous year:

	Proportion of capital held by Group pursuant to § 16 <u>Joint Stock Corp. Act</u>
<i>Banks</i>	
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	83 %
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	51 %
Deutsche Kreditbank für Baufinanzierung AG, Cologne	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Frankfurter Hypothekenbank, Frankfurt am Main	89.3%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Handelsbank in Lübeck Aktiengesellschaft, Lübeck	53.9%
Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	75 %
<i>Other companies</i>	
Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne	95 %
Elektro-Export-Gesellschaft mbH, Nuremberg	100 %
Gefa-Leasing GmbH, Wuppertal	100 %
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main	100 %
Matura Vermögensverwaltung mbH, Düsseldorf	100 %
Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt am Main	100 %

With regard to the companies included in the consolidated statements there is the following to report:

Commercial banks

In 1979, *Deutsche Bank Berlin AG, Berlin*, expanded its business volume by 5.9% to DM 5,971 m. In view of the unsatisfactory interest-rate situation, stronger expansion was not aimed for. Funds from outside sources rose by DM 258 m. to DM 5,323 m., two-thirds of this increase being attributable to customers' funds. Total credit extended grew by DM 55 m. to DM 3,477 m. The share of personal loans and building financing loans in claims on customers went up from 28.3% to 39.9%. DM 5.0 m. is to be transferred from Net income for the year 1979 to Disclosed reserves and an unchanged dividend of 17% is to be paid. Own funds will then amount to DM 275 m.

The bank, active in universal banking business, is represented in West Berlin by 71 sub-branches and paying

offices and administers some 750,000 accounts and safe-custody accounts. At the end of 1979, it employed 1,932 (+2.1%) members of staff. Its Central Office is situated at Otto-Suhr-Allee 6/16, Berlin 10, in premises rented from Trinitas Vermögensverwaltung GmbH.

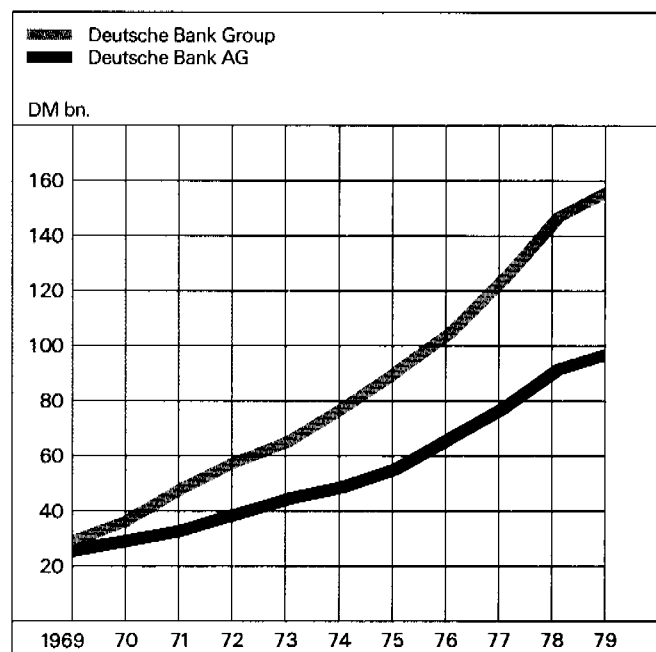
Deutsche Bank holds 68.9% of the share capital of DM 25 m. of *Deutsche Bank Saar AG, Saarbrücken*. The remaining shareholders include Crédit Industriel d'Alsace et de Lorraine, Strasbourg, with a share of 23.4%. The bank has 18 offices in the Saar. It engages in all the operations of a universal bank.

The balance sheet total rose by DM 152 m. (= 13.2%) to DM 1,299 m. Total credit extended reached DM 884 m. (+12.4%). Funds from outside sources increased by 13.7% to DM 1,190 m.

DM 1.0 m. is being transferred to Disclosed reserves from Net income for the year totalling DM 3.5 m. Own funds (Share capital and Disclosed reserves) then amount to DM 51 m. as of December 31, 1979. It is to be proposed to the General Meeting that a 10% dividend be distributed for the 1979 financial year.

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 for a long term by *Deutsche Bank AG*. 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.

Growth of the balance sheet total 1969 – 1979



Handelsbank in Lübeck Aktiengesellschaft, Lübeck, conducts all the business of a universal bank through its 54 sub-branches in Hansestadt Lübeck and the adjoining districts of Ostholstein, the Duchy of Lauenburg and Stormarn.

In the year under review, the balance sheet total rose by 11.6% to DM 1,570 m. Claims on customers were up by DM 178 m. (+22%) to DM 986 m., most of this being accounted for by the long-term sector, which expanded by 28.5% to DM 567 m. Funds from outside sources rose by DM 142 m. (+10.8%) to DM 1,455 m.

An unchanged dividend of DM 7.50 per share of DM 50 par value is planned for the 1979 business year. Own funds (Share capital and Disclosed reserves) totalled DM 56.8 m. as at December 31, 1979 after the allocation of DM 1.6 m. to Disclosed reserves.

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.

The substantially higher interest level as compared with 1978 and the competition presented by institutions not forced to have recourse to the expensive capital market for refinancing as well as the rapidly rising real estate and building prices resulted in a noticeable drop in mortgage business in 1979. Mortgage commitments, at DM 1,025 m. in 1979, only reached three-fifths of the comparable figure for the previous year. Commitments for communal loans, at DM 1,034 m., were only down 3.5% compared with the previous year. Loan commitments in 1979 totalled DM 2,059 m. (– 25.6%). The balance sheet total increased by DM 1,208 m. (= 8.5%) to DM 15,466 m. in the year under review.

Net income for the year of DM 43.2 m. allows transfer of DM 21.0 m. to Disclosed reserves. It is to be proposed to the General Meeting that a further DM 9.0 m. be allocated to the legal reserve. If this proposal is carried through, the bank's total Own funds will then be shown at DM 407.0 m.

Distribution of a dividend of DM 10 per share of DM 50 par value is planned for the 1979 business year.

Frankfurter Hypothekenbank, Frankfurt am Main, conducts all the business of a mortgage bank. The sphere of business activity of this oldest private mortgage bank covers the Federal Territory and West Berlin; for communal loans it also extends to the EC.

In 1979, loan commitments reached DM 2,796 m. (– 5.5%), of which DM 1,549 m. in mortgage business including 1b mortgages and DM 1,247 m. in communal loan business. The balance sheet total rose by 9.8% to DM 18,861 m. (in the previous year + 12.3%).

The share capital is DM 63.4 m. After the planned transfer of DM 15 m. from Net income for the year 1979, Disclosed reserves are shown at DM 351.4 m. Reserves are to be raised by a further DM 7 m. by resolution of the General Meeting. Total own funds will then amount to DM 421.8 m.

Payment of a dividend of DM 10 and a bonus of DM 1 per share of DM 50 par value is planned for the 1979 business year.

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

Lübecker Hypothekenbank Aktiengesellschaft, 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.

As a result of the deterioration in capital market conditions, the bank was not able to achieve the level of new business growth of the previous year. Loan commitments amounted to DM 559 m. (– 10%). DM 443 m. (– 21%) was attributable to mortgage bank business. Communal loans in the amount of DM 116 m. (+ 93%) were promised.

The balance sheet total rose by DM 330 m. (12.5%) to DM 2,972 m.

The share capital remains unchanged at DM 20 m. DM 5.0 m. is being transferred from Net income for the year 1979 to Disclosed reserves. A further DM 2.0 m. is to be allocated to reserves by resolution of the General Meeting. The bank's reported own funds will then amount to DM 85.25 m.

A dividend of 15% is being paid for the 1979 business year.

Specialized banks

The steady expansion of our subsidiary, *Deutsche Bank Compagnie Financière Luxembourg, Luxembourg*, active in international syndicated lending business and money dealing with Eurobanks, also continued in its ninth business year which ended on September 30, 1979. Despite the generally more difficult state of affairs on the international finance markets, the volume of business again rose strongly. The balance sheet total increased by 17.6% to the equivalent of DM 15.5 bn.

As before, lending business with customers, and here especially international syndicated business, was the bank's main operation. Claims on customers climbed by 5.5% to DM 8.4 bn. There was an increase of DM 1.8 bn. to DM 5.6 bn. in claims on banks.

The additional refinancing funds necessary for the bank's lending business were, for the most part, taken up from banks in the Euromarket. Liabilities to banks increased accordingly by DM 1.8 bn. (= 16.5%) to DM 13.0 bn.

The bank took account of the continuing business expansion in that it raised its share capital in October 1979 by Lux. frs. 250 m. (DM 15 m.) to Lux. frs. 2,500 m. (DM 149 m.). The new shares brought in premium funds of Lux. frs. 500 m. (DM 30 m.). Furthermore, almost the entire profit from the 1978/79 business year, amounting to Lux. frs. 578 m. (DM 34 m.), was transferred to reserves. Share capital and disclosed reserves now total Lux. frs. 6,453 m. (DM 384 m.).

Deutsche Kreditbank für Baufinanzierung AG, Cologne, as a specialized 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 savings agreements. It also provides financings for commercial properties. In the sector of housing construction finance, the bank offers long-term loans, especially bridging loans for building savings agreements or in conjunction with life assurance policies, and also overall construction financings as package loans.

The favourable construction cycle, which continued in 1979, allowed a renewed increase in the volume of new loan commitments at year's end of 27% to DM 1,532 m. despite a drop in demand due to the rise in construction and real estate prices and the higher interest level. New commitments in the short-term sector rose by 21% to DM 938 m. In the long-term sector the volume of new commitments increased by 39% to DM 594 m. The balance sheet total grew by 13% to DM 2,875 m.

Payment of a 12% dividend on the unchanged share capital of DM 42 m. and transfer of DM 8 m. to disclosed reserves are planned for the 1979 business year. Total own funds will then amount to DM 78 m.

The bank's subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, achieved a gratifying result in 1979 from the management of its property according to plan.

The sphere of activity of *Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, and its subsidiaries *Gefa-Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, comprises

asset-related investment financing, the leasing of movable plant as well as factoring business and the financing of consumer goods.

The Gefa Group continued to expand its business volume in the year under review. The combined balance sheet total of the three companies rose by DM 200 m. to DM 2,125 m. The share capital of Gefa was raised in mid-1979 by DM 15 m. to DM 45 m. The company's own funds then totalled DM 85 m. Under the existing profit and loss transfer agreement the DM 10.2 m. profit achieved was transferred to Deutsche Bank AG.

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 am Main, manages individual investment funds (special funds) for institutional investors, such as insurance companies, company pension and benevolent funds, professional associations' pension schemes, and for other institutional investors and staff funds. The number and total assets of the special funds increased further in the past financial year. At the end of 1979, the total assets of the 96 funds managed by DEGEF amounted to more than DM 3.2 bn. (in the previous year DM 2.8 bn.).

The Shareholders' Meeting resolved at the beginning of 1980 to increase the share capital by DM 1.0 m. to DM 6.0 m. from the reserves increased to DM 1.95 m. and to pay a profit share of 6% on the capital for the 1978/79 business year.

With stock exchange developments predominantly unfavourable and a drop in the number of new sales of units, *DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main*, is looking back on a difficult year but in 1979 too it was able to maintain its leading position among German investment companies. The 11 securities funds managed by DWS had, at the end of 1979, total assets of DM 8.1 bn., accounting for about 27% of the total assets of the public share funds and bond funds in the Bundesverband Deutscher Investment-Gesellschaften (BVI).



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 am Main	Deutsche Bank Berlin AG Berlin	Deutsche Bank Saar AG Saarbrücken	Handelsbank in Lübeck AG Lübeck
Capital DM 1,114.1 m.	Capital DM 70.0 m.	Capital DM 25.0 m.	Capital DM 16.0 m.
Holding 83.0 %	Holding 100 %	Holding 68.9 %	Holding 53.9 %

Mortgage banks

Deutsche Central- bodenkredit-AG Berlin-Cologne	Frankfurter Hypothenbank Frankfurt am Main	Lübecker Hypothenbank AG Lübeck	Deutsche Gesellschaft für Fondsverwaltung mbH Frankfurt am Main	DWS Deutsche Gesellschaft für Wertpapiersparen mbH Frankfurt am Main
Capital DM 66.0 m.	Capital DM 63.4 m.	Capital DM 20.0 m.	Capital DM 5.0 m.	Capital DM 26.0 m.
Holding 83.0 %	Holding 89.3 %	Holding 75 %	Holding 100 %	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 2,500 m.	Capital DM 42.0 m.	Capital DM 11.0 m.	Capital DM 45.0 m.
Holding 99.9 %	Holding 100 %	Holding 100 %	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 am Main	Matura Vermögens- verwaltung mbH Düsseldorf	Süddt. Vermögens- verwaltung GmbH Frankfurt am Main**)	Trinitas Vermögens- verwaltung GmbH Frankfurt am Main
Capital DM 5.0 m.	Capital DM 1.0 m.	Capital DM 0.3 m.	Capital DM 4.0 m.	Capital DM 1.0 m.
Holding 100 %	Holding 100 %	Holding 100 %	Holding 100 %	Holding 100 %

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

By resolution of the Shareholders' Meeting, the capital of DWS, of which 51%, as before, is held by the Group, was increased in November 1979 by DM 4.0 m. from company funds to DM 26.0 m. Following the simultaneous allocation of DM 10.0 m. to Disclosed reserves from Net income for the year, the liable own funds of DWS totalled DM 44.0 m. at the end of 1979. A dividend of 6% was distributed on the increased share capital for the 1978/79 business year.

Property management companies

Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main, owns and administers land and buildings which are mainly let to Deutsche Bank AG, in particular the training centre of Deutsche Bank at Kronberg im Taunus.

Matura Vermögensverwaltung mbH, Düsseldorf, and *Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main*, manage property for their own and third account. *Elektro-Export-GmbH, Nuremberg*, a wholly-owned subsidiary of Süddeutsche Vermögensverwaltung GmbH, finances the export of electrical engineering products.

Trinitas Vermögensverwaltung GmbH, Frankfurt am Main, and its subsidiary, *Tauernallee Grundstücksgesellschaft mbH, Berlin*, manage property for their own and third account, 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 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 1979 was DM 347 m.; its inclusion would have increased the Group's balance sheet total by only 2.2‰.

Wilh. Ahlmann GmbH, Kiel

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg

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 am Main

BONUS Vermietungsgesellschaft mbH, Düsseldorf
Burstah Verwaltungsgesellschaft mbH, Hamburg
CADMUS Vermietungsgesellschaft mbH, Düsseldorf
CADO Vermietungsgesellschaft mbH, Düsseldorf
CALOR Vermietungsgesellschaft mbH, Düsseldorf
CAMPANIA Vermietungsgesellschaft mbH, Düsseldorf
CANDOR Vermietungsgesellschaft mbH, Düsseldorf
Castolin Grundstücksgesellschaft mbH, Düsseldorf
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt am Main

Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main

Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main

Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main

Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v.d.H.

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 am Main

Gefi Gesellschaft für Finanzierungsvermittlung mbH, Berlin

gr Grundstücks GmbH Objekt Lyra, Frankfurt am Main
gr Grundstücks GmbH Objekt Lyra & Co. Besitz-

gesellschaft Marienstrasse, Frankfurt am Main
Grundstücksgesellschaft Grafenberger Allee mbH, Düsseldorf

Grundstücksgesellschaft Otto-Hahn-Strasse mbH, Düsseldorf

Grundstücksverwaltungsgesellschaft Objekt Geislingen mbH, Frankfurt am Main

Hochhaus und Hotel Riesenfürstenhof Aufbaugesellschaft mbH, Frankfurt am 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
Jubiläumstiftung der Deutschen Ueberseeischen Bank
GmbH Unterstützungskasse, Frankfurt am Main
Heinz Langer Versicherungsdienst GmbH, Stuttgart
Mago Beteiligungsgesellschaft mbH, Frankfurt am Main
Nordhamburgische Bauträgergesellschaft mbH,
Hamburg
Nordwestdeutsche Wohnungsbau-träger GmbH,
Braunschweig (profit and loss transfer
agreement with Deutsche Bank AG)
Peina Grundstücksverwaltungsgesellschaft mbH,
Düsseldorf
Saarländische Immobilien-Gesellschaft mbH,
Saarbrücken
SB Bauträger GmbH, Frankfurt am Main
SB Bauträger GmbH & Co. Urbis Hochhaus-KG,
Frankfurt am Main
SB Bauträger GmbH & Co. Urbis Verwaltungs-KG,
Frankfurt am Main
Schisa Grundstücksverwaltungsgesellschaft mbH,
Düsseldorf
Selekta Grundstücksverwaltungsgesellschaft mbH,
Düsseldorf
Süddeutsche Bank GmbH, Frankfurt am 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 am Main
Wohnbau-Beteiligungsgesellschaft mbH, Lübeck
Wohnungsbaugesellschaft Lubeca GmbH, Lübeck

With the exception of Deutsche Bank Compagnie Financière Luxembourg, Luxembourg, we have not consolidated *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, which is active as a merchant bank, achieved a balance sheet volume of the equivalent of DM 1.1 bn. at the end of 1979.

Atlantic Capital Corporation, New York, serves the Deutsche Bank Group as an investment bank in the United States.

German American Capital Corporation, Baltimore, USA, functions as a holding company for our interest in European American Bancorp, New York; its consolidated balance sheet total was US\$ 7.7 bn. at the end of 1979.

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:

AV America Grundbesitzverwaltungsgesellschaft mbH,
Frankfurt am Main
ComCo Datenanlagen GmbH & Co. KG,
Kornthal-Münchingen
Deutsche Canada-Grundbesitz GmbH & Co., Frankfurt
am Main
Deutsche Eisenbahn Consulting GmbH, Frankfurt am
Main
Deutsche Gesellschaft für Anlageverwaltung mbH,
Frankfurt am Main
Deutsche Gesellschaft für Immobilienanlagen
"America" mbH, Bad Homburg v.d.H.
Kistra Beteiligungsgesellschaft mbH, Frankfurt am Main
Partenreederei MS "Transgermania", Hamburg
Rossma Beteiligungsgesellschaft mbH, Frankfurt am
Main
KG Transgermania Verwaltungsgesellschaft mbH & Co.,
Hamburg

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. 1979 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. 16.77571.

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 1979, the *cash reserve* (cash on hand, balances with Deutsche Bundesbank and on postal cheque accounts) amounted to DM 10.2 bn. Cash liquidity, as a percentage of the liabilities of DM 113.5 bn., came to 9.0% (previous year 6.8%).

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) amounted to DM 23.0 bn.; the *overall liquidity ratio*, as a percentage of liabilities, came to 20.3% (previous year 22.4%).

Assets

Treasury bills, securities

Holdings of *Treasury bills and discountable Treasury notes* amounted to DM 549 m. at the end of the year.

Bonds and notes dropped by DM 639 m. to DM 5.9 bn.; DM 4.6 bn. = 78% of our total holdings was eligible as collateral for Deutsche Bundesbank advances.

Bonds and notes issued by consolidated companies, the majority of which were issued by the Group's mortgage banks, are shown at DM 995 m.

Other securities were recorded at DM 2,020 m., including capital holdings of over 10% of the shares of a limited company amounting to DM 1,172 m.

The securities were valued according to the minimum value principle.

Total credit extended

At the end of the year, total credit extended by the Group amounted to DM 109.5 bn. The slower growth against the previous year of DM 9.3 bn. = 9.3% is, above all, due to the fact that discounts were reduced by more

than a quarter (DM 1.9 bn.). Loans to banks dropped marginally by 2.9%. Cash credits to customers rose by DM 8.5 bn. (15.5%), long-term mortgage bank lendings by DM 2.9 bn. (9.2%). DM 14.6 bn. = 46.6% of long-term claims on customers was due in less than 4 years.

Claims on banks expanded by DM 1.5 bn. = 5.1% to DM 31.8 bn., since larger credit balances were held on clearing accounts and time deposits were increased.

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.

Subsidiaries, associated companies and trade investments

At the end of the year, subsidiaries, associated companies and trade investments were recorded at DM 619 m., of which DM 268 m. was accounted for by shares in banks.

Fixed assets

The balance sheet value of *Land and buildings* was DM 872 m., of which DM 830 m. was used for banking business. *Office furniture and equipment* amounts to DM 300 m.

Leasing equipment is shown at DM 801 m. Of this, DM 612 m., after DM 632 m. in the previous year, was attributable to movable leasing equipment of Gefa-Leasing GmbH and DM 189 m. to real estate of Deutsche Gesellschaft für Immobilien-Leasing mbH.

Other asset items

Other assets amounted to DM 1,475 m., consisting mainly of shareholdings not regarded as business participations and of gold and silver holdings.

Liabilities

Funds from outside sources

Group *Funds from outside sources* rose in 1979 by DM 10.5 bn. = 7.7% to DM 146.9 bn.

Liabilities to banks increased by DM 3.8 bn. = 8.8% to DM 46.6 bn. An increase was registered both in liabilities payable on demand and in fixed-term liabilities vis-à-vis other banks.

<i>Total credit extended</i>	End of 1979		End of 1978		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	32,086	29.3	27,151	27.1	+ 4,935	= 18.2
long-term (4 years or more)	31,341	28.6	27,762	27.7	+ 3,579	= 12.9
	63,427	57.9	54,913	54.8	+ 8,514	= 15.5
Long-term mortgage bank lendings	33,995	31.1	31,117	31.1	+ 2,878	= 9.2
Discounts	5,342	4.9	7,250	7.2	- 1,908	= 26.3
Lendings to banks						
short and medium-term	2,036	1.8	1,905	1.9	+ 131	= 6.9
long-term (4 years or more)	4,688	4.3	5,021	5.0	- 333	= 6.6
	6,724	6.1	6,926	6.9	- 202	= 2.9
Total credit extended	109,488	100.0	100,206	100.0	+ 9,282	= 9.3

Among *Liabilities to customers*, time deposits registered especially high growth of DM 3.7 bn. = 19.3%, while customers' sight deposits only grew slightly (+0.6%) and *savings deposits* even declined marginally (-0.3%).

The issuing of new *Bonds and notes* by the Group was substantially lower in 1979 than in the previous year and related mainly to mortgage bonds and communal bonds of the mortgage banks. Bonds and notes outstanding – including long-term loans taken up in mortgage bank business – increased by DM 3.0 bn. = 8.0% to DM 40.6 bn.

Funds taken up for specific projects, totalling DM 2,307 m., which are included under liabilities to customers and banks, and which were, for the most part, provided by Kreditanstalt für Wiederaufbau, were passed on to the borrowers on the conditions stipulated by the lenders.

Other liability items

Provisions totalled DM 2,619 m. at the end of the year. *Provisions for pensions* were raised by DM 87.5 m. in line with their actuarially computed part value and are now shown at DM 1,185 m.

Other provisions amounted to DM 1,434 m. after DM

1,101 m. in the previous year. The item includes primarily provisions for risks arising from lending and securities business, tax provisions and the overall provision for rights of recourse which cannot be offset against assets.

Comments

At the end of the year, *Endorsement liabilities* on re-discounted bills of exchange and Own drawings came to DM 2.5 bn.

Liabilities from guarantees and letters of credit registered a slight drop of 1.5% to DM 16.4 bn.

Commitments from the sale of assets subject to repurchase agreements totalled DM 797 m. at the end of 1979.

Liabilities for possible calls on shares in public and private limited companies, in so far as they were not shown on the liabilities side, stood at DM 48 m. Furthermore, joint liabilities pursuant to Section 24 "GmbH" Act amounted to DM 11 m.

In respect of the investment of the Group member banks in Liquiditäts-Konsortialbank GmbH, Frankfurt am 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.

<i>Funds from outside sources</i>	End of 1979		End of 1978		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	6,699	4.6	6,232	4.6	+ 467	= 7.5
time deposits	39,653	27.0	36,051	26.4	+ 3,602	= 10.0
customers' drawings on credits opened at other institutions ..	209	0.1	495	0.4	- 286	= 57.7
	<u>46,561</u>	<u>31.7</u>	<u>42,778</u>	<u>31.4</u>	<u>+ 3,783</u>	<u>= 8.8</u>
Liabilities to customers						
payable on demand	15,323	10.4	15,236	11.2	+ 87	= 0.6
time deposits	22,889	15.6	19,185	14.0	+ 3,704	= 19.3
savings deposits	21,475	14.6	21,544	15.8	- 69	= 0.3
	<u>59,687</u>	<u>40.6</u>	<u>55,965</u>	<u>41.0</u>	<u>+ 3,722</u>	<u>= 6.7</u>
Bonds and notes issued by commercial banks	5,553	3.8	5,410	4.0	+ 143	= 2.6
Long-term mortgage bank liabilities	35,081	23.9	32,219	23.6	+ 2,862	= 8.9
	<u>40,634</u>	<u>27.7</u>	<u>37,629</u>	<u>27.6</u>	<u>+ 3,005</u>	<u>= 8.0</u>
Total funds from outside sources	<u>146,882</u>	<u>100.0</u>	<u>136,372</u>	<u>100.0</u>	<u>+ 10,510</u>	<u>= 7.7</u>

Loans taken up amounting to DM 46 m. were secured on real estate. Securities and recovery claims in the amount of DM 16 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 typically 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

As a result of the rise in the level of interest rates, interest expenses (+31.1%) and interest income (+24.3%) rose markedly in the past business year. Owing to the rise in business volume, the interest surplus expanded by 9.6% to DM 2,923 m.

Earnings on services

Commissions and other service charges received rose by DM 29 m. = 3.7%. After deducting commissions paid, there remains a surplus from services of DM 785 m. (+4.0%). In the Group, the cover ratio between commission surplus and total staff and other operating expenses comes to 30%.

Other income

As a result of the substantially weaker lending business, there was a fall in both non-recurrent income from the mortgage banks' issue and loan business (DM 108 m.) and non-recurrent expenses (DM 81 m.). The bal-

	1979 in DM m.	1978 in DM m.	Change
Interest and similar income from lending and money market transactions	7,475	5,610	+ 33.2%
Interest income in the mortgage bank business	2,388	2,245	+ 6.4%
Current income from securities etc.	658	608	+ 8.2%
Total interest income	10,521	8,463	+ 24.3%
Interest and similar expenses	5,345	3,689	+ 44.9%
Interest expenses in the mortgage bank business	2,253	2,107	+ 6.9%
Total interest expenses	7,598	5,796	+ 31.1%
Earnings on the volume of business (interest surplus)	2,923	2,667	+ 9.6%

ance of *non-recurrent earnings* less *non-recurrent expenses* in mortgage bank business dropped by DM 17 m. to DM 27 m.

Other income is shown at DM 643 m. Besides earnings resulting from the writing-back of provisions for possible loan losses, this includes profit from own-account trading in securities, foreign exchange and precious metals, leasing earnings and other ordinary and extra-ordinary earnings, in so far as these could not be offset against write-downs and adjustments in lending and securities business. The remaining balance of *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* amounts to DM 253 m.

Staff and other operating expenses

As a result of the rise in the number of staff and the increase in salaries, *staff expenses* rose to DM 1,993 m. (+7.5% after 10.7% in the previous year). *Other operating expenses* amounted to DM 624 m. (+11.5%).

The Group's staff and other operating expenses reached a total of DM 2,617 m., an increase of DM 203 m. = 8.4%.

Remaining expenses

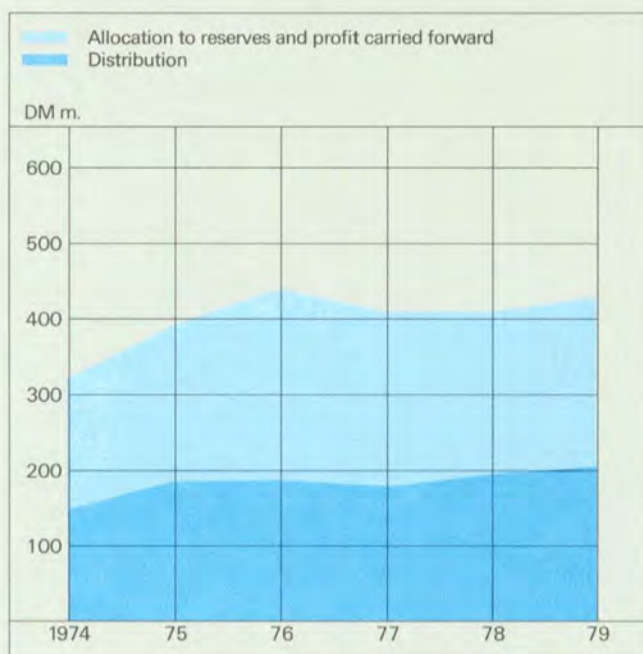
Depreciation of and adjustments to land and buildings and office furniture and equipment were effected in the amount of DM 328 m. (previous year DM 301 m.). DM 20 m. was necessary for *Write-downs of and adjustments to subsidiaries, associated companies and trade investments*.

Other expenses come to DM 123 m. after DM 97 m. in the previous year.

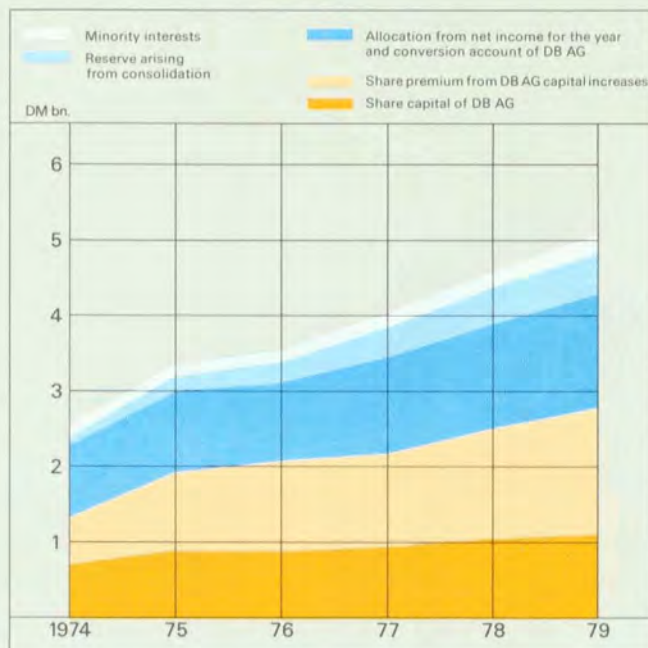
Last year, the Group's *operating result* rose by 3.6%. The growth in earnings stemmed primarily from the current banking business results of the commercial banks and real estate credit institutions. On the other hand, the decline in earnings in international lending business depressed the result.

The Group's tax expenses are shown at DM 665 m. *Taxes on income and assets* amount to DM 638 m. These include the 20% additional corporation tax relating to

Group net income for the years 1974 – 1979



Growth of Group own funds 1974 – 1979



subsidiaries' profits to be distributed to the parent company in 1980. Not included are additional expenses incurred pursuant to Section 170 (2) Joint Stock Corporation Act as a result of subsidiaries' proposals on the distribution of profits.

Profit, capital and reserves

From the 1979 Group *Net income for the year* of DM 426.5 m. (previous year DM 408.0 m.) DM 153.9 m. is being transferred to Disclosed reserves at the parent company and at subsidiaries. Furthermore, an additional DM 26.0 m. is to be allocated to Disclosed reserves as a result of resolutions taken at subsidiaries' General Meetings. Following profit distribution proposals made by Deutsche Bank AG and its subsidiaries, DM 202.2 m. (previous year DM 195.0 m.) is to be distributed to the shareholders of the controlling company and to subsidiaries' shareholders not belonging to the Group; this represents 47% of Group Net income for the year.

Total *Group own funds* amounted to DM 5,056.5 m. at the end of 1979. Of the total increase of DM 483.5 m., DM 297.2 m. is accounted for by the capital increase of Deutsche Bank AG in October 1979:

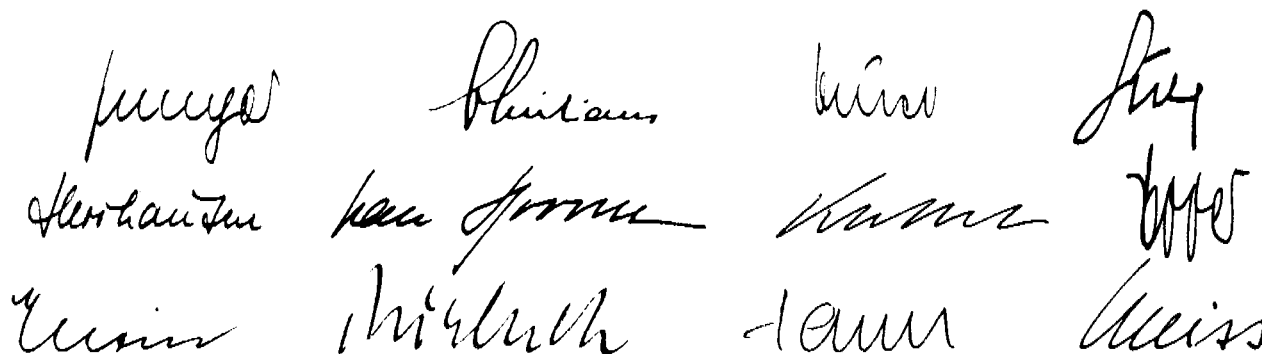
	31. 12. 1979 DM m.	31. 12. 1978 DM m.
<i>Share capital of</i>		
Deutsche Bank AG	1,114.1	1,040.1
<i>Disclosed reserves of</i>		
Deutsche Bank AG	3,163.7	2,850.4
<i>Reserve arising from</i>		
consolidation	585.4	474.1
<i>Minority interests</i>	213.3	208.4
<i>Total</i>	<u>5,056.5</u>	<u>4,573.0</u>

The Group's liable capital has thus doubled in the last five years.

There is also conditional capital deriving from subscription rights of DM 56.1 m. and authorized capital of Deutsche Bank AG of DM 126 m.

Frankfurt am Main, March 1980

The Board of Managing Directors





Deutsche Bank
Aktiengesellschaft

Consolidated Balance Sheet

as of December 31, 1979

Consolidated Profit and Loss Account

for the period from
January 1 to December 31, 1979

Assets

Deutsche Bank Aktiengesellschaft

	in DM 1,000	in DM 1,000	31. 12. 1978 in DM 1,000
Cash on hand		450,785	358,938
Balance with Deutsche Bundesbank		9,705,647	6,795,340
Balances on postal cheque accounts		42,910	29,872
Cheques, matured bonds, interest and dividend coupons, items received for collection		783,698	655,442
Bills of exchange		2,535,114	6,466,354
including:			
a) rediscountable at Deutsche Bundesbank	DM 1,451,940,000		
b) own drawings	DM 324,328,000		
Claims on banks			
a) payable on demand	5,436,295		4,745,102
b) with original periods or periods of notice of			
ba) less than three months	4,146,366		5,368,954
bb) at least three months, but less than four years	17,420,166		15,102,345
bc) four years or more	<u>4,772,965</u>		<u>5,020,660</u>
including:		31,775,792	30,237,061
used as cover in mortgage bank business	DM 109,200,000		
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	393,435		444,132
b) of other issuers	<u>155,241</u>		<u>4,622</u>
		548,676	448,754
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 1,413,006,000		
ab) of banks	DM 782,557,000		
ac) of other issuers	<u>DM 254,925,000</u>	2,450,488	2,596,407
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 2,388,596,000		
used as cover in mortgage bank business	DM 152,750,000		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 627,574,000		
bb) of banks	DM 1,973,298,000		
bc) of other issuers	<u>DM 876,551,000</u>	<u>3,477,423</u>	<u>3,970,101</u>
including:		5,927,911	6,566,508
eligible as collateral for Deutsche Bundesbank advances	DM 2,209,894,000		
used as cover in mortgage bank business	DM 152,999,000		
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,735,060		1,725,492
b) other	<u>284,603</u>		<u>69,227</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 1,172,470,000	2,019,663	1,794,719
Carried forward		53,790,196	53,352,988

Consolidated Balance Sheet as of December 31, 1979

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1978 in DM 1,000
Liabilities to banks				
a) payable on demand		6,698,481		6,232,423
b) with original periods or periods of notice of				
ba) less than three months	10,397,396			
bb) at least three months, but less than four years	24,759,742			
bc) four years or more	<u>4,495,683</u>	39,652,821		36,050,788
including: due in less than four years	DM 3,015,636,000			
c) customers' drawings on other banks		<u>209,313</u>		495,172
			46,560,615	42,778,383
Liabilities to customers				
a) payable on demand		15,322,911		15,236,085
b) with original periods or periods of notice of				
ba) less than three months	14,145,627			
bb) at least three months, but less than four years	5,256,915			
bc) four years or more	<u>3,486,109</u>	22,888,651		19,185,113
including: due in less than four years	DM 3,117,175,000			
c) savings deposits				
ca) subject to legal period of notice	11,863,833			
cb) other	<u>9,611,712</u>	<u>21,475,545</u>		21,544,006
			59,687,107	55,965,204
Bonds and notes with a life of				
a) up to four years		1,006,397		1,186,133
b) more than four years		<u>4,547,062</u>		4,224,243
including: maturing in less than four years	DM 3,834,812,000		5,553,459	5,410,376
Bonds issued by mortgage banks				
a) mortgage bonds		15,762,178		14,413,882
including:				
registered bonds	DM 3,931,690,000			
b) communal bonds		15,458,954		14,423,605
including:				
registered bonds	DM 3,995,314,000			
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		669,000		707,953
including:				
registered bonds	DM 7,340,000			
d) bonds drawn and called for redemption		<u>206,925</u>		5,349
including:				
maturing or to be taken back in less than four years	DM 13,193,026,000		32,097,057	29,550,789
further:				
registered mortgage bonds given to lender as security for loans taken up	DM 522,879,000			
and registered communal bonds	DM 631,397,000			
Bonds to be delivered			301,521	161,767
Carried forward			144,199,759	133,866,519

Assets

Consolidated Balance Sheet

	in DM 1,000	in DM 1,000	31. 12. 1978 in DM 1,000
Brought forward		53,790,196	53,352,988
Claims on customers with original periods or periods of notice of			
a) less than four years	32,086,056		27,150,901
including:			
used as cover in mortgage			
bank business	DM 470,088,000		
b) four years or more	31,340,842		27,761,684
including:		63,426,898	54,912,585
ba) secured by mortgages on real estate	DM 5,759,817,000		
bb) communal loans	DM 1,861,242,000		
due in less than four years	DM 14,595,017,000		
Mortgage bank lendings with original periods of four years or more			
a) mortgages	17,231,115		15,735,270
used as cover	DM 15,768,499,000		
b) communal loans	16,172,769		14,824,735
used as cover	DM 15,589,007,000		
c) other	44,394		48,550
including: to banks	DM 3,020,630,000	33,448,278	30,608,555
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	485,934		437,313
b) interest due after October 31, 1979 and on January 2, 1980	60,744		71,458
c) interest arrears	—		—
		546,678	508,771
Recovery claims on Federal and Länder authorities under			
Currency Reform Acts		402,126	442,505
including:			
used as cover in mortgage			
bank business	DM 52,064,000		
Loans on a trust basis at third party risk		1,377,900	1,224,551
Subsidiaries, associated companies and trade investments		619,308	604,458
including: investments in banks	DM 268,135,000		
Land and buildings		871,839	878,488
including: taken over in mortgage business	DM 12,443,000		
Office furniture and equipment		300,120	294,446
Leasing equipment			
a) land and buildings	188,971		193,795
b) movables	612,170		631,715
		801,141	825,510
Own shares		17,457	15,551
nominal amount	DM 3,511,000		
Bonds and notes issued by consolidated companies		994,946	1,037,967
nominal amount	DM 1,050,128,000		
	US\$ 735,000		
Other assets		1,474,817	1,338,776
Deferred items		13,014	9,233
Total Assets		158,084,718	146,054,384
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		1,244,674	644,144
b) claims arising from loans falling under Section 15 (1) 1–6 and (2) of the Banking Act, unless included under a)		937,515	741,495

as of December 31, 1979

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1978 in DM 1,000
Brought forward			144,199,759	133,866,519
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		796,271		690,424
b) other		<u>873,275</u>		<u>869,597</u>
including:			1,669,546	1,560,021
with partial liability	DM 1,912,000			
due in less than four years	DM 1,045,360,000			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		735,562		674,807
b) interest due (including interest due on January 2, 1980)		<u>277,216</u>		<u>271,521</u>
			1,012,778	946,128
Own acceptances and promissory notes outstanding			630,811	360,214
Loans on a trust basis at third party risk			1,377,900	1,224,551
Provisions				
a) for pensions		1,185,019		1,097,528
b) other		<u>1,434,074</u>		<u>1,100,905</u>
			2,619,093	2,198,433
Other liabilities			79,758	73,576
Endowments and benevolent funds				
Endowment assets		2,409		2,300
less investments in securities		<u>2,236</u>		<u>2,119</u>
			173	181
Deferred items				
a) in accordance with Section 25 of the Mortgage Bank Act		129,262		129,887
b) other		<u>994,210</u>		<u>792,582</u>
			1,123,472	922,469
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		14,945		23,786
b) in accordance with Section 6b of the Income Tax Act		7,314		11,169
c) replacements reserve		<u>669</u>		<u>—</u>
			22,928	34,955
Share capital			1,114,133	1,040,133
Conditional capital DM 56,117,100				
Disclosed reserves				
a) legal reserve		1,728,676		1,505,427
b) other reserves (voluntary)		<u>1,435,000</u>		<u>1,345,000</u>
			3,163,676	2,850,427
Reserve arising from consolidation			565,368	474,094
Minority interests			226,105	221,918
including: from profit	DM 12,822,000			
Consolidated profit			279,218	280,765
Total Liabilities			158,084,718	146,054,384
Own drawings in circulation			6,788	6,766
including: those discounted for borrowers' account	DM 6,788,000			
Endorsement liabilities on rediscounted bills of exchange			2,492,195	344,650
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			16,357,432	16,609,428
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			796,655	950,983
Savings premiums under the Savings Premium Act			323,117	316,913
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			89,121	51,085

Expenses

Consolidated Profit and Loss Account

	in DM 1,000	in DM 1,000	1978 in DM 1,000
Interest and similar expenses		5,345,423	3,688,712
Interest expenses in the mortgage bank business for			
a) mortgage bonds	1,012,805		931,701
b) communal bonds	1,067,369		1,021,314
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	40,729		45,009
d) loans taken up	<u>131,875</u>		<u>109,077</u>
		2,252,778	2,107,101
Commissions and similar service charges paid		32,006	33,131
Non-recurrent expenses in the mortgage banks' issue and loan business		81,386	84,965
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		253,495	29,756
Salaries and wages		1,535,021	1,415,561
Compulsory social security contributions		210,709	193,322
Expenses for pensions and other employee benefits		246,862	245,241
Other operating expenses		623,929	559,779
Depreciation of and adjustments to land and buildings and office furniture and equipment		327,713	301,292
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		19,892	12,958
Taxes			
a) on income and assets	637,809		629,912
b) other	<u>27,040</u>		<u>27,028</u>
		664,849	656,940
Allocations to Special items with partial reserve character		15,172	15,441
Other expenses		123,277	96,758
Net income for the year		426,500	407,954
Total Expenses		12,159,012	9,848,911

Net income for the year

Profit brought forward from the previous year

Allocations to Disclosed reserves

Profit attributable to minority interests

Consolidated profit

Frankfurt am Main, March 18, 1980

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

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

for the period from January 1 to December 31, 1979

Income

	in DM 1,000	in DM 1,000	1978 in DM 1,000
Interest and similar income from lending and money market transactions		7,475,446	5,810,356
Current income from			
a) fixed-interest securities and Government-inscribed debt	410,789		380,522
b) other securities	217,852		200,617
c) subsidiaries, associated companies and trade investments	<u>29,761</u>		<u>26,397</u>
		658,402	607,536
Interest income in the mortgage bank business from			
a) mortgages	1,199,496		1,105,108
b) communal loans	<u>1,188,190</u>		<u>1,139,928</u>
		2,387,686	2,245,036
Commissions and other service charges received		816,573	787,290
Non-recurrent income from the mortgage banks' issue and loan business		108,405	128,738
Other income, including income from the writing back of provisions for possible loan losses		642,876	435,118
Income from the writing back of provisions, unless it has to be shown under "Other income"		42,425	24,744
Income from the writing back of special items with partial reserve character		27,199	10,093
Total Income		12,159,012	9,848,911

in DM 1,000	1978 in DM 1,000
426,500	407,954
<u>20,155</u>	<u>76,552</u>
446,655	484,506
<u>153,850</u>	<u>189,566</u>
292,805	294,940
<u>13,587</u>	<u>14,175</u>
<u>279,218</u>	<u>280,765</u>

The consolidated financial statements and the report of the Group,
which we have examined with due care, comply with law.

Frankfurt am Main, March 25, 1980

Treuverkehr AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf

Wirtschaftsprüfer

Fandré

Wirtschaftsprüfer



Deutsche Bank

Aktiengesellschaft

**Development
of the
Consolidated Balance Sheet
1968–1979**

Development of the Balance Sheet of Deutsche Bank Group

– Amounts in DM millions –

	End of	1979	1978	1977	1976
Consolidated Balance Sheet					
Assets					
Cash reserve		10,199	7,184	5,813	4,845
Bills of exchange		2,535	6,466	6,624	6,952
Claims on banks		31,776	30,237	26,772	20,334
Treasury bills and discountable Treasury notes		549	449	152	275
Bonds and notes		5,928	6,566	4,759	3,860
Securities not to be shown elsewhere		2,020	1,795	1,857	1,881
Claims on customers		63,427	54,913	46,521	39,802
short and medium-term		32,086	27,151	24,268	21,729
long-term (4 years or more)		31,341	27,762	22,253	18,073
Long-term mortgage bank lendings		33,995	31,117	24,768	21,578
Recovery claims on Federal and Länder authorities under Currency Reform Acts		402	443	451	475
Loans on a trust basis at third party risk		1,378	1,225	1,146	947
Subsidiaries, associated companies and trade investments		619	604	598	435
Land and buildings		872	879	843	801
Office furniture and equipment		300	294	256	241
Leasing equipment		801	825	752	636
Bonds and notes issued by consolidated companies		995	1,038	973	583
Other assets		1,475	1,339	1,362	1,167
Remaining assets		814	680	596	435
Balance Sheet Total		158,085	146,054	124,243	105,247
Liabilities					
Liabilities to banks		46,561	42,778	35,771	28,574
including: time deposits		39,862	36,546	29,796	22,616
Liabilities to customers		59,687	55,965	49,508	44,073
including: time deposits		22,889	19,185	15,955	12,064
savings deposits		21,475	21,544	19,972	19,441
Commercial bank bonds		5,554	5,410	4,283	2,844
Long-term mortgage bank liabilities		35,081	32,219	26,183	22,439
Provisions		2,619	2,198	1,842	1,629
for pensions		1,185	1,097	989	907
other		1,434	1,101	853	722
Group own funds		5,056	4,573	4,003	3,522
Share capital		1,114	1,040	960	900
Disclosed reserves		3,164	2,851	2,490	2,200
Reserve arising from consolidation		585	474	404	293
Minority interests		213	208	149	129
Remaining liabilities		3,248	2,630	2,358	1,858
Consolidated profit		279	281	295	308
Balance Sheet Total		158,085	146,054	124,243	105,247
Own drawings in circulation (discounted)		7	7	3	2
Endorsement liabilities		2,492	345	254	603
Business Volume		160,584	146,406	124,500	105,852
Contingent liabilities from guarantees, etc.		16,357	16,609	14,688	14,326

Figures from the Consolidated Profit and Loss Account

	For the year	1979	1978	1977	1976
Earnings on business volume (Interest surplus)		2,923	2,667	2,445	2,166
Earnings on services (Commission surplus)		785	754	652	602
Staff and other operating expenses		2,617	2,414	2,153	1,999
Taxes		665	657	532	455
Net income for the year		427	408	408	440
Number of staff at year's end		43,942	42,494	40,614	40,772

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	587
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
2	1	-	2	2	-	-	1
138	710	842	1,633	974	875	1,525	187
91,679	79,409	67,216	60,393	50,763	39,273	31,870	27,196

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

German banks	Capital	Our holding		Capital	Our holding	
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	DM	40.0 m.	26.3%	Liquidations-Casse in Hamburg AG, Hamburg	DM 1.2 m. 25.0%	
Deutsche Bank Berlin AG, Berlin	DM	70.0 m.	100 %	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	DM 250.0 m. 6.1%	
Deutsche Bank Saar AG, Saarbrücken	DM	25.0 m.	68.9%	Lombardkasse Aktiengesellschaft, Berlin – Frankfurt am Main	DM 6.0 m. 14.2%	
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	DM	66.0 m.	83.0%	Privatdiskont-Aktiengesellschaft, Frankfurt am Main	DM 5.0 m. 13.8%	
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	DM	5.0 m.	100 %	Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Kiel	DM 35.0 m. 29.0%	
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	DM	26.0 m.	49.5%	Süddeutsche Bank GmbH, Frankfurt am Main	DM 3.0 m. 100 %	
Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne	DM	4.0 m.	37.5%	Foreign banks		
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Cologne	DM	42.0 m.	100 %	AEA Development Corporation, Makati, Metro Manila, Philippines	Phil. pes. 42.1 m. 5.4%	
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	35.0 m.	25.2%	Al-Bank Al-Saudi Al-Alami Ltd., London	£ 38.0 m. 5.0%	
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin – Bremen	DM	1.0 m.	25.3%	Banco Bradesco de Investimento, S.A., São Paulo	Cr. \$ 1,927.7 m. 5.0%	
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg vdH	DM	1.0 m.	60.0%	Banco Comercial Transatlántico, Barcelona	Ptas. 1,452.0 m. 29.5%	
European Asian Bank Aktiengesellschaft, Hamburg	DM	70.0 m.	14.3%	Banco de Desarrollo del Paraguay S.A. (COMDESA), Asunción, Paraguay	Gs. 210.4 m. 3.3%	
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt am Main	DM	5.0 m.	25.0%	Banco del Desarrollo Económico Español S.A., Madrid	Ptas. 929.8 m. 1.8%	
Frankfurter Hypothekenbank, Frankfurt am Main	DM	63.4 m.	89.3%	Banco de Montevideo, Montevideo, Uruguay	Ur. pes. 4.0 m. 43.3%	
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	45.0 m.	100 %	Banco Español en Alemania S.A., Madrid	Ptas. 165.0 m. 15.0%	
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt am Main	DM	1.0 m.	26.5%	Banque Commerciale Congolaise, Brazzaville, Congo	CFA-francs 1,000.0 m. 3.1%	
Handelsbank in Lübeck Aktiengesellschaft, Lübeck	DM	16.0 m.	53.9%	Banque Commerciale du Maroc, Casablanca, Morocco	Dirham 48.7 m. 7.1%	
Industriebank von Japan (Deutschland) Aktiengesellschaft – The Industrial Bank of Japan (Germany) –, Frankfurt am Main	DM	40.0 m.	25.0%	Banque Européenne de Crédit, Brussels	Belg. frs. 2,856.0 m. 14.3%	
				Banque Nationale pour le Développement Economique, Rabat, Morocco	Dirham 140.0 m. 0.4%	
				Banque Tchadienne de Crédit et de Dépôts, N'Djamena, Chad	CFA-francs 440.0 m. 7.5%	
				H. Albert de Bary & Co. N.V., Amsterdam	Dutch guil. 15.0 m. 50.0%	

		Capital	Our holding
Corporación Financiera Colombiana, Bogotá, Colombia	Col. pesos	273.2 m.	0.3%
Deutsche Bank (Asia Credit) Ltd., Singapore	S\$	25.0 m.	100 %
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	2,500.0 m.	99.9%
Deutsche Bank (U.K.) Finance Ltd., London	£	0.2 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%
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	91.6 m.	4.8%
Private Development Corporation of the Philippines, Makati, Metro Manila, 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%

		Capital	Our holding
Union Gabonaise de Banque, Libreville, Gabon	CFA-francs	937.5 m.	8.0%
Union Sénégalaise de Banque pour le Commerce et l'In- dustrie, 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 am Main	DM	0.1 m.	55.0%
Deutsche Beteiligungs- gesellschaft mbH, Frankfurt am Main	DM	1.5 m.	92.5%
Deutsche Canada Grundbe- sitzverwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m.	55.0%
Deutsche Gesellschaft für An- lageberatung mbH, Frankfurt am Main	DM	0.5 m.	85.0%
Deutsche Gesellschaft für Im- mobilien und Anlagen- Leasing mbH, Düsseldorf	DM	10.0 m.	50.0%
Deutsche Grundbesitz-Anla- gegesellschaft mbH, Co- logne	DM	0.5 m.	37.5%
Deutsche Wagnisfinanzie- rungs-Gesellschaft mbH, Frankfurt am Main	DM	30.0 m.	14.0%
Erste Sicherheitentreuhand GmbH "Ruhrkohle", Düsseldorf	DM	0.1 m.	33.3%
Essener Grundstücksverwer- tung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen	DM	1.5 m.	96.4%
Eurocard Deutschland Inter- nationale Kreditkarten- Organisation GmbH, Frankfurt am Main	DM	0.03 m.	12.0%
Gesellschaft für Kreditsiche- rung mbH, Cologne	DM	0.3 m.	36.7%
Hessische Immobilien-Ver- waltungs-Gesellschaft mbH, Frankfurt am Main	DM	1.0 m.	95.0%

		Capital	Our holding
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	21.3 m.	50.0%
Sicherheiten-Treuhand GbR, Düsseldorf	DM	0.1 m.	33.3%
Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	DM	4.0 m.	100 %
Trinitas Vermögensverwaltung GmbH, Frankfurt am 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%

		Capital	Our holding
EDESA Société Anonyme Holding, Luxembourg	US\$	11.0 m.	4.6%
European Arab Holding S.A., Luxembourg	Lux. francs	2,000.0 m.	5.5%
European Banks' International Company S.A., Brussels	Belg. francs	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\$	8.5 m.	100 %
Intermex Holding S.A., Luxembourg	US\$	27.6 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\$	30.4 m.	0.7%
SIFIDA Investment Company S.A., Luxembourg	US\$	15.8 m.	0.6%
Society for Worldwide Interbank Financial Telecommunication – SWIFT –, Brussels	Belg. francs	109.6 m.	3.7%

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

Domestic bond issues of public authorities

8%, 7¾%, 7½%, 7¼%, 7%, 6¾%, 6½% and 6¼% bond issues of the Bundesrepublik Deutschland of 1979
8% and 6½% bond issues of the Deutsche Bundesbahn of 1979
7½% bond issue of the Land Niedersachsen of 1979
7¼% bond issue of the Kreditanstalt für Wiederaufbau of 1979
8%, 7%, 6¾% and 6% communal and annuity bond issues as well as mortgage bonds of the Deutsche Siedlungs- und Landesrentenbank – Issues 159–164, Series 52 and 53
7% bond issue of the Lastenausgleichsbank of 1979 – Issue 20 –

Other domestic bond issues, mortgage and communal bonds

Deutsche Hypothekenbank (Actien-Gesellschaft)
Schiffshypothekenbank zu Lübeck Aktiengesellschaft

Convertible and option bonds of domestic and foreign issuers

denominated in Deutsche Mark:
Asahi Optical Co., Ltd.
Fujitsu Limited
The Kansai Electric Power Company, Inc.
Minolta Camera Co., Ltd.
Nippon Yusen Kabushiki Kaisha (NYK Line)
Olympus Optical Co., Ltd.
The Seiyu Stores, Ltd.
Tokyo Electric Co., Ltd.
Uny Co., Ltd.

denominated in foreign currencies:
AGA Aktiebolag
Bayer International Finance N.V.
BBC Brown Boveri Finance (Curaçao) N.V.

Ciba-Geigy Overseas Finance N.V.
Esselte Aktiebolag
Hoechst Finance N.V.
Honda Motor Co., Ltd.
Mediobanca "Serie Speciale Olivetti"
Mitsubishi Corporation
Nippon Seiko K.K.
Société Générale de Banque
Toshiba Corporation

Bonds of foreign issuers

denominated in Deutsche Mark:
Afrikanische Entwicklungsbank
Akzo nv
American Express International Banking Corporation
ARBED FINANCE S.A.
Republik Argentinien
Asiatische Entwicklungsbank
Banco Nacional de Desarrollo
BankAmerica Overseas Finance Corporation N.V.
Bank of Tokyo (Curaçao) Holding N.V.
Banque Nationale d'Algérie
Barclays Overseas Investment Company B.V.
Föderative Republik Brasilien
Caisse Nationale des Télécommunications
Centrais Elétricas Brasileiras S.A. – Eletrobrás
Crédit National
Königreich Dänemark
Department of Posts and Telecommunications of the Republic of South Africa
ESTEL NV
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale
Europäische Atomgemeinschaft (EURATOM)
Europäische Gemeinschaft für Kohle und Stahl
Europäische Investitionsbank
Europäische Wirtschaftsgemeinschaft
Republik Finnland
Hitachi Zosen Kabushiki Kaisha
Inter-Amerikanische Entwicklungsbank
Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)

Irland
Stadt Kobe
Light-Serviços de Eletricidade S.A.
Lufthansa International Finance N.V.
Megal Finance Company Limited
Mitsubishi Chemical Industries Limited N.V.
Nederlandse Gasunie
Neuseeland
Nippon Kokan Kabushiki Kaisha
Nippon Telegraph & Telephone Public Corporation
A/S Norcem
Nordiska Investeringsbanken
Norges Kommunalbank
Den norske stats oljeselskap a.s (Statoll)
Königreich Norwegen
Österreichische Kontrollbank Aktiengesellschaft
Parker-Hannifin International Corporation
Petróleo Brasileiro S.A. PETROBRÁS
Philippinen
Postipankki
Red Nacional de los Ferrocarriles Españoles (RENFE)
Königreich Schweden
The Tokyo Electric Power Company, Incorporated
Republik Venezuela
Wiedereingliederungsfonds des Europarates für die nationalen Flüchtlinge und die Überbevölkerung in Europa

denominated in foreign currencies:
Air France
Akzo nv
Alcoa of Australia Limited
Alco Standard International Finance N.V.
N.V. Amev
Republik Argentinien
Australien
Bank of British Columbia
Bank of Ireland
Bank of Tokyo (Curaçao) Holding N.V.
Bell Canada
Föderative Republik Brasilien
Carter Hawley Hale Overseas Finance N.V.
Comalco Investments Europe S.A.
Compagnie de Saint-Gobain-Pont-à-Mousson

Compagnie IBM France
 Continental Group Overseas
 Finance N.V.
 Creditanstalt-Bankverein
 Crédit Foncier Franco-Canadien
 Dome Petroleum Limited
 Dow Chemical Overseas Capital N.V.
 Ennia N.V.
 EUROFIMA Europäische Gesellschaft
 für die Finanzierung von
 Eisenbahnmateriale
 Europäische Atomgemeinschaft
 (EURATOM)
 Europäische Gemeinschaft für Kohle
 und Stahl
 Europäische Investitionsbank
 Export Development Corporation
 Republik Finnland
 First Canadian Investments Limited
 GMAC Overseas Finance
 Corporation N.V.
 Stadt Göteborg
 Gould International Finance N.V.
 Gulf & Western Intercontinental
 Investments N.V.
 Hill Samuel Group Limited
 Hudson's Bay Company
 I. C. Industries Finance Corporation N.V.
 The Industrial Bank of Japan Finance
 Company N.V.
 ITT Antilles N.V.
 Kanada
 Kennecott International N.V.
 Stadt Kopenhagen
 Malaysia
 Manufacture Française des
 Pneumatiques Michelin
 Manufacturers Hanover Overseas
 Capital Corporation
 The Mortgage Bank and Financial
 Administration Agency of the
 Kingdom of Denmark
 The New Brunswick Electric Power
 Commission
 Province of Newfoundland
 Den norske stats oljeselskap a.s.
 (Statoil)
 Königreich Norwegen
 Nova Scotia Power Corporation
 Republik Österreich
 Olivetti International
 Pennwalt Overseas Finance N.V.
 Philippinen

Régie Nationale des Usines RENAULT
 The Royal Bank of Canada
 Königreich Schweden
 Société Centrale de Banque
 Société Générale Alsacienne de Banque
 Solvay et Cie. S. A.
 Teollisuuden Voima Oy - Industrins
 Kraft AB
 Unilever N.V.
 Warner-Lambert International, N.V.

Domestic shares

Aachener und Münchener
 Beteiligungs-Aktiengesellschaft
 Aachener und Münchener Versicherung
 Aktiengesellschaft
 Adt Aktiengesellschaft
 ALBINGIA
 Versicherungs-Aktiengesellschaft
 Allianz Lebens-
 versicherungs-Aktiengesellschaft
 Andrae-Noris Zahn Aktiengesellschaft
 Baden-Württembergische Bank
 Aktiengesellschaft
 Badische Gas- und Elektrizitäts-
 versorgung Aktiengesellschaft
 BASF Aktiengesellschaft
 Bayerische Elektrizitäts-Lieferungs-
 Gesellschaft Aktiengesellschaft
 Bayerische Handelsbank
 Bayerische Vereinsbank
 Bayernwerk Aktiengesellschaft
 H. Berthold Aktiengesellschaft
 Brauerei Cluss
 Brüggener Aktiengesellschaft für
 Tonwaren Industrie
 Burbach-Kaliwerke Aktiengesellschaft
 Calwer Decken- und Tuchfabriken
 Aktiengesellschaft
 Deutsche Centralboden-
 kredit-Aktiengesellschaft
 Deutsche Lufthansa Aktiengesellschaft
 DLW Aktiengesellschaft
 Eisenbahn-Verkehrsmittel-Aktiengesell-
 schaft für Transport und Lagerung
 ERLUS Baustoffwerke
 Aktiengesellschaft
 Frankona Rückversicherungs-
 Aktien-Gesellschaft
 Geestemünder Bank Aktiengesellschaft

Gelsenwasser Aktiengesellschaft
 Arn. Georg Aktiengesellschaft
 Grosskraftwerk Franken
 Aktiengesellschaft
 Gutehoffnungshütte Aktienverein
 A. Hagedorn & Co. Aktiengesellschaft
 Hamburger Getreide-Lager-
 haus-Aktiengesellschaft
 Hamburger Hochbahn
 Aktiengesellschaft
 Heidelberger Druckmaschinen
 Aktiengesellschaft
 Heidelberger Zement
 Aktiengesellschaft
 Heilmann & Littmann
 Bau-Aktiengesellschaft
 Hemmoor Zement Aktiengesellschaft
 Herlitz Aktiengesellschaft
 Hilgers Aktiengesellschaft
 Hoechst Aktiengesellschaft
 Holsten-Brauerei
 I.G. Farbenindustrie Aktiengesellschaft
 in Abwicklung
 Kaiser-Brauerei Aktiengesellschaft
 Kali-Chemie Aktiengesellschaft
 Kammgarnspinnerei Kaiserslautern
 Aktiengesellschaft
 Katz Werke Aktiengesellschaft
 Klein, Schanzlin & Becker
 Aktiengesellschaft
 Klöckner-Humboldt-Deutz
 Aktiengesellschaft
 Koenig & Bauer Aktiengesellschaft
 Koepf Aktiengesellschaft
 Kollnauer Spinnerei und Weberei
 Aktiengesellschaft
 KWS Kleinwanzlebener Saatzucht
 Aktiengesellschaft vorm. Rabbethge
 & Giesecke
 Lech-Elektrizitätswerke
 Aktien-Gesellschaft
 Leonische Drahtwerke
 Aktiengesellschaft
 Lüneburger Kronen Brauerei
 Aktiengesellschaft zu Lüneburg
 Maehler & Kaegi Aktiengesellschaft
 Mannesmann Aktiengesellschaft
 M.A.N. - Roland Druckmaschinen
 Aktiengesellschaft
 Mannheimer Versicherung
 Aktiengesellschaft
 Maschinenfabrik Augsburg-Nürnberg
 Aktiengesellschaft

Mauser Waldeck Aktiengesellschaft
 Mechanische Seidenweberei Viersen
 Aktiengesellschaft
 Metall- und Lackierwarenfabrik
 Aktiengesellschaft
 Mittelschwäbische Überlandzentrale
 Aktiengesellschaft
 Moenus Aktiengesellschaft
 Münchener Rückversicherungs-Gesell-
 schaft Aktiengesellschaft in München
 Nixdorf Computer Aktiengesellschaft
 Pittler Maschinenfabrik
 Aktiengesellschaft
 Rheinische Hypothekenbank
 Rütgerswerke Aktiengesellschaft
 Salzgitter Hüttenwerk
 Aktiengesellschaft
 Scheidemandel Aktiengesellschaft
 Schichau Unterweser
 Aktiengesellschaft
 Schoeller Eitorf Aktiengesellschaft
 Schwab Aktiengesellschaft
 Seilwolff Aktiengesellschaft
 Siemens Aktiengesellschaft
 Spinnerei und Webereien Zell-Schönau
 Aktiengesellschaft
 Stahlwerke Peine-Salzgitter
 Aktiengesellschaft
 Thüringer Gas Aktiengesellschaft

Union und Rhein
 Versicherungs-Aktien-Gesellschaft
 VEBA Aktiengesellschaft
 Vereins- und Westbank
 Aktiengesellschaft
 Wintershall Aktiengesellschaft

Foreign shares

Algemene Bank Nederland N.V.
 All Nippon Airways Co., Ltd.
 Atlas Copco Aktiebolag
 Bell Canada
 The British Petroleum Company,
 Limited
 Compagnie de
 Saint Gobain-Pont-à-Mousson
 Compagnie des Machines BULL
 FINSIDER
 Fujitsu Limited
 Grand Metropolitan Limited
 International Business Machines
 Corporation
 Jusco Co., Ltd.
 KLM Koninklijke Luchtvaart
 Maatschappij N.V.
 Lafarge S.A.

Lone Star Industries, Inc.
 Minolta Camera Co., Ltd.
 Mobil Corporation
 Nippon Meat Packers, Inc.
 Nippon Yusen Kabushiki Kaisha (NYK
 Line)
 Ing. C. Olivetti & C., S.p.A.
 Olympus Optical Co., Ltd.
 Pilkington Brothers Limited
 E.I. du Pont de Nemours
 The Rank Organisation Limited
 Rockwell International Corporation
 ROLINCO N.V.
 RORENTO N.V.
 Rotterdamsch Beleggingsconsortium N.V.
 The Sanko Steamship Co., Ltd.
 Schweizerische Aluminium AG
 The Seiyu Stores, Ltd.
 Semperit Aktiengesellschaft
 The "Shell" Transport and Trading
 Company, Limited
 Société Nationale Elf Aquitaine
 Standard Chartered Bank Limited
 Steyr-Daimler-Puch Aktiengesellschaft
 Thomson-CSF
 Tokyo Electric Co., Ltd.
 Tokyu Department Store Co., Ltd.
 AB Volvo
 Westland/Utrecht Hypotheekbank NV

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Achim Bez. Bremen

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Filterwerk Mann & Hummel GmbH, Ludwigsburg

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Deputy Chairman of the Board of Managing
Directors, Dr.-Ing. h. c. F. Porsche AG, Stuttgart

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Chairman of the Board of Managing Directors,
Württembergische Metallwarenfabrik,
Geislingen (Steige)

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Chairman of the Board of Managing Directors,
Württembergische Feuerversicherung AG,
Stuttgart

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Spokesman of the Management Board,
J. M. Voith GmbH, Heidenheim

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Stuttgart

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Chairman of the Board of Managing Directors,
Salamander AG, Kornwestheim

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Managing Director, Steiger & Deschler GmbH
and Interglas-Textil GmbH, Ulm

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Managing Director, C. H. Knorr GmbH, Heilbronn

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Gemmingen-Hornberg,
Friedenfels (Oberpfalz)

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Spokesman of the Management Board, Wilh.
Gallion GmbH & Co., Stuttgart

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Partner and Managing Director,
Theodor Groz & Söhne & Ernst Beckert
Nadelfabrik Commandit Gesellschaft,
Albstadt-Ebingen

Dipl.-Ing. ETH Max A. Henzi,
Managing Director, Escher Wyss GmbH,
Ravensburg

S. H. Friedrich Wilhelm Fürst von
Hohenzollern,
Sigmaringen

Dipl.-Ing. Walter Hohner,
Trossingen

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Verlagsgruppe Georg von Holtzbrinck GmbH,
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Partner and Managing Director, Karl Kässbohrer
Fahrzeugwerke GmbH, Ulm

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Klingele Papierwerke KG, Grunbach nr. Stuttgart

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Partner and Managing Director,
BIZERBA-WERKE Wilhelm Kraut KG,
Balingen (Württemberg)

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Partner in Leuze textil KG,
Partner in C. A. Leuze (oHG), Owen (Teck)

Dipl.-Volkswirt Alfred Mahler,
Chairman of the Supervisory Board,
Unifranck Lebensmittelwerke GmbH,
Garmisch Partenkirchen

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Partner and Managing Director,
Otto Maier Verlag KG, Ravensburg

Dr.-Ing. Alfred Meier,
Managing Director, Mahle GmbH, Stuttgart

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Managing Director and Partner,
Merckle Group, Blaubeuren

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Daimler-Benz AG, Stuttgart

Dr. rer. pol. Ulrich Palm,
Member of the Board of Managing Directors,
Wieland-Werke AG, Ulm

Dr. jur. Alfred Rieger,
Partner and Managing Director,
P. Jenisch & Co. Strickwarenfabrik, Nürtingen

Dott. Cesare Romiti,
Amministratore Delegato FIAT S.p.A., Turin

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DLW Aktiengesellschaft, Bietigheim Bissingen

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Dornier GmbH, Friedrichshafen

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Papierfabrik Scheufelen,
Oberlenningen (Württemberg)

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Carl Zeiss, Trustee of the Carl Zeiss Stiftung,
Oberkochen

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Managing Director, Robert Bosch GmbH,
Stuttgart

Dr.-Ing. Helmut Steinmann,
Stuttgart

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Festo Maschinenfabrik Gottlieb Stoll, Esslingen

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Tuttlingen

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Schloss Wolfegg

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

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Gustav Winkler GmbH & Co. KG, Aalen

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

Reinhold Würth,
Partner and Managing Director, Adolf Würth KG,
Schrauben- und Mutternfabrik, Künzelsau

Dipl.-Ing. Heinz Ziehl,
Partner and Managing Director, Ziehl-Abegg KG,
Künzelsau

Dr. Ernst Zimmermann,
Chairman of the Management Board,
Motoren- und Turbinen-Union München GmbH
and of the Management Board, Motoren- und
Turbinen-Union Friedrichshafen GmbH, Munich

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Partner and Managing Director,
Metzner & Jung GmbH, Wuppertal

Walter Kaiser, *Deputy Chairman*
Partner and Managing Director,
Gebr. Kaiser GmbH & Co. Leuchten KG,
Arnsberg (Westf.)

Dr. Armin Albano-Müller,
Partner and Managing Director,
Schwelm Eisenwerk Müller & Co. GmbH,
Schwelm

Manfred von Baum,
Managing Director,
von Baum Verwaltung GmbH & Co. KG,
Wuppertal

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Member of the Board of Managing Directors,
Gold-Zack Werke AG, Mettmann

Konsul Dipl.-Ing. Pierre De Bruecker,
Chairman of the Management Board,
Deutsche Solvay-Werke GmbH, Solingen

Dipl.-Volkswirt Wilhelm Erfurt,
Partner in Friedrich Erfurt & Sohn KG, Wuppertal

Peter Frowein,
Partner in Frowein & Co. KGaA, Wuppertal

Dipl.-Ing. Otto-Rudolf Fuchs,
Partner and Managing Director,
Otto Fuchs Metallwerke, Meinerzhagen

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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

Heinz Kettler,
Partner and Managing Director, Heinz
Kettler Gruppe, Ense Parsit

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

Dipl.-Wirtsch.-Ing. Diether Klingelberg,
Partner and Managing Director,
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

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

Dr.-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

Dr. Hans Vossloh,
Partner and Managing Director,
Vossloh-Werke GmbH, Werdohl

Hans Martin Wälzholz-Junius,
Partner in C. D. Wälzholz, Hagen

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:

Dr. Albert Bürklin
Vineyard proprietor, Wachenheim (Pfalz)

Dr.-Ing. E. h. Erwin Gärtner
Cologne

Rechtsanwalt Hans Joachim Götz
President of the Chamber of Industry and Commerce,
Hanover Hildesheim, Hanover

Hermann Kupczyk
Partner and Managing Director,
Fredenhagen KG, Maschinenfabrik, Offenbach am Main

Dipl.-Kfm. Dr. rer. pol. Paul Lindemann
Chairman of the Board of Managing Directors,
Röhrenlager Mannheim AG, Mannheim

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

Dr. Ernst-Heinrich Steinberg
Celle

We shall always remember them with respect and gratitude.

6000 Frankfurt 1, Grosse Gallusstrasse 10–14, Junghofstrasse 5–11

4000 Düsseldorf, Königsallee 45–47

Domestic branches:

Aachen with 5 sub-branches	Bad Wörlshofen	Buxtehude	Ennepetal with 1 sub-branch
Aalen (Württ) with 1 sub-branch	Bad Zwischenahn	Castrop-Rauxel with 1 sub-branch	Erkelenz
Achim (Bz Bremen)	Balingen	Celle	Erkrath (Bz Düsseldorf)
Ahaus	Bamberg	Clausthal-Zellerfeld	Erlangen
Ahlen (Westf)	Barsinghausen	Cloppenburg	Eschborn
Ahrensburg (Holst)	Baunatal	Coburg	Eschwege
Albstadt with 1 sub-branch	Bayreuth	Coesfeld	Eschweiler
Alfeld (Leine)	Beckum (Bz Münster)	Cologne with 26 sub-branches	Espelkamp
Alsdorf (Rheinl)	Bendorf (Rhein)	Crailsheim	Essen with 26 sub-branches
Alsfeld (Oberhess)	Bensheim	Cuxhaven	Esslingen (Neckar)
Altena (Westf)	Bergheim (Erft)	Dachau	Ettlingen (Baden)
Altenkirchen (Westerw)	Bergisch Gladbach with 1 sub-branch	Darmstadt with 5 sub-branches	Euskirchen
Alzey	Bergneustadt	Datteln (Westf)	Eutin
Amberg	Bernkastel-Kues	Deggendorf	Fellbach (Württ)
Andernach	Betzdorf (Sieg)	Deidesheim	Flensburg with 3 sub-branches
Ansbach	Biberach (Riss)	Delmenhorst	Forchheim
Arnsberg with 1 sub-branch	Biedenkopf	Detmold	Frankenthal (Pfalz)
Aschaffenburg	Bielefeld with 7 sub-branches	Dietzenbach	Frankfurt am Main with 23 sub-branches and 1 paying office
Asperg	Bietigheim (Württ)	Dillenburg	Frankfurt (Main)-Höchst
Attendorn	Bingen (Rhein)	Dinslaken (Niederrhein) with 1 sub-branch	Frechen
Augsburg with 7 sub-branches	Blomberg (Lippe)	Donaueschingen	Freiburg (Breisgau) with 7 sub-branches
Aurich	Bocholt	Dormagen (Niederrhein)	Freising
Backnang	Bochum with 7 sub-branches	Dorsten	Freudenberg (Kr Siegen)
Bad Berleburg	Böblingen (Württ)	Dortmund with 14 sub-branches	Friedberg (Hess)
Bad Driburg (Westf)	Bonn	Dreieich	Friedrichshafen
Bad Dürkheim	Bonn-Bad Godesberg	Dülmen	Fürstenfeldbruck
Baden-Baden	Boppard	Düren (Rheinl) with 1 sub-branch	Fürth (Bay) with 1 sub-branch
Bad Harzburg	Borken	Düsseldorf with 31 sub-branches	Fulda with 1 sub-branch
Bad Hersfeld	Bottrop with 1 sub-branch	Düsseldorf-Benrath with 1 sub-branch	Gaggenau (Murgtal)
Bad Homburg v d Höhe	Bramsche (Bz Osnabrück)	Duisburg with 23 sub-branches	Garmisch-Partenkirchen
Bad Honnef	Braunschweig with 12 sub-branches	Einbeck	Geesthacht
Bad Iburg	Bremen with 14 sub-branches	Eislingen	Geislingen (Steige) with 1 sub-branch
Bad Kreuznach	Bremen-Vegesack	Eitorf	Geldern
Bad Lauterberg	Bremerhaven	Ellwangen (Jagst)	Gelsenkirchen with 5 sub-branches
Bad Lippspringe	Bretten (Baden)	Elmshorn	Gengenbach
Bad Mergentheim	Brilon	Eltan	Georgsmarienhütte with 1 sub-branch
Bad Münstereifel	Bruchsal	Eltville	Gerlingen (Württ)
Bad Neuenahr	Brühl (Bz Cologne)	Emden	Germering
Bad Oeynhausen	Brunsbüttel	Emmendingen	Gernsbach (Murgtal)
Bad Oldesloe	Buchholz i d Nordheide	Emmerich	Gersthofen
Bad Pyrmont	Bühl (Baden)	Emsdetten	
Bad Sachsa (Südharz)	Bünde	Engelskirchen	
Bad Säckingen	Burgdorf (Han)		
Bad Salzuflen with 1 sub-branch	Burscheid (Rheinl)		
Bad Segeberg			
Bad Tölz			
Bad Wildungen			



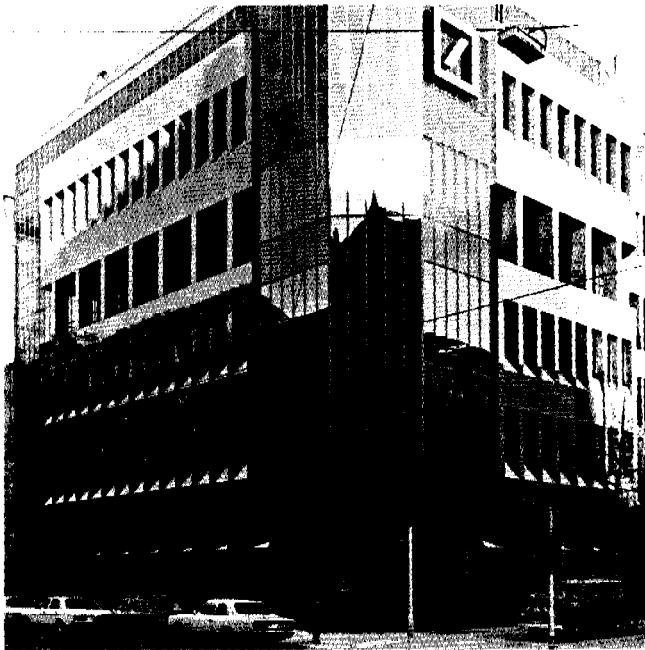
Bremen: the old façade on the Domshof; behind it is the bank's biggest banking hall.



Biedenkopf: our premises on the Marktplatz are in a half-timbered house, parts of which date back to the fifteenth century.



Neuss: the branch in Krefelder Strasse.



Düsseldorf: our Central Office extension gives a new perspective to the banking quarter.



Gifhorn/Hanover: our branch is located in a building that was once a village inn.

Geseke (Westf)	Heidenheim (Brenz)	Kiel	Löhne (Westf)
Gevelsberg	Heilbronn (Neckar)	with 7 sub-branches	Lörrach
Giengen (Brenz)	with 1 sub-branch	Kierspe (Westf)	with 1 sub branch
Giessen	Heiligenhaus (Düsseldorf)	Kirchheim unter Teck	Lohne (Oldb)
Gifhorn	Helmstedt	Kleve (Niederrhein)	Ludwigsburg (Württ)
with 1 sub-branch	Hemer	with 1 sub-branch	with 1 sub branch
Ginsheim-Gustavsburg	Hennef (Sieg)	Koblenz	Ludwigshafen (Rhein)
Gladbeck (Westf)	Heppenheim	with 1 sub branch	with 6 sub branches
with 1 sub-branch	Herborn (Dillkr)	Königsbrunn	Lübeck
Goch	Herdecke (Ruhr)	Königstein (Taunus)	with 5 sub-branches
Göppingen	Herford	Konstanz	Lüdenscheid
with 1 sub-branch	Herne	with 2 sub-branches	Lüneburg
Göttingen	with 4 sub-branches	Konz ü/Trier	with 1 sub-branch
with 1 sub-branch	Herten (Westf)	Korbach	Lünen
Goslar	Herzberg (Harz)	Kornwestheim (Württ)	with 1 sub-branch
with 1 sub-branch	Herzogenrath	Korschenbroich	Maikammer
Grefrath	with 1 sub-branch	Krefeld	Mainz
Grenzach-Wyhlen	Heusenstamm	with 7 sub-branches	with 4 sub-branches
Greven (Westf)	Hilden	Krefeld-Uerdingen	Mannheim
Grevenbroich	with 1 sub-branch	Kreuzau	with 17 sub-branches
Griesheim ü/Darmstadt	Hildesheim	Kreuztal (Kr Siegen)	Marbach
Gronau (Leine)	with 2 sub branches	Kronberg (Taunus)	Marburg (Lahn)
Gronau (Westf)	Hockenheim (Baden)	Künzelsau	Marl (Kr Recklinghausen)
Gross-Gerau	Höhr-Grenzhausen	Kulmbach	Mayen
Grünwald	Höxter	Laasphe	Meckenheim (Rheinl)
Günzburg	Holzminden	Laatzen	Meerbusch
Gütersloh	Horn – Bad Meinberg	Lage (Lippe)	with 1 sub-branch
with 1 sub-branch	Hückelhoven	Lahnstein	Meinerzhagen (Westf)
Gummersbach	Hückeswagen	Lahr (Schwarzw)	Melle
with 1 sub-branch	Hückerwagen	Landau (Pfalz)	Memmingen
Haan (Rheinl)	Hürth (Bz Cologne)	Landsberg (Lech)	Menden (Sauerl)
Hagen (Westf)	Husum (Nordsee)	Landshut	Meppen
with 8 sub-branches	Ibbenbüren	Landstuhl	Mettmann
Haiger	Idar-Oberstein	Langen (Hess)	Metzingen (Württ)
Halle (Westf)	with 1 sub-branch	Langenfeld (Rheinl)	Miltenberg
Hamburg	Ingelheim (Rhein)	Langenhagen (Han)	Minden (Westf)
with 44 sub-branches	Ingolstadt (Donau)	with 1 sub-branch	Mönchengladbach
Hamburg-Altona	with 3 sub-branches	Lauenburg	with 8 sub-branches
Hamburg-Bergedorf	Iserlohn	Lauterbach (Hess)	Mönchengladbach-Rheydt
Hamburg-Harburg	with 1 sub-branch	Leer (Ostfriesl)	Moers
Hameln	Itzehoe	Leichlingen (Rheinl)	with 2 sub-branches
Hamm (Westf)	Jever	Leimen	Monheim (Rheinl)
with 3 sub branches	Jülich	Leinfelden	Mosbach (Baden)
Hanau	Kaarst	Lemgo	Mühlacker (Württ)
Hanover	Kaiserslautern	Lengerich (Westf)	Mühl Dorf (Inn)
with 18 sub-branches	with 1 sub branch	Lennestadt	Mühlheim (Main)
Hann. Münden	Kamp-Lintfort	Leonberg (Württ)	Mühlheim (Ruhr)
Harsewinkel	Karlsruhe	Leutkirch	with 2 sub-branches
Haslach (Kinzigtal)	with 6 sub branches	Leverkusen	Müllheim (Baden)
Hattingen (Ruhr)	Kassel	with 2 sub-branches	Münster (Westf)
Heidelberg	with 5 sub-branches	Leverkusen-Opladen	with 8 sub-branches
with 4 sub-branches	Kehl	Limburg	Munich
	Kempfen (Niederrhein)	Limburgerhof	with 46 sub-branches
	Kempton (Allgäu)	Lindau (Bodensee)	Munster
	Kerpen	Lingen	Nagold
	Kevelaer	Lippstadt	

Neckarsulm	Plochingen	Sindelfingen	Vreden (Westf)
Nettetal	Quakenbrück	Singen (Hohentwiel)	Waiblingen
with 1 sub-branch	Radevormwald	Soest	Waldbröl
Neuburg (Donau)	Radolfzell	Solingen	Waldkirch (Breisgau)
Neuenrade	Rastatt	with 4 sub-branches	Waldshut
Neu Isenburg	Ratingen	Soltau	Waltrop
Neumarkt (Oberpf)	with 3 sub-branches	Sonthofen	Wangen (Allgäu)
Neumünster	Raunheim	Spaichingen	Warendorf
Neunkirchen (Kr Siegen)	Ravensburg	Spenge	Wedel (Holst)
Neuss	with 1 sub-branch	Speyer	Weener (Ems)
with 4 sub-branches	Recklinghausen	Sprockhövel (Westf)	Wegberg
Neustadt (b Coburg)	Regensburg	Stade	Wehr (Baden)
Neustadt (Weinstr)	with 4 sub-branches	Stadthagen	Weiden (Opf)
Neu-Ulm	Reinbek (Bz Hamburg)	Stadtlohn	Weil (Rhein)
Neuwied	Remagen	Starnberg	Weilheim
with 1 sub-branch	Remscheid	Steinfurt	Weingarten (Württ)
Nienburg (Weser)	with 5 sub-branches	with 1 sub-branch	Weinheim (Bergstr)
Nördlingen	Rendsburg	Stolberg (Rheinl)	with 1 sub-branch
Norden	Reutlingen	Straubing	Weissenthurm
Norderney	with 1 sub-branch	Stuttgart	Werdohl
Norderstedt	Rheda-Wiedenbrück	with 13 sub-branches	Werl (Westf)
Nordhorn	Rheinbach	Stuttgart-Bad Cannstatt	Wermelskirchen
Northheim	Rheinberg (Rheinl)	Sundern (Sauerl)	Werne
Nürtingen	Rheine (Westf)	Taunusstein	Wesel (Niederrhein)
Nuremberg	with 2 sub-branches	Titisee-Neustadt	with 1 sub-branch
with 14 sub-branches	Rheinfelden (Baden)	Tönisvorst	Wesseling (Bz Cologne)
Oberhausen (Rheinl)	Rinteln (Weser)	Traben-Trarbach	Westerland
with 9 sub-branches	Rodgau	Triberg (Schwarzw)	Wetzlar
Oberkirch (Baden)	Rosenheim (Bay)	Trier	Wiesbaden
Obertshausen	Rottenburg	with 1 sub-branch	with 6 sub-branches
Oberursel (Taunus)	Rottweil	Troisdorf	Wiesloch
Öhringen	Rüsselsheim (Hess)	Tübingen	Wilhelmshaven
Oelde	with 1 sub-branch	with 1 sub-branch	with 1 sub-branch
Oerlinghausen	Salzgitter-Bad	Tuttlingen	Willich (Bz Düsseldorf)
Offenbach (Main)	with 2 sub-branches	Übach-Palenberg	with 1 sub-branch
with 2 sub-branches	Salzgitter-Lebenstedt	Überlingen (Bodensee)	Wipperfurth
Offenburg (Baden)	with 1 sub-branch	Uelzen	Wissen (Sieg)
Oldenburg (Oldbg)	Salzgitter-Watenstedt	Ulm (Donau)	Witten
with 1 sub-branch	St. Georgen (Schwarzw)	with 1 sub-branch	with 2 sub-branches
Olpe (Westf)	Schmallenberg (Sauerl)	Unna	Wittlich
Osnabrück	Schopfheim	Vechta	Wörth am Rhein
with 5 sub-branches	Schorndorf (Württ)	Velbert (Rheinl)	Wolfenbüttel
Osterholz-Scharmbeck	Schüttorf	with 1 sub-branch	Wolfsburg
Osterode (Harz)	Schwäbisch Gmünd	Verden (Aller)	with 4 sub-branches
Ottobrunn	with 1 sub-branch	Verl	Worms
Paderborn	Schwäbisch Hall	Viernheim (Hess)	Wülfrath
Papenburg	Schweinfurt	Viersen	Würselen (Kr Aachen)
Peine	Schwelm	with 3 sub-branches	Würzburg
Pforzheim	Schwerte (Ruhr)	VS – Schwenningen	with 2 sub-branches
with 3 sub-branches	Schwetzingen	VS – Villingen	Wuppertal
Pfullingen (Württ)	Seesen	Voerde	with 16 sub-branches
Pinneberg	Siegburg	Vohburg	and 1 paying office
Pirmasens	Siegen		Xanten
with 1 sub-branch	with 4 sub-branches		Zell (Mosel)
Planegg			Zirndorf
Plettenberg			Zweibrücken

Holdings in German banks

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 Aktiengesellschaft, Lübeck
55 offices

Subsidiary: Lübecker Hypothekenbank AG, Lübeck
Further offices: Essen, Frankfurt am Main, Hamburg, Giessen, Munich, Wuppertal

Deutsche Centralbodenkredit-Aktiengesellschaft,
Berlin – Cologne · 1 sub-branch
Head office: Cologne
Further offices: Berlin, Bielefeld, Düsseldorf, Essen, Frankfurt am Main, Hanover, Karlsruhe, Stuttgart

Frankfurter Hypothekenbank, Frankfurt am Main
Further offices: Düsseldorf, Essen, Hamburg, Munich, Stuttgart, Wiesbaden

Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Cologne
Further offices: Augsburg, Berlin, Bielefeld, Bremen, Essen, Frankfurt am Main, Freiburg, Hamburg, Hanover, Kiel, Mannheim, Munich, Münster, Nuremberg, Saarbrücken, Stuttgart, Trier

GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal
Further offices: Berlin · 1 sub-branch, Bielefeld, Düsseldorf, Frankfurt am Main, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Saarbrücken, Siegen, Stuttgart, Ulm
Subsidiary: GEFA-Leasing GmbH, Wuppertal

Foreign branches

Argentina

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1000 Buenos Aires
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1036 Buenos Aires
Friedbert W. Böhm, Gerente
Karl Ostenrieder, Gerente
Raúl G. Stocker, Gerente

Belgium

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Dr. Axel Wiesener, Directeur
Dr. Eberhard Weiershäuser,
Directeur
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