

Deutsche Bank at a glance

Deutsche Bank AG	1980	1979
	DM m.	DM m.
Business volume	107,400	101,000
Balance sheet total	104,200	98,800
Funds from outside sources	94,800	90,700
Total credit extended	65,100	57,300
Own funds	4,398	4,278
Earnings on business volume	2,803	2,374
Earnings on services	807	698
Staff and other operating expenses	2,579	2,291
Taxes	482	448
Net income for the year	343	284
Allocations to disclosed reserves	120	90
Total dividend payment	223	194
Dividend per share of DM 50 par value	DM 10.—	DM 9.—
Shareholders	232,000	225,000
Staff	39,242	39,081
Customers (excl. banks)	5.3 m.	5.2 m.
Offices	1,151	1,151

Group	1980	1979
	DM m.	DM m.
Business volume	178,100	160,600
Balance sheet total	174,600	158,100
Funds from outside sources	161,400	146,900
Total credit extended	127,700	109,500
Own funds	5,365	5,056
Earnings on business volume*	3,428	2,923
Earnings on services	892	785
Staff and other operating expenses	2,933	2,617
Taxes	735	665
Net income for the year	457	427
Staff	44,128	43,942
Customers (excl. banks)	6.3 m.	6.1 m.
Offices	1,361	1,355

Report for the Year 1980

Deutsche Bank AG



Front cover and Page 1:

Friedrich Meckseper, details from the etching "Labyrinth, Regenbogen und Sonnenuhr", 1969, cf. also P. 137

On August 10, 1980

Mr. Manfred Oheimb von Hauenschild

passed away at the age of 74 years. He had served our bank since 1946 and was a Member of the Board of Managing Directors from 1959 to 1972. After his retirement he maintained his links with us as Member of the Supervisory Board of our Old Bank (Altbank).

With his comprehensive knowledge, clarity of judgement and deep sense of duty, Mr. von Hauenschild's services, particularly in the fields of organization and lending business, were of great value to our bank. He was highly esteemed in German industrial and economic circles and was valued as a wise counsellor.

We shall always treasure his memory, both as a person and as a banker.

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Deutsche Bank AG

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Housewife

* elected by the staff

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Hilmar Kopper

Klaus Martin

Hans-Otto Thierbach (until December 31, 1980)

Herbert Zapp

Werner Blessing, Deputy (from January 20, 1981)

Ulrich Cartellieri, Deputy (from April 1, 1981)

Ulrich Weiss, Deputy

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Dr. Lothar Gruss
Lothar Zelz

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Günter M. Schwärzell
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Dr. Walter A. Blum
Dr. Gerd Weber

On Competitiveness

Competition is an essential part of the market system, not as a formal ritual, but as a fundamental driving force. Competition releases the energies that bring about technical and economic progress; at the same time, it ensures that business achievements do not develop into richly-endowed hereditary properties, but have to be continuously defended and repeated.

The ability to compete is of vital importance for companies, business sectors and entire economies. It has the final say on growth, employment, price level and external economic situation. Furthermore, competitiveness is the precondition for the maintenance of our social security system.

The Federal Republic owes its present prosperity and the social peace it has always enjoyed to the fact that it was nationally and internationally competitive for over two decades. Because of this, it succeeded for a long time in carrying out comparatively well the three main tasks facing any economy: available productive resources were fully utilized and thus full employment was secured. They were channelled by market forces into the optimal productive or other alternative uses, which led to high productivity rates. And, finally, the national income generated in this process was distributed in a way which came close to being just, both socially and in relation to performance.

If this situation is to be maintained or restored, the main task of economic policy must be to safeguard the competitiveness of our economy, both nationally and internationally. It must ensure that

the technical equipment of our economy is renewed and modernized at the right time,

the development of costs is compatible with stability,

obstacles to economic decisions on the part of producers and consumers are avoided or removed.

– A highly industrialized country like the Federal Republic can only permanently assert its position both internally and externally if its stock of industrial plant is

adapted in each case to the pace and extent of technical progress and takes account of the increasing worldwide division of labour. This presupposes three things: research and development must sustain technical progress, investments must make it ready for the market at the right time, the availability of sufficient funds must make both these things possible.

We need an economic policy that promotes innovation, encourages investment and secures earnings. Fiscal policy, incomes policy, social policy and regulative policy, which establishes the overall framework, must all observe this principle. A course of action which persists in testing the strength of our economy can only end in a growing inability to compete.

– *Competition takes place in terms of price, quality, punctuality, and for all of these factors costs play a decisive role. At the final count, therefore, competition is decided by which and how many costs “one can afford” without losing the battle. It follows from this: comparatively low costs increase competitiveness.*

We need an economic policy that contributes to keeping the rise in costs within the bounds that are secured in real terms by productivity gains. This applies not only to labour costs including ancillary costs, but also to administrative burdens in the form of taxes and public levies.

Particular significance attaches to the cost and availability of energy. Since 1973, the material burden caused by our oil imports has increased drastically. The resulting cost burden which our economy has to bear is weakening its competitiveness. There is good reason to suppose that real oil prices will continue to rise, because the oil producer countries have expressly declared this to be their policy target. But if one cannot change the behaviour of those one depends on, then one has to reduce one’s dependence. Besides a decrease in oil consumption through consistent energy conservation, this also requires the accelerated development of alternative energy sources. There is no way round a rapid increase in our use of nuclear power. Simply keeping the option open is not enough, if economic policy is to contribute to securing the competitiveness of industry.

– The strength of any economy is based to a large extent on its ability to adapt at the right time and in sufficient measure to changed environmental and market conditions. Where decision-making processes are decentralized – as they usually are in market economies – this presupposes that producers and consumers have the freedom to decide, in their own sphere and on their own responsibility, on the necessary measures and courses of action. The addition of further steps to the process of reaching decisions, increasing the number of decision-making bodies involved and the centralization of decision-making rights frequently work against this. In the recent past, the assertion of demands for greater involvement in matters of economic and social policy has not inconsiderably narrowed the scope for individual decision-making. Ranging from all kinds of trade and industrial law provisions to innumerable environmental regulations, from co-determination entities to administrative courts, there is a large and still growing number of steps and bodies involved in the decision-making process, all of which tend to reduce the flexibility of those involved in business activity, especially companies. One cannot expect lasting competitiveness of an economy which is hampered in such a way, especially not at a time when, unlike in the past, the conditions under which we do business are changing rapidly and continuously, on both a national and international scale.

We need an economic and social policy which encourages responsible decisions at the right time, instead of impeding or even preventing them.

Taken as a whole, the German economy has no cause for pessimism. The damage done to its competitive strength can be repaired. But here, though, marginal corrections are not enough. We need a new start on the basis of agreement between all participants in the economic process that it is largely our competitiveness that decides what degree of prosperity and material security can be achieved by the individual and by society as a whole.

General Economic Situation

Federal Republic under pressure to adjust

Growth in the German economy slowed down markedly in 1980. In overall terms, our real national product increased by only 1.8%. A contraction is to be expected in 1981.

The overall economic development was burdened again by oil price increases and the adjustment processes they necessitated. The higher energy prices had a dampening effect above all on private consumption; in real terms, it expanded by only 1.7% (1979: 3.2%). Investment, on the other hand, received considerable stimulus from the efforts made to conserve energy and replace oil as a source of energy.

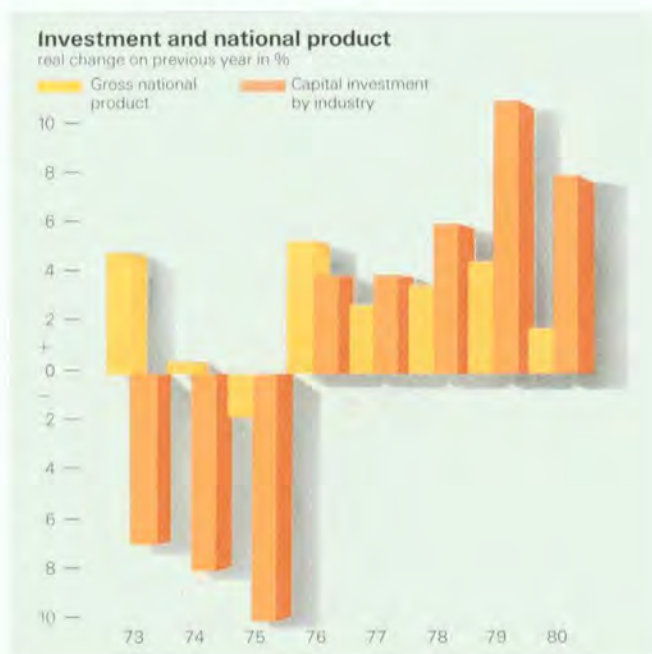
Corporate spending on machinery and equipment increased in 1980 by 7% (3% in real terms) in the economy as a whole. In the industrial sector, where pressure to adjust was strongest, it actually rose by 12% (8% in real terms), which was not much less than in the previous year.

The economy's self-healing powers intact ...

The comparatively strong investment activity shows that companies are not evading the pressure to adjust, but are trying to adapt to the changed market conditions by introducing new production processes and products. We conclude from this that the economy's self-healing powers are intact and that economic policy can build on them. The state, of course, with its regulative framework, must not make business activity more difficult, but should help, above all, to make investment easier and to keep it attractive.

... but danger from the earnings side

Investment is threatened by a deterioration in earnings. Corporate profits already came under pressure again in 1980. Unit labour costs rose by almost 6%, more than twice as strongly as in 1979, owing to wage settlements and lower productivity gains. Additional burdens came from more expensive imports and higher financing costs. Slacker demand on sales markets prevented them from being passed on in full. If this pressure on earnings persists, cuts in present investment plans will be unavoidable. Gross national product in 1981 would then certainly be even worse than currently expected.



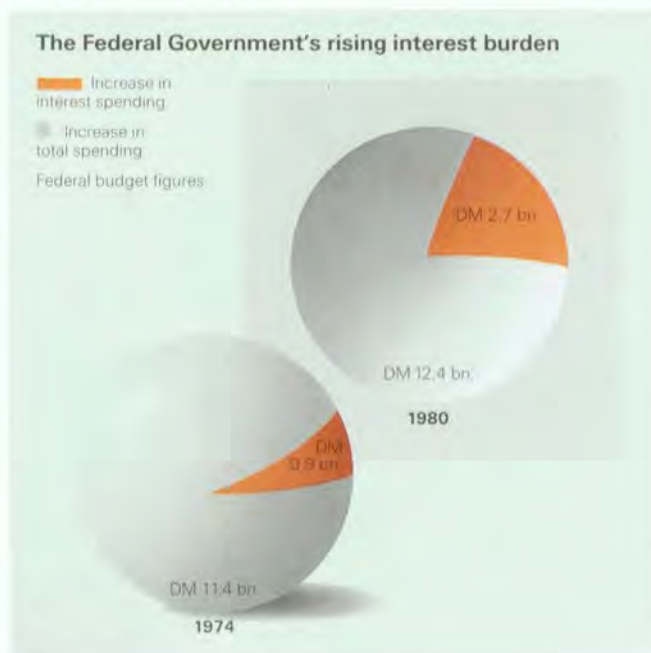
Social consensus promotes overall economic performance

In the present situation, close and responsible cooperation between Government, central bank and the two sides of industry is more important than ever before. It alone can create the conditions which are necessary to accomplish the adjustment processes required in the short and long term, without noteworthy growth setbacks or losses of jobs. We regret that, in the period under review, it was not yet possible to resume the discussions with the Federal Minister for Economic Affairs in succession to the earlier Concerted Action. The German economy needs cooperation between employers and trade unions and a continuing good social climate, if it is to hold its position in international competition.

Weak point: public finances

A weak point in the overall economic scenario was again fiscal policy. Originally, the 1980 budget deficit of the Federal Government, Länder and local authorities was to be kept below the previous year's level. Instead, it increased by a further DM 11 bn. to DM 58 bn. That was the highest deficit since 1976.

In 1980, the Federal Government also borrowed abroad for the first time on a noteworthy scale (DM 20.6 bn.). This was in line with the special external economic situation. In doing so, the Government took pressure off the domestic credit and capital markets and helped to finance the deficit on current account. However, financing possibilities abroad must not lead to the concern over national debt and the reduction of public debt to a level acceptable in the longer term being taken less seriously.



Consolidation still urgent

The consolidation of public finances has become more difficult as a result of the slackening of overall economic activity. Omissions in past years have confronted the state with a situation in which the structural need to reduce the budget deficit coincides with a cyclical cooling. In other words, fiscal policy has run aground.

We think that untiring efforts must continue to be made to reduce public borrowing. This applies not only in view of the growing inflexibility in the public budgets and the burdens on the capital market. Without a solution to the budget problem, there is little chance of generating the necessary confidence in a more favourable business trend in the medium term. Furthermore, national and international confidence in the D-Mark will only remain firm if, above and beyond a stability-

oriented central bank policy, budgetary problems are tackled with determination.

The steps taken so far in this area are not sufficient. They are too strongly oriented towards increasing revenues, rather than reducing spending, where the real emphasis should lie.

We have stated on several occasions that the necessary consolidation of public finances cannot leave savings promotion untouched. The measures taken here, however, must affect all forms of saving equally. They must not create new privileges. The decisions taken by the Federal Government in November 1980 on the restriction of savings promotion do not meet this requirement. They are questionable from the point of view of competition and they upset the balance which is absolutely essential in the promotion of all forms of saving and wealth formation.

No room for more programmes to stimulate business activity

The role of the state with regard to business activity must also be reviewed. Apart from the limited financial scope of the public authorities, there is the danger in the present situation that spending programmes in support of business activity will only lead to short-lived superficial successes, increase the deficit on current account, delay adjustment to the new energy prices and tend to undermine the competitiveness of industry. Instead of bolstering the economy via demand, the economy's investment power must be strengthened by improving conditions on the supply side. A step in the right direction here would be the removal of obstacles to investment in the energy sector and in housing construction.

Massive increase in deficit on current account . . .

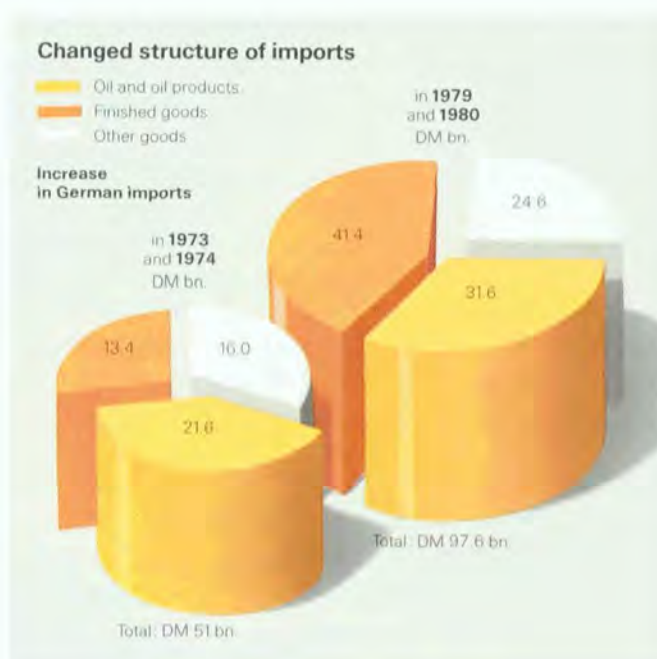
The most important single feature of overall economic developments in 1980 was the increase in the deficit on current account. It created unfamiliar problems for our country and, above all, new constraints and international dependencies for economic and monetary policy.

The deficit on current account, at DM 28 bn., was three times the 1979 figure. It was the highest deficit incurred by any industrial or developing country.

. . . as a result of high import growth

The main cause was the strong growth in imports (1980: 17%). About one third of the growth in import spending was due to the further rise in the oil bill as a result of higher prices – despite a 10% reduction in import quantities. Imports of finished goods also increased substantially (12%). In absolute terms, the rise in imports of finished goods (up by DM 19 bn.) was even larger than the increase in oil imports (DM 14 bn.). Foreign suppliers were able to improve their competitive position in the German market on a broad basis. The biggest increase was recorded in imports of finished goods from Japan (over 40%). Also worth noting, however, was the rise in deliveries from the U.S.A. (close on 30%).

There was also a further increase in German spending on services (DM 38 bn. on foreign travel alone) and transfers abroad (above all, foreign workers' remittances to their home countries, payments to international organizations). Of the total amount by which our balance on current account deteriorated in the year under review, more than one quarter was due to the increased net deficits in these two sectors alone.



Visible exports, on the other hand, developed relatively well. They increased by 11% in 1980 (4% adjusted for prices) – though with a marked weakening in the second half.

Salutary shock?

The radical turnaround in the balance on current account within such a short space of time is remarkable. It should not be over-dramatized. However, the new situation could perhaps deliver a salutary shock, because it does, after all, make it unmistakably clear that world economic positions are not irreversible and that successes have to be re-achieved again and again.

For the Federal Republic, deficits of the present size are not tolerable in the longer run, from either a domestic or an external economic point

of view. Despite the country's stability lead, they weaken the D-Mark's position on foreign exchange markets, fuel internal inflation as a result, considerably reduce the scope for cyclically appropriate economic and monetary policy and make the Federal Republic dependent on the high level of interest rates abroad.

The easing of the D-Mark exchange rate does help our exports, but a lasting reduction of the deficits will not come automatically, nor can it be expected in the short term. What is needed is determined action aimed at a medium-term squaring of the balance on current account. This task will place demands on economic policy in its entirety. It must be tackled in the spirit of liberal foreign trade and payments principles. Dirigistic measures, for instance in the travel sector, should be ruled out, as should administrative restrictions on capital flows.

Improve the energy balance . . .

An improvement in the balance on current account will require, first and foremost, a reduction of the energy import burden on the trade balance. Progress was made in this sector in 1980. Oil consumption in the Federal Republic decreased by 11%. The decisive factor here, besides the slack level of business activity, was consumers' heightened energy-consciousness. Further efforts in this field are essential.

It is regrettable that a clear decision has still not been taken by the bodies with political responsibility on the increased application of nuclear power, besides greater use of coal. This is not only endangering the future supply of energy to the Federal Republic, it is also causing greater costs and risks in industry, hampering exports in the increasingly important field of power station and energy technology and, finally, is having a nega-

tive effect on foreign confidence in the value of the D-Mark.

... and strengthen competitiveness

Energy policy must be supplemented by an active policy to strengthen competitiveness. The basic precondition for this is that the Federal Republic's stability lead should be sustained and secured by a dampening of the rise in costs. In addition, greater effort must be devoted to improving the production process, to applying new technology and to international marketing. Never before was the Federal Republic less able to afford to be hostile towards technology. On the contrary: investment in research and development must be stepped up.

The chances of German industry holding and improving its competitive position on domestic and foreign markets are good. This also applies, on important markets with high future potential, vis-à-vis the Japanese competition that caused so much unrest last year on both sides of the Atlantic. Such shifts in the structure of competition have occurred repeatedly in the development of the world economy. They, too, are reversible. Though Japanese companies are assisted by institutional and social traditions, even they do not have permanent cost and technical advantages in all areas.

Finance the current deficit with capital imports

In the year under review, it was not possible to finance the deficit on current account by capital imports alone. Instead, there had to be considerable recourse to the Bundesbank's monetary reserves, which decreased by a net DM 26 bn.

The main reason for this was that the increase in the deficit on current account coincided with a

period of high interest rates in the U.S.A. and other industrial nations. In the interest of the world economy, the firm stability policy in major countries is to be welcomed. At the present time, however, it is making the German situation more difficult. The Federal Republic has to compete with high interest rates abroad just at a time when it is dependent on capital imports. At any rate, a continued reduction of monetary reserves at the same pace as in 1980 could cause problems.

No alternative to high interest rates

At 5.5%, inflation in 1980 was markedly higher than in the previous year (4.1%). It slackened off after mid-year, but the renewed rise in the price level towards the end of the year under review shows that the intended reduction of inflation is still by no means certain.

The Bundesbank continued with its stability policy. In its interest rate policy, it had to take particular account of external economic considerations. The discount rate was raised in two steps to 7½%. Nevertheless, it was only temporarily possible to reduce the interest differential vis-à-vis the US-Dollar, as rates in the U.S.A. advanced again strongly from mid year.

In the second half of the year, the high level of interest rates became less and less appropriate to the cyclical situation. It is a burden, above all, on small and medium-sized companies and impedes the necessary increase in the overall investment ratio.

In the given circumstances, however, there was and is no reasonable alternative. The scope for lowering interest rates in the Federal Republic will remain very small as long as the interest differential is not more permanently reduced by countries with high interest rates. Interest policy action taken by the Bundesbank on its own would

increase the vulnerability of the D-Mark on foreign exchange markets, jeopardize internal stability policy through more expensive imports, delay the reduction of the deficit on current account and diminish the prospects of financing the deficit with capital imports.

Resistant share market

The share market proved resistant in the face of continuing monetary and monetary policy pressures and increasing cyclical worries. One of the factors that contributed to this may have been that the dividend yield increased from 5.4% to 6.0% owing to higher dividend payments by companies.

New shares with a market value of DM 6.9 bn. were placed. This is the best ever annual result. Despite this, the share remains under-represented as a financing and investment medium. Only 2–3% of corporate investments are financed through share issues; this situation is reflected in the fact that shares make up only 4% of households' monetary assets and that the propensity towards new investments is low.

Without a bigger contribution from the share, it is hardly likely that the risky tasks of the future in connection with adjustment to the new energy situation and the recovery of lost competitiveness on world markets can be fulfilled. It is all the more important to eliminate the still remaining tax disadvantages of the share and to encourage the provision of risk capital by means of a dividend policy more closely oriented to earnings.

Rising yields on the bond market

The bond market appeared surprisingly productive in 1980 despite the uneven development of interest rates. Gross new issue volume

reached DM 137 bn. and was thus more than a quarter higher than the previous year's result. Since redemption volume also increased strongly, however, the net placement figure only rose to DM 45 bn. – more than in 1979 (DM 41 bn.), but less than the average for the period 1975 to 1977 (DM 48.5 bn.).

As a result of the unusually high interest rates abroad, the current yield on the German bond market increased further (8.6% on average for 1980 compared with 7.6% in 1979). Divergent short and long-term expectations led to a persistently inverse interest rate structure: throughout 1980, as in the last months of 1979, the yields on short-term bond market paper were higher than on long-term bonds.

Higher volume on the Eurocapital market

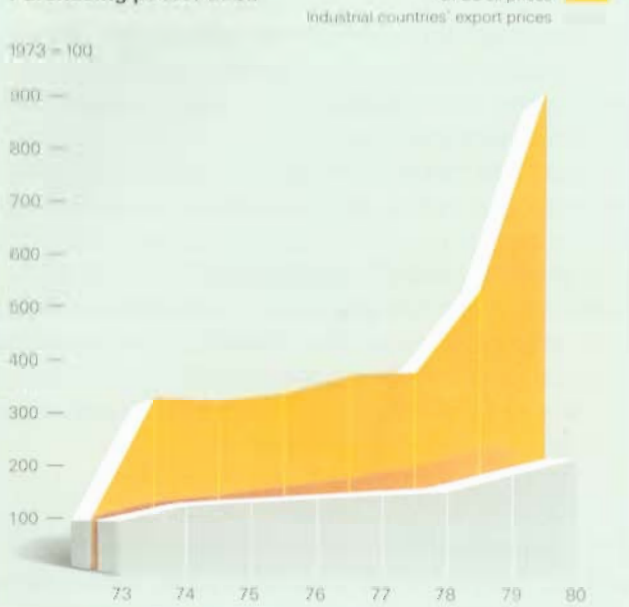
In 1980, the Eurobond market was strongly influenced by interest rate fluctuations and exchange rate movements in the international investment currencies. At times, this brought issuing activity almost to a halt. Nevertheless, international bonds worth a total of US\$ 34 bn. were floated. An important contribution to the 23% increase in volume compared with the previous year came from convertible bond issues.

The US-Dollar, with a 40% share of new issues, was the principal new issue currency, as in 1979 (35%). At 25%, the share of DM bonds was in line with the average over a number of years.

World economy: slackening activity . . .

Oil-price-related loss of purchasing power and stabilisation policy efforts in many countries had a dampening effect on the world economy as a whole. The industrialized countries still achieved growth of 1% in real terms in 1980 (1979: a good

Purchasing power of oil



3%). Inflation rates throughout the world increased. In the industrial countries, consumer prices rose by almost 12% in the year under review (1979: 9%).

... and growing balance of payments disequilibria

In 1980, the volume of world trade expanded by only 1% (1979: 6%). Balance of payments disequilibria increased further, primarily as a result of the persistent oil price rises. Despite a roughly 15% drop in the quantities of oil they exported, the OPEC states still recorded considerable incremental revenues; their payments surplus doubled to a good US\$ 100 bn.

The industrialized countries turned in an aggregate payments deficit (net) of US\$ 60 bn.; that

was twice as much as in 1979. Despite an increased oil bill, the U.S.A. was able to improve its external trade and payments position. On the other hand, Japan, besides the Federal Republic, recorded a deterioration in its balance on current account. The Japanese deficit came to US\$ 11 bn.; it showed a falling tendency as the year progressed, however, in contrast to our country. The French and Italian balances on current account – still in surplus in 1979 – also moved into deficit to the tune of US\$ 7 bn. and almost US\$ 10 bn. respectively. The only surpluses recorded in Europe were in Great Britain – where the recession-induced fall in imports was accompanied by own supplies of oil – and in Norway, which exports oil.

The balance of payments deficit of the developing countries increased to a good US\$ 60 bn. (1979: US\$ 45 bn.). Roughly two-thirds of this deficit are accounted for by only ten countries: Brazil, Korea, Mexico, Spain, Yugoslavia, Turkey, Thailand, Argentina, Greece and the Philippines. These ten countries also account for a good 50% of the foreign indebtedness of all developing countries totalling about US\$ 440 bn. (end of 1980). They were severely affected not only by the increase in the price of oil, but also by the international rise in interest rates.

Fewer credits to developing countries

The Euromoney and Eurocredit markets expanded considerably again in 1980. New medium and long-term syndicated Eurocredits, however, were US\$ 2 bn. lower than in the previous year at US\$ 76.4 bn.

The debtor structure on this market has changed markedly in favour of the industrialized countries. The share of non-OPEC, non-European developing countries was lower. In 1980, they received 15% fewer medium and long-term

Eurocredits than in the previous year. To finance their – in some cases substantially – higher deficits on current account and to settle their sizeable redemption commitments, however, the countries concerned were in part able to resort to credits already promised, but not yet utilized. Some countries reduced their currency reserves. Over and above this, the International Monetary Fund played an increasing role as a source of financing.

The slacker trend in Eurocredits to developing countries could well have resulted, on the one hand, from a certain restraint on the part of banks. On the other, the high interest rates probably also had a restrictive effect on the borrower side. The structure of interest rates on the Euromoney market was shaped by the anti-inflation policy of the central banks in the important industrialized

countries. Eurodollar interest rates were subject to unusually strong fluctuations; for three-month money, the high/low figures were over 20% (end of March and during December) and 9% (at mid-year). The comparable Euro-DM interest rates ranged from 8½% to 10½%.

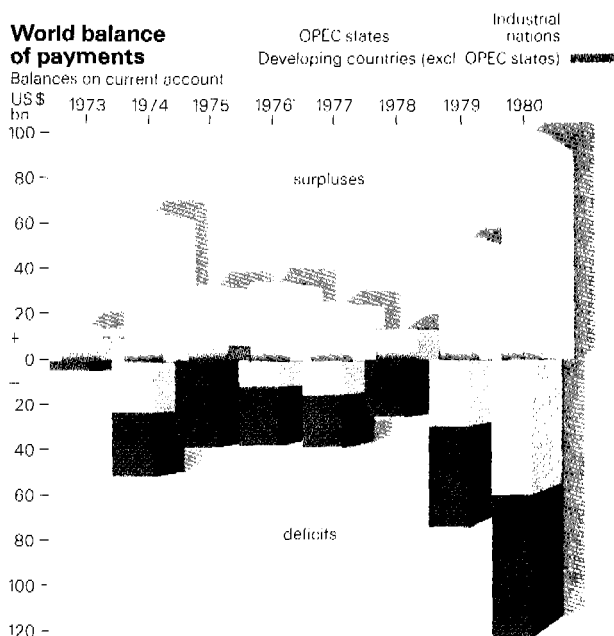
Owing to the banks' risk-consciousness, creditworthiness considerations again had a stronger influence on credit terms and conditions in the market. Certain highly indebted Third World and Eastern Bloc countries with poor balance of payments positions had to concede higher spreads. On the other hand, the spreads for credits to countries from the OECD area continued to reflect heavy competitive pressure.

In their new business, the international banks will have to accord greater priority to the limitation and spreading of risks and in all probability will no longer be able to contribute in the same measure as in the seventies to financing the current account deficits of a number of, in the meantime, highly indebted countries. As far as possible, this gap should be filled by a stronger engagement on the part of OPEC countries. At the same time, the international institutions must play a bigger role. For the poorer countries, greater official development assistance is urgently required.

Greater involvement of international institutions

In the recent past, the International Monetary Fund (IMF) and the World Bank have already adapted their credit policy to take account of the new tasks. The IMF substantially increased the maximum credit amounts for member countries and extended lifetimes.

The occasionally voiced fear that the Fund is now becoming "soft" and an inflation machine is,



in our opinion, unjustified, as the practice of imposing economic policy conditions, i. e. the linking of IMF credits with the implementation of stabilization programmes, has been retained. In the latest programmes, which the respective countries draw up in cooperation with the IMF, emphasis is placed on the supply side and on structural adjustment – in contrast to traditional demand management.

The World Bank has lately been granting – in addition to purely project financing – so-called structural adjustment loans for countries with large balance of payments deficits. It accords high priority to energy projects.

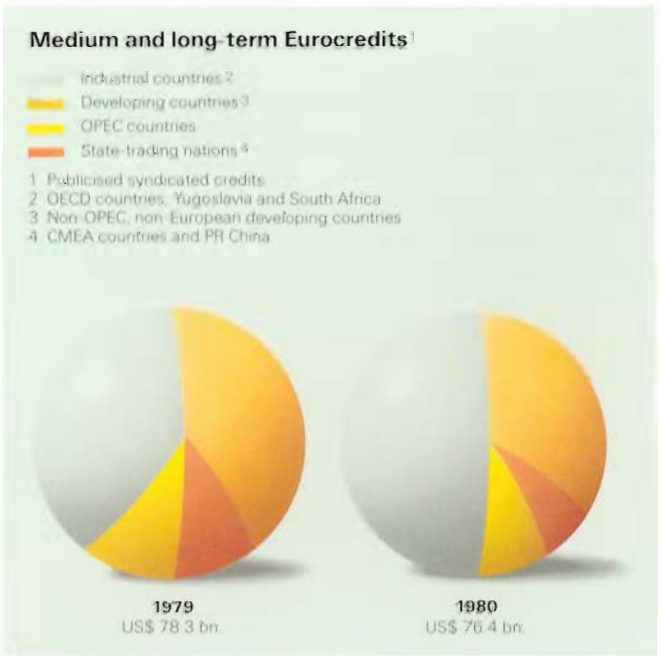
Consolidation regulations for commercial banks

The increasing role of IMF and World Bank as intermediaries in the recycling process should have a stabilizing effect on international financial markets. The banks will no doubt participate again, in this second, more difficult round, in recycling the petrodollars to the places with the greatest financial needs. Here, if appearances do not deceive, priority will be given to the financing of worthwhile projects, not least in the energy sector. In view of the manifold worldwide financing tasks, it is to be hoped that the tighter supervisory control of foreign subsidiary banks, which is being sought internationally and which we basically support, does not in future excessively reduce the already limited scope for action and thus place in question at a critical time the Euro-markets' ability to function. With regard to the impending amendment of the Banking Act in the Federal Republic, we are relying on those responsible being aware of the dangers and not simply transferring the domestic principles for capital and liquidity to future consolidated bal-

ance sheets. Moderation in the application of the domestic principles that set limits on credit business to worldwide consolidated volume would also and not least be in the interest of supporting German exports, which frequently depend on buyer credits from the Euromarket.

Weak tendency in the D-Mark

In 1980, the foreign exchange markets were characterized by pronounced exchange rate movements and a relatively strong US-Dollar. The Pound Sterling and the Japanese Yen also recorded a persistent upward trend. The D-Mark showed a tendency towards weakness. Within one year (per end of December), its external value had fallen by 11.6% against the US-Dollar and



Development of the Bank

Growth and earnings determined by awareness of risk

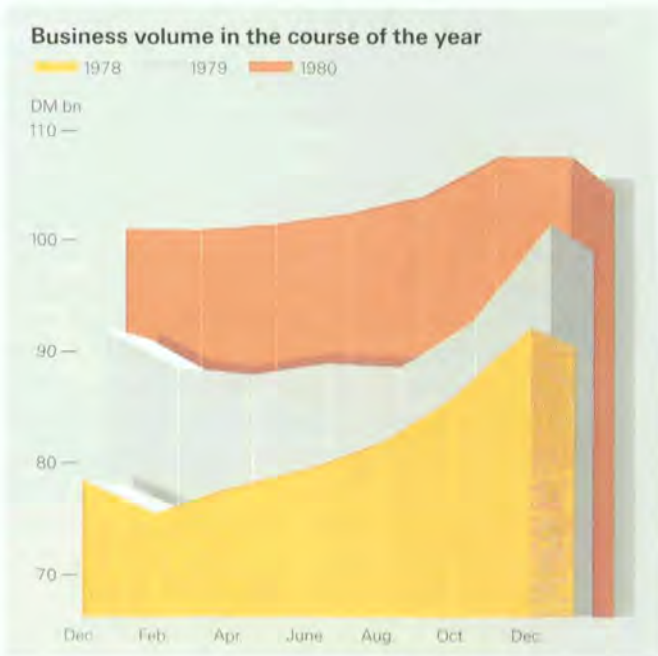
The course of the year under review was satisfactory for the bank. With the policy of the Bundesbank continuing to be restrictive, our business policy was one of limited expansion of volume. The increased operating result enabled us to implement particularly comprehensive risk provision. Above and beyond that, we are in a position to propose that a higher dividend be distributed to our shareholders from the remaining overall result.

The scope gained through the capital increase of the previous year was used to expand the credit volume; here we gave priority to lendings with variable interest rates. In liabilities-side business we endeavoured to strengthen our refinancing structure further. By means of interest rate flexibility also in the year under review we geared the intake of expensive customer time deposits closely to the acute requirements of assets-side business. Our foreign branches continued to be successful in their efforts to expand their credit business with customers in their respective host countries.

Limited rise in business volume

In the year under review the bank's business volume rose by 6.4% to DM 107.4 bn. The growth remained markedly below that registered in previous years. More than four-fifths of the increase came in the second half of the year. The share of our foreign branches in the bank's volume expansion was considerably larger than in 1979.

Balance sheet total increased by 5.5% to DM 104.2 bn. The growth remained below that of the business volume because the increase of the re-



discount quotas enabled us to refinance more of our discounts at Deutsche Bundesbank. As a result endorsement liabilities rose to DM 3.2 bn. at year's end (previous year DM 2.2 bn.).

In the Group the balance sheet total at the end of 1980 came to DM 174.6 bn. It was thus 10.4% above the level of the preceding year. As in previous years our mortgage banks as well as our Luxembourg subsidiary contributed substantially to this increase; a smaller part – some one billion of the growth – is the result of the inclusion for the first time of further foreign subsidiaries in our consolidated Group volume.

Gratifying operating result

It was possible to increase the *operating result* (surplus from current business including own-account trading) by 28% and thus – unlike in the previous year – more strongly than average business volume (+ 13.7%). The operating profit ratio (operating result as a percentage of average business volume) has therefore increased again slightly after the decline in the preceding two years.

Contributions to the good operating result were made by both the interest surplus and services business as well as own-account trading in securities, foreign exchange and precious metals. The foreign branches achieved noteworthy growth in earnings.

The *interest surplus* exceeded the previous year's figure by 18.1%. The increase was attributable above all to the rise in average business volume. But it was also possible to improve the interest margin at home and abroad: at 2.59% on average for the year, it was 0.12 percentage points above the level of the previous year.

The raising of the key interest rates by the Bundesbank facilitated the adjustment of the terms and conditions in assets side business in line with the market. The increased share of more profitable short and medium-term claims on customers also strengthened our interest surplus. On the liabilities side we succeeded in favourably influencing the cost of procuring funds by continuing our extremely cautious cover policy in the expensive time deposit field.

In the *services sector* the commission surplus was 15.6% higher than in the previous year. The largest absolute contribution to this was made by foreign business. There was also a marked rise in earnings from securities commission business. In payment business commission revenues in-

creased above all as a result of the introduction of a basic charge for personal accounts as from July 1, 1980; however the cost cover shortfall in domestic payment business continued to widen.

There was a gratifying rise in profits from *own-account trading* after the decline in the previous year. This is particularly true for the securities sector, but there was also a marked increase in profits in foreign exchange dealing and precious metals business.

In the year under review, *staff and other operating expenses* rose to almost DM 2.6 bn. They were more than covered by the interest surplus.

A good three-quarters of staff and other operating costs were attributable to personnel expenses. In 1980 they increased by 12.5%. Decisive for this were the tariff-related salary increases. In addition, the effects of the increase in the average number of employees (+ 1%) and the allocation to pension provisions were not insignificant.

Other operating expenses were up 12.7% in the year under review. Additional expenditure stemmed primarily from maintenance and operating costs for bank premises as well as from increases in charges and in the prices for office materials of all types.

Provision for rising risk intensity

On extraordinary account, write-downs not substantially higher than in the previous year were required on our securities holdings, despite the high interest rate level on the balance sheet date; valuation continued to be in accordance with the minimum value principle.

For the rest of the annual statement of accounts, the Board of Managing Directors was guided by the following considerations.

Risks in national and international banking business have continued to increase. It is not only default risks which expand with a rise in credit volume. The changed general economic conditions and prospects also make it important to exercise particular caution in making provision for the growing risk intensity of important sectors of our assets-side business. Persistent payments balance difficulties in many countries are leading to increased country risks. Continuing adjustment problems in important industrial sectors require additional provision. Here it is difficult to differentiate between discernibly acute and latent dangers to our large credit volume.

For this reason we find it most opportune that the good operating result in the year under review has given us the possibility of reinforcing strongly the bank's risk provision. In valuing our claims and in calculating adjustments we deliberately went to the upper limit of risk assessment. The statements of accounts of our subsidiaries also reflect the increased caution employed in drawing up balance sheets within the Group.

In the year under review the final write-down requirement in lending business resulting from value corrections for earlier years remained, in contrast, within the range of the average default ratio of the last few years.

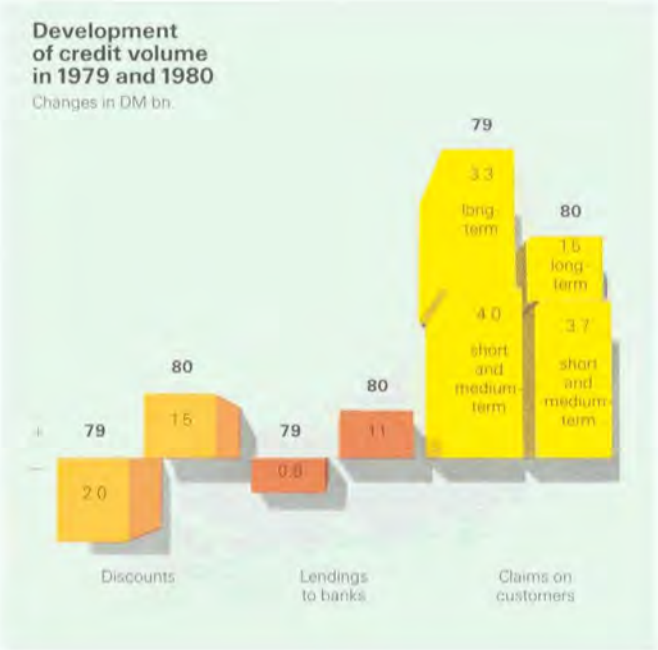
Structural changes in our reserves . . .

With our aforementioned valuation measures we have refrained from strengthening disclosed reserves from the operating result for the year. We have instead decided to write back a part of our undisclosed taxed reserves in accordance with Section 26 a Banking Act and by allocating it to disclosed reserves to expand by DM 120 m. the imputable liability base of the Group from own funds. This is being done also in view of the

probable application of banking supervisory regulations to the whole Group which would place particular demands on the parent company's disclosed liable funds.

. . . and participation of our shareholders

Above and beyond all measures of particularly cautious balance sheet practice, we would, however, like our shareholders to have a reasonable share in the bank's improved results. In this way we show our belief in dividend flexibility which, in our view, best corresponds to the dependence of the share – and of course of the bank share – on earnings.



Credit volume up by 13%

The bank's credit business in 1980 was brisk, but weakened in line with business activity in the course of the year. As at 31. 12. 1980 the rate of growth was 13.5% (previous year +8.5%).

In 1980 we increased discounts by almost one third, after our rediscount quota at the Bundesbank had been raised. Lendings to banks increased by 22.5%.

Claims on customers, in contrast, expanded markedly less, at 10.8%, than in the previous year (18.1%) on account of the drop in domestic demand for cash credits. Our foreign branches again made a considerable contribution to the expansion of the bank's credit volume in 1980.

Worthy of note is the increase in short and medium-term claims on customers, which in 1980 was more than twice as strong (15.7%) as growth in long-term claims (6.1%). Thus for the first time since 1976 we have once again achieved an – albeit only slight – preponderance of short and medium-term lending compared with long-term.

Corporate customers: mainly short-term funds in demand

Corporate customers' demand for credit was brisk above all in the first six months. Our claims on and discounts granted to domestic companies rose by 13% for the year as a whole.

Demand centred mainly on short and medium-term credits. The desire for long-term commitments only increased towards the end of the year when it became apparent that the hoped-for decline in the interest rate level would not be forthcoming for the time being.

Overall long-term claims on domestic corporate customers declined in 1980. This development was triggered off by the maturing of fixed-

rate credits as well as by our endeavours to involve to a greater extent our mortgage banks and leasing companies; furthermore we arranged more credits from promotion programmes of the Federal Government and the Länder. In this way we succeeded in meeting our customers' requests and, in spite of this, in changing the structure of our business with corporate customers in favour of short and medium-term claims and claims with variable rates of interest.

Through the introduction of shorter fixed-interest periods for our "Small Business Loan" we have made it easier for small and medium-sized firms to finance investments in times of relatively high interest rates. They can choose between fixed rates of interest for one, two or four years with maturities from two to twelve years.

Over half a million Personal Loans

Credit business with private customers continued to expand. Total credits to private customers including building financing (Standardized Credits) rose by 11.7% to DM 18.0 bn.

In the consumer credit sector we have combined the credit forms offered previously under the headings "Small Personal Loans" and "Personal Loans for Specified Purposes" to form a standard programme "Personal Loans". Their total volume rose by half a billion in 1980 to DM 4.6 bn.; the rate of growth dropped however in the second half of the year – parallel to developments in the domestic car market. At year's end about 530,000 private customers had taken up a "Personal Loan". Personal Overdraft Credits to cover short-term cash requirements also continued to arouse lively interest.

Building finance profits from modernization and energy conservation

In 1980, building loans provided by the bank rose by 11.2% (previous year 36%). The desire for financing to purchase houses or flats showed a downward tendency under the influence of high interest rates. On the other hand, the requirement for funds for older properties as well as for modernization work, energy conservation and renovation activity continued to climb.

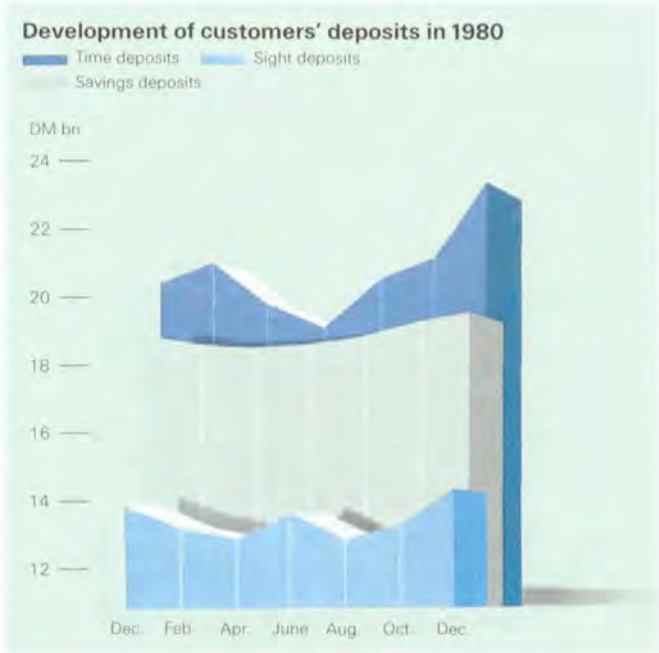
At the end of 1980 the bank's building financing volume totalled DM 12.2 bn. In the Group it came to about DM 35.2 bn.; three-quarters were attributable to housing construction, one quarter to commercial financings.

Flexible adjustment of refinancing to the requirements of assets-side business

In the last two years there has only been a slight increase in our customers' sight deposits. The share of liabilities payable on demand in total customer deposits has, in the meantime, fallen to less than one quarter; in 1975 it was still 31%. But as before these sight deposits are a substantial source of refinancing, provided above all out of the current payment business turnover of our globally-oriented corporate clientèle.

Time deposits of our non-bank customers assumed increased importance, above all in the second half of the year; they rose by more than 14%. As before our time deposit policy was designed to allow flexible adjustment of our refinancing to the development of assets-side business volume and the rapidly changing interest rate constellations. Above and beyond the traditional cultivation of deposit relationships with our domestic corporate customers, we also expanded deposit business with foreign customers last

year at our foreign branches. Finally the attractive level of interest rates for time deposits also prompted private individuals to invest more in deposits for specific terms with fixed rates of interest. In 1980 the share of private investors reached a quarter of total time deposits. The broad spread of our time deposit accounts – more than 90% are held by customers with less than DM 100,000 – made it easier for us to achieve a balanced maturity structure geared to the development of assets-side business and to control our fund procurement costs with a view to optimal earnings performance.



Savings deposits increasing again

In the savings deposit sector, there was again a slight rise in the second half, which more than compensated for the contraction in the first six months. Up to year's end the total volume of savings deposits including interest credited rose by DM 716 m. (3.8%) to DM 19.6 bn.

Above-average growth rates were recorded for savings deposits subject to legal periods of notice, serving mainly to provide for liquidity (6.5%). Deposits under contracts in the state premium-bearing and wealth formation schemes rose by 10.9%.

The average credit balance on our 5.6 m. savings accounts increased slightly (to DM 3,480). The share of savings deposits in total customer deposits was 34%.

There was strong demand for our savings certificates at fixed interest rates, especially in the first six months. After deducting matured paper, the total volume of certificates in circulation rose to DM 2.9 bn. Thus the savings volume with balance sheet effect (savings deposits and savings certificates) rose by DM 1.4 bn. to DM 22.5 bn.

Total new saving by our customers (net increase in savings deposits and savings certificates plus the balance of purchases and sales of securities via savings accounts) amounted to DM 3.1 bn.

Securities business gains new impetus . . .

Securities business with our private and institutional investors expanded appreciably in 1980. Turnover reached DM 54 bn. and was thus 27% up on the figure for the previous year.

Factors contributing to this were both turnover in fixed-interest securities and "Schuldscheine" (certificates of indebtedness) – 29% increase – and shares (33% growth). On the other hand, sales of investment certificates dropped. Participation by foreign investors was lively, above all on the share market.

Business in foreign shares was particularly brisk; there was a 72% increase in share turnover and 50% for bonds and "Schuldscheine" (certificates of indebtedness). Demand centred above all on dollar paper.

The number of safe-custody accounts we maintain for our customers passed the million mark at the end of 1980 (+2.9%), their market value totalled DM 69.9 bn. (+4.8%).

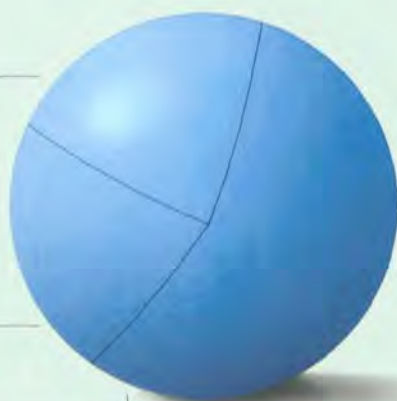
In our portfolio management service for our customers we increasingly included foreign securities markets in our international investment strategy.

Total savings in 1980

DM 717 m.
Saving on accounts

DM 693 m.
Saving in savings
certificates

DM 1,725 m.
Saving in securities



... but a difficult year for investment funds

With the fluctuating developments on the stock market in 1980, the German securities investment funds had a difficult year. The eleven public funds of *DWS Deutsche Gesellschaft für Wertpapiersparen mbH*, Frankfurt am Main, in which we together with our subsidiary Deutsche Bank Berlin AG have a majority holding, were not able to escape the general trend and registered a return of funds totalling DM 386.5 m. Of the total assets of the DWS funds, DM 7.5 bn. at the end of 1980, 29.6% was in share funds and 70.4% in bond funds.

The DWS funds distributed a total of DM 642.2 m. in the year under review, while the value of the fund units rose by between just under 3% and almost 30%. The international share funds came off best as a result of price and currency gains.

Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main – a wholly-owned subsidiary of the bank – which, as a capital investment company, manages specialized funds, registered better development than the public funds in 1980. The total fund assets rose by 13.1% to over DM 3.6 bn. As at 31. 12. 1980, the company managed 101 specialized funds, five more than in the previous year. 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.). Also included here are staff funds set up on the initiative of individual companies as part of internal measures to promote wealth formation.

The inflow of funds to property funds increased slightly in 1980. "*grundbesitz-invest*", which is managed by our affiliate *Deutsche Grundbesitz-Investmentgesellschaft mbH*, Co-

logne, and sold by Deutsche Bank and Wüstenrot, also profited from this development. The fund's assets rose by 12% to DM 1.2 bn.; 80% of this was invested in properties. The value of a "*grundbesitz-invest*" unit rose by 8.1% in the fund's business year which ended on September 30, 1980. The fund's investment strategy remains concentrated on commercial properties such as office and administration buildings and sales areas. The property assets are widely distributed regionally, in terms of property size and the business of the tenants.

Developments in payment business

On average, the bank handles more than two million transactions per day in domestic cashless payment business. About one third of them are for private customers and two-thirds for corporate customers. Such a large volume of items can only be handled through the use of modern equipment and systems.

In the interest of more economical settlement, corporate customers with intensive payment business are making increasing use of the bank's service which allows them to hand in orders in the form of magnetic tapes or diskettes. The share of payment transactions settled without vouchers within the bank has meanwhile reached just under 40%.

Despite this gratifying development, the bank had to face a considerable cost cover shortfall in payment business in 1980 also. The efforts to develop simpler and more cost-effective settlement procedures in conjunction with Deutsche Bundesbank and other banks are being intensified. This is also true with respect to the further dissemination of the European payment business systems.

The number of eurocheque users in the Federal Republic climbed to over 14 million, in the twelve participating European countries to over 30 million. Norway, Yugoslavia and Austria will also be introducing the standard eurocheque and the ec card shortly.

The number of Eurocard holders in the Federal Republic rose to about 160,000. Via the association with American credit card organizations, they have at their disposal worldwide a network of over three million contract companies.

The groundwork for the introduction of a joint European traveller's cheque in all common currencies including the dollar was continued. Sixteen European countries are involved.

128 Eurobond issues floated

The bank's national and international issuing business expanded further. On the German share market we participated in 46 capital increases (previous year 38), in 30 cases either alone or in a management capacity. The issuing companies thereby obtained own funds totalling roughly DM 3.5 bn. Worthy of special note are the capital increases of Siemens AG, Allianz Versicherungs-AG and Hoechst AG. In addition the bank was also involved in the issue of scrip shares for 14 companies as well as in voluntary and obligatory compensation offers.

In international issuing business we managed or co-managed 128 Eurobond issues (previous year 101), including 59 denominated in D-Marks (previous year 49). The largest single transactions under our lead-management were a DM 700 m. bond issue for the World Bank and a DM 400 m. bond issue in two tranches for Australia.

Foreign exchange dealing: exporters required less forward cover

In line with developments on the market overall, our foreign exchange turnover rose by 15% in 1980. Whilst forward cover transactions with our export customers slackened off because at times companies considered the exchange rate risk to be less high, importers' forward purchases increased where risk cover was combined with the advantage of the high discount of the dollar against the D-Mark.

In international business in precious metals the bank was able to expand its position despite the difficult market conditions. Turnover with producers, major investors and industrial consumers climbed in particular. This more than compensated for the decline in domestic business resulting from the wider application of VAT to gold coins.

For the German investor the taxing of gold coins which are also legal tender represents a clear disadvantage. A useful, though not fully equivalent, alternative is the gold certificate, which we have been offering to our customers for a long time now – for many years as the sole bank to do so in the Federal Republic. Since mid-1980 we have been selling gold certificates, issued by our Luxembourg subsidiary, at all our business offices. Besides this we have succeeded in involving other foreign bases in this business, with foreign customers also.

Continued restraint in international credit business

In 1980 we showed considerable restraint in Eurocredit business. Rising risks and unsatisfactory spreads induced us in many instances not to participate in international syndicates. Our credit commitments rose by only about 3%.

On the other hand, in the interest of our export customers we continued to place no restrictions on our availability for foreign trade financing. Demand for buyer credits in particular increased. The volume of credit extended by AKA Ausfuhrkredit-Gesellschaft mbH also expanded further.

As before, the competent settlement of foreign payment business remains one of the foundations of the bank's international business. We have expanded turnover in both the documentary and non-documentary sectors.

More than 3,000 foreign banks have an account relationship with us. For a large number of these institutions we act as turntable for the settlement of their D-Mark payments and, handling some 12,000 transfers daily, we make a substantial contribution to the smooth functioning of international D-Mark clearing business. This service which is increasingly expected of us requires a comprehensive organization supported by modern technical aids. It also influences the structure of our balance sheet and not least explains our comparatively sizeable bank-to-bank business.

Foreign branches increase local lendings

Our foreign branches developed gratifyingly in 1980. In New York, Madrid and Milan in particular it was possible to expand business strongly.

The balance sheet total of all our foreign branches increased by 31% and their credit volume by 45%. In particular, it was possible to increase business with local customers in the respective local currency; these lendings already account for the larger part of the credit volume of our foreign branches.

Growth at our subsidiaries in Luxembourg and Singapore

In the business year which closed at the end of September 1980, Deutsche Bank Compagnie Financière Luxembourg participated as lead manager, manager or co-manager in 38 international syndicated credits with a total amount of the equivalent of DM 12 bn. (previous year: 31 credits with a total volume of DM 11 bn.). This business – besides short-term lendings at fixed interest rates to borrowers in the Federal Republic – continued to represent the main sphere of activity of our Luxembourg subsidiary. The majority of borrowers are governmental bodies and multinational companies.

The result was again completely satisfactory. The full amount was retained to strengthen the company by making the greatest possible provision for risks in international business.

Deutsche Bank (Asia Credit) Ltd., Singapore, consolidated its market position in its second year of business. At the end of the year the balance sheet volume reached the equivalent of DM 1.7 bn. The satisfying result will again be fully retained within the company.

ACC: strong expansion of order business and trading turnover

Atlantic Capital Corporation (ACC), our investment banking affiliate in New York, strongly expanded its order business and trading turnover in 1980, profiting from the greater interest shown above all by German investors in American securities. Apart from this, it was able to consolidate its position in the underwriting of new issues; in 1980 it participated in 377 share and bond issue transactions.

ACC was able to increase its involvement in the financing of German investment projects in the U.S.A. in 1980. A total of 24 financings, leasing transactions and holding acquisitions were successfully arranged.

New base in Switzerland

On December 4, 1980, we supplemented our worldwide network of bases by forming Deutsche Bank (Suisse) S.A. with a capital of Swiss francs 30 m. Business activity will be commenced in the course of 1981. The registered office of the bank is in Geneva. A branch is being opened in Zürich. The new bank will conduct investment business as a specialized institution and concentrate in particular on international private customers.

At the end of 1980 we had a total of twelve foreign branches and six wholly-owned subsidiaries abroad. In conjunction with our associated companies and trade investments and representative offices, we had a total of 88 bases in 53 countries. Above and beyond that we have over 4,000 correspondent banks in all parts of the world.

EBIC subsidiaries: further branches of EURAS in Bombay, Colombo and Taipei

All the EBIC subsidiaries, in which we, together with our European partner banks, have a holding, worked successfully in 1980 as well.

Development was particularly gratifying at *European Asian Bank AG*, Hamburg, which is active in the Asian region; it was again able to strongly increase its business volume and its operations. Business volume grew from DM 3.6 bn. to over DM 5.0 bn. This was accompanied by an above-average increase in the operating result. So as to

keep pace with the continuing growth of the bank, reported own funds were raised by DM 78.8 m. to DM 205.1 m.

In 1980 Eurasbank opened new offices in Bombay, Colombo and Taipei. It now has a total of 17 offices and city branches in eleven Asian countries (Hong Kong, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand) and is thus one of the best represented European banks in the region. To take account of the growing business relationships of the bank with Australian and New Zealand customers, a representative office was opened in Sydney in 1980.

Improved results also at EABs and BEC

Expansion in 1980 at *European American Bank (EAB)*, New York, in which we have a 20% holding, was guided by conscious restraint but with an orientation to earnings. The balance sheet total remained at the pre-year level (US\$ 7.7 bn.). Profit showed a gratifying increase. After provisions and taxes, it came to US\$ 30.8 m.

Since September 1979, EAB has had a subsidiary in Luxembourg for foreign exchange dealing and Euromarket transactions. In 1980 a subsidiary, EAB Venture Corporation, was founded in New York, designed to promote smaller growth-oriented companies, i. a. in the energy and advanced technological systems and equipment sectors. In addition EAB was active for the first time in arranging long-term financings, conducting a contact service and real estate counseling; these sectors have been combined in a new department.

Banque Européenne de Crédit (BEC), Brussels, expanded its medium and long-term lendings in 1980 by Belg. frs. 10.4 bn. (DM 647 m.), i.e. by

14%. The balance sheet total grew by 11% to Belg. frs. 107 bn. (DM 6.7 bn.). Improved results made it possible for BEC to strengthen its internal reserves for provision against risk. Net income for the year was reported at Belg. frs. 448 m. (DM 28 m.).

European Banking Company Ltd. (EBC), London, lead managed or co-managed 18 international issues with a total value of US\$ 1.1 bn. in 1980. It intensified its engagement in the syndicated credit sector. The leasing, foreign exchange dealing and investment sectors again performed satisfactorily; it was possible to increase the profit contribution from project financing through involvement in a number of large projects in the energy and mining field. EBC's balance sheet total rose by 6.7% to £ 360 m. (DM 1.7 bn.).

With an improved earnings position, the balance sheet total of *European Arab Holding S.A.*, Luxembourg rose by 14.7% in 1980 to US\$ 1.9 bn.

The Eurab Group is primarily involved in the financing of European-Arab trade and it also conducts Euro-syndicate business and money dealing.

Euro-Pacific Finance Corporation Ltd., Melbourne, raised its balance sheet total in the business year ended on June 30, 1980, by 30% to Aus. \$ 311.3 m. (DM 716 m.). A dividend of 10% was again paid. On October 1, 1980 the stand-by credit line provided by the shareholders was increased by Aus. \$ 10 m. and the paid-up capital was raised by Aus. \$ 2.5 m. to Aus. \$ 10 m. (DM 23 m.).

Among our other affiliates, business above all at the banking house *H. Albert de Bary & Co. N.V.*, Amsterdam, in which we have a 50% holding, showed gratifying development. In the business year which ended on September 30, 1980, the balance sheet total expanded by 46%, credit volume by 26%. Net income for the year rose substantially.

Our Staff

Limited rise in number of staff

The number of staff increased in 1980 by 161 to 39,242. The additional staff was needed to back up the strong expansion at the foreign branches. At home, the overall level of personnel remained unchanged. While there was a slight increase at the domestic branches, particularly in the customer advice/customer service sector, an equally large saving was achieved at the Central Office.

Staff expenses up 12.5%

During the year under review the bank's total staff expenses climbed by 12.5% to DM 1,976 m. Salaries accounted for DM 1,478 m. of this, 9.6% more than in the preceding year. The rise is due primarily to the increases in agreed-scale salaries and the corresponding adjustments to non-agreed-scale salaries. In addition, compulsory social security contributions grew by 9.7%, expenses for pensions and other employee benefits by 32.8%. The bank looked after 8,812 pensioners and widows as well as 198 orphans in 1980.

Costs for basic and further training continued to rise, reaching DM 78 m. in 1980. Vocational training alone accounted for DM 45 m. of the total. In the course of the year 20,300 members of staff attended seminars and lectures at our training centres and at our branches.

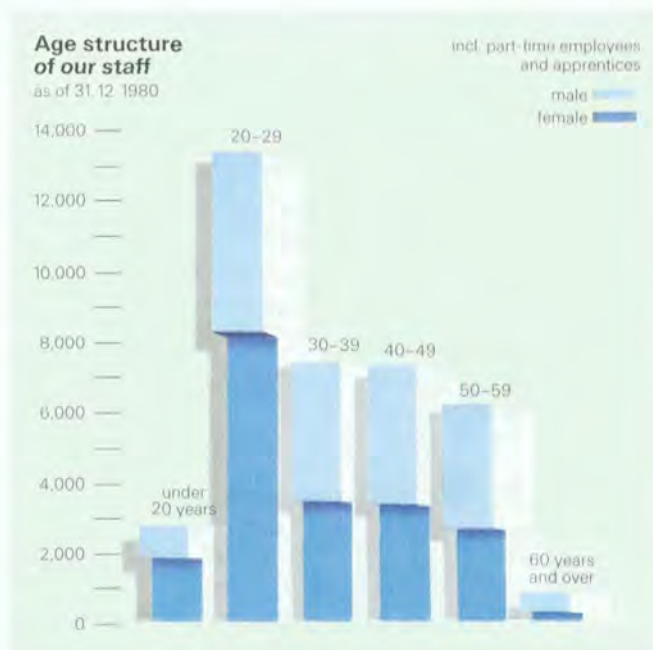
1,721 new apprentices

In the year under review we took on 1,721 apprentices; this brought the total number of apprentices at our bank to 3,908, or 10.5% of our domestic personnel.

In 1980, unlike in previous years, we raised the proportion of apprentices holding a junior school-leaving certificate (from 37% in 1979 to 39%) and lowered the proportion with university entrance qualifications (from 58% to 56%).

3% of share capital held by staff

In the year under review we issued 87,648 staff shares at a preferential price of DM 129. 83% of entitled active members of the bank's staff, or 77% of all entitled persons (including pensioners and employees of domestic subsidiaries), participated in this scheme. At the end of 1980 about 3% of the share capital was held by staff.



Disabled persons successfully integrated

During the year under review, we continued our efforts to integrate seriously disabled persons into the staff. Whereas the bank had 700 disabled employees ten years ago, at the end of 1980 we were able to employ disabled persons in 1,900 posts. In relation to the total number of jobs this is equivalent to a rise from 2.4% to 5.1%. We shall continue to try to fill vacancies with disabled persons if they are appropriately qualified.

Good participation in sports at the bank

More and more employees – now over 10,000 – are taking part in the bank's sports activities in 110 sports clubs at facilities owned or rented by the bank. We welcome and encourage these activities, which reflect the initiative of our employees.

Cooperation with the Staff Councils

Cooperation with the General Staff Council and the branch Staff Councils was fair and constructive again in 1980. At regular meetings the Management discussed all current problems relating to staff, social and economic issues in detail with the General Staff Committee, the General Staff Council and the Economic Committee. We would like to thank the Staff Councils for performing their duties with an understanding attitude towards our common interests.

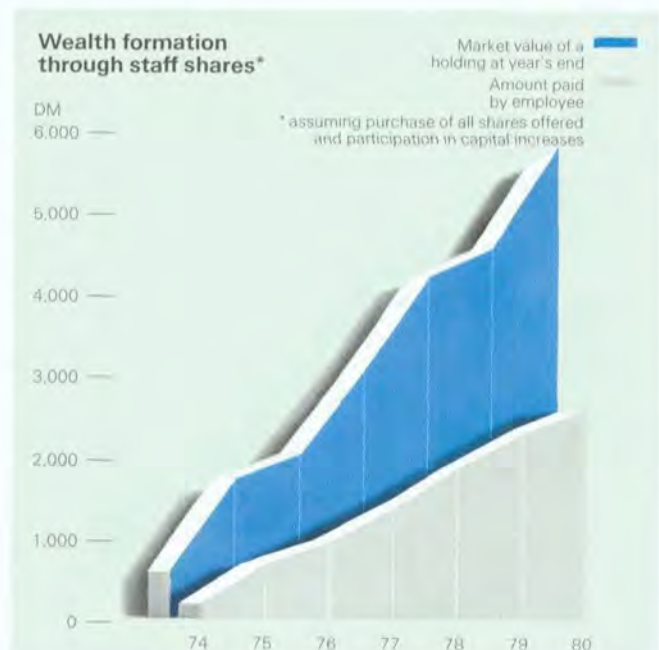
Committee of spokesmen for senior executives

The Board of Managing Directors conferred with the committee of spokesmen for senior executives on the bank's business development,

questions of corporate policy and specific problems of the senior executives. We wish to thank the senior executives' representatives for their spirit of cooperation and their personal commitment.

Thanks to the staff

The good business result for 1980 is largely due to the performance, qualifications and enthusiasm of our staff. We wish to express our special thanks to all employees, and particularly to those who have displayed their loyalty to the bank as staff members over many years. In 1980, 418 members of staff were able to look back on 25 years with our bank and 91 members celebrated 40 years of service.



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

Heinrich Barth, Taunus-Zentrum Eschborn
Hildegard Bendzsak, Düsseldorf
Elisabeth Bensch, Düsseldorf
Hans Blohm, Hamburg
Margarete Carstensen, Kiel
Fritz Christoffers, Taunus-Zentrum Eschborn
Bruno Classen, Aachen
Sigrid Dowhoszyja, Hamburg
Hans Georg Drulcib, Frankfurt
Johannes Engelhardt, Hamburg
Ruth Erlingheuser, Duisburg
Walter von der Fecht, Bremen
Else Fiedel, Hamburg
Friedhelm Flohr, Hanover
Horst Geigle, Heidelberg
Lieselotte Gianfortuna, Cologne
Hubert Giesen, Aachen
Hanna Göbel, Pforzheim
Ursula Grube, Emden, Taunus-Zentrum Eschborn
Hans Hagelstein, Hamburg
Johann Hieronymus, Frankfurt
Holger Holzmeister, Mannheim
Doris Hübner, Stuttgart
Dorothea Kadach, Hamburg
Roland Kahl, Hamburg
Marianne Kamp, Düsseldorf
Helmut Knoblauch, Viersen
Wilhelm Knoblauch, Münster
Leo Kolter, Düsseldorf
Dieter Kraus, Heidenheim
Waldemar Kühnl, Frankfurt
Saburo Kunika, Tokyo

Sigrid Kunzmann, Taunus-Zentrum Eschborn
Hinrich Luken, Weener
Helmut März, Mannheim
Peter Mahrenholz, Düsseldorf
Bodo von Manger, Düsseldorf
Georg Mondo, Bingen
Heinrich Möller, Hamburg
Henryk Müller, Lübeck
Gerhard Mulke, Hanau
Hannelore Neuohr, Solingen
Albert Nübel, Essen
Norbert Paschke, Hanover
Karl Pechinig, Düsseldorf
Günter Potreck, Benrath
Willi Rama, Siegen
Holmut Scheiper, Frankfurt
Grete Schiefer, Cologne
Heinrich Schmidt, Taunus-Zentrum Eschborn
Marliese Schneider, Villingen-Schwenningen
Siegrun Schneider, Offenbach
Martina Schönauer, Düsseldorf
Ruth Schwab, Darmstadt
Albert Steber, Offenbach
Maria Steinmeier, Soest
Julius Stoll, Stuttgart
Frich Thimm, Hanover
Manfred Waldschmidt, Wuppertal
Detlef Weyer, Villingen-Schwenningen
Heinz Wirtz, Cologne
Ursula Wolf, Tübingen
Hermann Wustrau, Benrath

We mourn the passing away of 245 retired employees of our bank.
We shall always honour their memory.

Notes on the Statement of Accounts for the Year

Balance Sheet

Volume of business

The bank's *balance sheet total* increased in 1980 by DM 5.5 bn. = 5.5% to DM 104.2 bn. The *volume of business* (balance sheet total + endorsement liabilities) amounted to DM 107.4 bn.; that was DM 6.4 bn. = 6.4% more than at the end of 1979.

The growth was lower in absolute terms than in the two preceding years and lower in relative terms than in all previous years from 1964.

Turnover in lending and payment business with our non-bank customers increased by 14.5% in 1980 to DM 3,159 bn. An average of DM 94 m. turnover and more than 17,000 business transactions was recorded per employee. With an only slight increase in staff, these figures are higher than in the preceding year and are evidence of our sustained efforts to rationalize and reduce costs.

Viewed over the year, the volume of business rose slowly but steadily at first, and only grew at a faster pace in the second half when more funds were taken in from outside sources to finance the expansion of lending.

The financing balance on page 48 provides information on the development of the balance sheet according to source and use of funds. The table on the right shows the changes registered in the balance sheet items.

Liquidity

The *cash reserve* amounted to DM 7.5 bn. at year's end; that was 7.8% of total liabilities.

Assets	in millions of DM
Cash reserve	— 2,198
Cheques and other items received for collection	— 147
Bills of exchange	+ 580
Claims on banks	+ 96
Treasury bills and discountable	
Treasury notes	+ 89
Bonds and notes	+ 1,425
Other securities	+ 152
Claims on customers	+ 5,164
short and medium-term	+ 3,669
long-term (4 years or more)	+ 1,495
Subsidiaries, associated companies and trade investments	+ 126
Land and buildings, office furniture and equipment	+ 4
Other assets	+ 412
Remaining assets	+ 42
Balance sheet total	+ 5,469

Liabilities	in millions of DM
Liabilities to banks	+ 1,308
Liabilities to customers	+ 3,894
including: time deposits	+ 2,885
savings deposits	+ 716
Bonds and notes	— 1,090
Own acceptances and promissory notes outstanding	+ 548
Provisions	+ 333
Own funds	
(share capital and disclosed reserves)	+ 120
Remaining liabilities	+ 356
Balance sheet total	+ 5,469

Total liquid funds are shown at DM 21.3 bn., so that *overall liquidity* is equivalent to 22.2% of liabilities.

The composition of liquid funds and liabilities is set out on the following page.

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 during the past year. We only entered into interest rate agreements for long-term fixed rate lending to the extent we regarded as acceptable, considering the level of interest on the funds used as financing.

	End of 1980 DM m.	End of 1979 DM m.
<i>Cash reserve</i>		
Cash on hand	431.6	396.0
Balance with Deutsche Bundesbank	7,008.1	9,288.6
Balances on postal cheque accounts	84.1	37.0
	<u>7,523.8</u>	<u>9,721.6</u>
<i>Other liquid funds</i>		
Cheques, items received for collection	590.9	738.3
Bills of exchange rediscountable at Deutsche Bundesbank	1,747.7	1,395.3
Claims on banks payable on demand	5,461.0	5,313.6
Treasury bills and discountable		
Treasury notes	612.4	523.4
Bonds and notes eligible as collateral for Bundesbank advances	5,360.6	3,835.5
<i>Total liquid funds</i>	<u>21,296.4</u>	<u>21,527.7</u>
<i>Liabilities</i>		
Liabilities to		
banks	34,016.1	32,708.5
customers	57,157.5	53,263.9
Bonds and notes	3,635.0	4,725.3
Own acceptances and promissory notes outstanding	1,133.6	585.3
Other liabilities	48.6	35.0
<i>Total liabilities</i>	<u>95,990.8</u>	<u>91,318.0</u>

Assets

Securities

Our holdings of *bonds and notes* increased by DM 1.4 bn. = 28.8% to DM 6.4 bn. The additions consisted mainly of long term bank bonds and notes with short residual lifetimes. Of the total, DM 5.4 bn. = 84% was eligible as collateral at the Deutsche Bundesbank.

Securities not to be shown elsewhere amounted to DM 2,158 m. There were syndicate commitments totalling DM 471 m. Under this item we also report share packages in companies from other sectors which we regard as purely financial investments and which we do not show under subsidiaries, associated companies and trade investments as they are not intended as business participations. Holdings of more than 10% in the share capital of a company were included at DM 1,173 m., with shares of at least 25% of capital accounting for DM 1,128 m. of this.

The following shareholdings of over 25% of share capital had to be reported in accordance with Section 20 Joint Stock Corporation Act:
 Bergmann-Elektricitäts-Werke AG, Berlin
 Daimler Benz AG, Stuttgart
 Deutsche Dampfschiffahrts-Gesellschaft "Hansa" AG i. L., Bremen
 Hapag-Lloyd AG, Hamburg
 Philipp Holzmann AG, Frankfurt am Main
 Karstadt AG, Essen
 Püttler Maschinenfabrik AG, Langen (Hess.)
 Süddeutsche Zucker-AG, Mannheim.

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

<i>Total credit extended</i>	End of 1980		End of 1979		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	26,995	41.5	23,326	40.7	+ 3,669	= 15.7
long-term (4 years or more)	25,879	39.8	24,384	42.6	+ 1,495	= 6.1
	52,874	81.3	47,710	83.3	+ 5,164	= 10.8
Discounts	6,420	9.9	4,884	8.5	+ 1,536	= 31.4
Lendings to banks	5,761	8.8	4,704	8.2	+ 1,057	= 22.5
Total credit extended	65,055	100.0	57,298	100.0	+ 7,757	= 13.5

As part of the efforts to revitalize Deutsche Dampfschiffahrts-Gesellschaft "Hansa" AG i. L., Bremen, we participated in the capital increase carried out subsequent to a capital reduction, and as a result lifted our shareholding to over 25%.

All securities holdings were, as in the past, valued according to the minimum value principle.

Total credit extended

Total credit extended by the bank (excluding rights of recourse from guarantees and letters of credit) came to DM 65.1 bn. At DM 7.8 bn = 13.5% the annual growth was considerably stronger than in the preceding year (+8.5%). Do-

Financing balance 1980

Amounts in DM bn.

Use of funds

Growth of credit volume 7.8

Increase in securities holdings 1.6

Net redemption of bonds and notes 1.1

Other dispositions 0.6

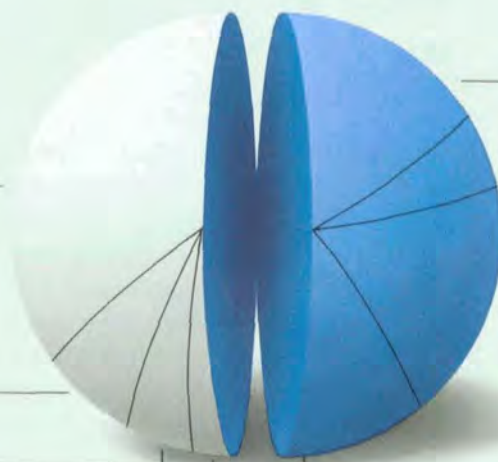
Source of funds

Reduction of liquid funds and investments 3.5

Liabilities payable on demand (customers and banks) 1.2

Time and savings deposits 4.0

Other funds 2.4



domestic borrowers accounted for three-quarters of the credit expansion.

Claims on customers increased by 10.8% to DM 52.9 bn. Growth was primarily in the short and medium-term sector (+ DM 3.7 bn. = 15.7%). Classical lending business with our corporate customers and standardized lending each rose by more than one fifth. On the other hand, we reduced short and medium-term claims on public authorities.

Long-term claims on customers increased by only DM 1.5 bn. = 6.1%. In domestic business with corporate customers credit extended long term even declined slightly, as a substantial volume of fixed-rate credits matured and customers also refrained from taking up long-term debt at the prevailing level of interest rates.

At the end of 1980 *standardized loans* to private customers were up to almost DM 18 bn., which

was 34% of claims on customers. However, the rate of growth (+11.7%) was markedly slower than in the preceding year (+28.7%).

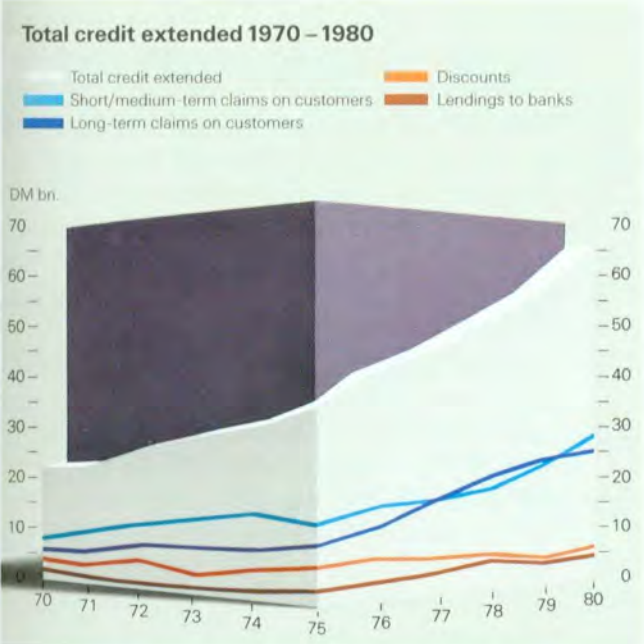
Since the bank conducts its discount business in accordance with the scope for refinancing at the Deutsche Bundesbank, *discounts* expanded strongly in the past year, namely by DM 1.5 bn. = 31.4%, but at DM 6.4 bn. the total volume was still somewhat lower than 5 years previously.

We increased our lending to domestic and foreign banks (+22.5% to DM 5.8 bn.). Overall *claims on banks*, which include these lendings, are shown at DM 26.2 bn. as in the preceding year. Claims payable on demand, arising from clearing balances and call money, increased by 2.8% to DM 5.5 bn. The proportion of the balance sheet total made up by total claims on banks has declined again to one quarter; ten years ago it was 14% and by 1978 it had risen to 29%.

At balance sheet date 50.3% of long-term claims on customers and 66.9% of long-term claims on banks were due in less than four years or had already been sold forward to third parties.

Funds for specific purposes from public lending programmes in the amount of DM 2.2 bn., which were placed at our disposal mainly by Kreditanstalt für Wiederaufbau, were transmitted to the borrowers on the terms fixed by the lenders.

Our lending is widely spread in terms of borrowers and business sectors.



Number of customer commitments			End of 1980
	up to DM	10,000	797,557 = 63.8%
more than DM	10,000 up to DM	100,000	376,279 = 30.1%
more than DM	100,000 up to DM	1,000,000	70,056 = 5.6%
more than DM	1,000,000		6,172 = 0.5%
			1,250,064 = 100.0%

Broken down according to size, our credits to customers showed an increase in the middle range which is attributable to the sustained expansion of lending to private borrowers in the past years, particularly in building financing.

A breakdown of our lending to customers by sector gives the shares set out below. It is based on the system applied in the borrower statistics of the Deutsche Bundesbank, which was altered at the end of 1980, and owing to the redefinition of some individual sectors it is not comparable with the breakdown for the preceding year.

Breakdown of customer credits (claims and discounts) by sector as at December 31, 1980

Steel construction, mechanical engineering and vehicle manufacture; manufacture of office equipment, data-processing equipment and systems	7.9%
Electrical engineering, precision and optical goods; production of hardware, musical instruments, sports equipment, jewellery; photographic and film laboratories	5.8%
Metal production and processing	3.9%
Chemical industry, production and processing of nuclear fuels, petroleum processing	3.7%
Leather, textile and clothing manufacture	3.1%
Wood, paper and printing trades	2.6%
Food industry, tobacco processing	1.8%
Other industries	2.7%
Manufacturing industry, total	31.5%
Trade	14.2%
Other business sectors and public authorities	27.1%
Private borrowers (other than self-employed)	27.2%
	100.0%

All the limits for large credits established in Section 13 Banking Act were observed.

Sufficient provision has been made for all discernible risks in lending business through adjustments and provisions both for individual borrow-

ers and for country risks. A general provision in the prescribed amount was made for latent risks. In addition there is an undisclosed reserve in accordance with Section 26a Banking Act.

Subsidiaries, associated companies and trade investments

This item of the balance sheet comprises – as in the past – holdings in associated banks with a range of services similar to or materially supplementing those of our bank, as well as holdings in property management 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 companies 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 page 47, 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 pages 110 to 112 of the report. The business development and situation of companies included in the consolidated statement of accounts is dealt with in the Report of the Group, which also gives information on the bank's links with related companies. Developments at selected subsidiaries, as-

sociated companies and trade investments are reported on pages 39 ff.

Our *Subsidiaries, associated companies and trade investments* had a book value of DM 1,680.5 m. at year's end. Holdings in banks accounted for DM 1,436.7 m.; bank holding companies are also included with DM 192.7 m.

The additions amounting to DM 132.2 m. relate primarily to subsidiary banks and associated banks active in international business. On the other side, there were disposals of DM 0.2 m. Write-downs came to DM 5.6 m.

We would like to mention the following individual changes:

Capital increases

Deutsche Bank Saar AG, Saarbrücken
European Asian Bank AG, Hamburg
Industriebank von Japan (Deutschland) AG, Frankfurt am Main
Al-Bank Al-Saudi Al-Alami Ltd., London
Banque Européenne de Crédit, Brussels
Deutsche Bank (Asia Credit) Ltd., Singapore
DB U.K. Finance Ltd., London
Korea Long Term Credit Bank, Seoul, South Korea
National Investment Bank for Industrial Development S.A., Athens
Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf

New companies

Deutsche Bank (Suisse) S.A., Geneva
Euro Travellers Cheque Deutschland GmbH, Frankfurt am Main.

This company will commence its activities within the Euro Travellers Cheque system in the course of 1981.

Additional purchases

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

Sale

At the turn of the year 1980/81 we sold our holding in Frankfurter Bodenkreditbank AG, Frankfurt am Main, to Westland/Utrecht Hypotheekbank nv, Amsterdam.

Fixed assets

Land and buildings are shown at DM 756.8 m. Of the addition in the amount of DM 34.8 m., DM 4.7 m. stems from the acquisition of land, most of which is to be developed. DM 30.1 m. was used for new buildings and renovations. Work commenced on the erection of branch premises in Gummersbach. We were also able to move into the new building in Stuttgart-Vaihingen and the converted premises in Düsseldorf. Disposals amount to DM 1.2 m. Property no longer required by the bank in Braunschweig, Hattingen, Munich and Würzburg was sold. Depreciation totalled DM 36.2 m., of which DM 2.8 m. was due to extraordinary wear and tear. In the past year we paid DM 19.9 m. in rental costs under leasing contracts; more than half was in connection with the building project of the Central Office in Frankfurt.

Office furniture and equipment is valued at DM 275.9 m. on the books. The additions of DM 79.2 m. include minor items worth DM 9.6 m. which were written off immediately. Depreciations total DM 72.3 m. and disposals amount to DM 0.3 m.

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

Other asset items

Recovery claims on Federal and Länder authorities under Currency Reform Acts came to DM 288.4 m., with equalization claims accounting for DM 284.8 m. of this sum. Last year DM 12.9 m. was repaid according to schedule and DM 4.6 m. was assumed by the Deutsche Bundesbank.

Under *Other assets* we show claims and assets which have arisen outside current banking business and which do not have to be shown elsewhere on the assets side. In addition to precious metal holdings, coins and medallions, the item consists primarily of share rights not documented by securities and which we do not regard as business participations. The book value of such holdings of at least 25% in the capital of a company amounted to DM 454.5 m. The blocks of

shares – listed above – in joint stock corporations, which we hold indirectly through holding companies and which, according to balance sheet regulations, we cannot show under securities, come in only one case to more than one quarter of the corporation's share capital. For details on the development of the corporations named we refer you to their annual reports.

Own shares

At the end of the year we held 3,040 Deutsche Bank shares of DM 50 par value (= 0.01% of our share capital). These shares were purchased at an average price of DM 280.50 so that they could be offered to the staff of the bank and its domestic Group companies as staff shares in accord-

ance with Section 71(1)2 Joint Stock Corporation Act. The dates of purchase were: 15. 12. 1980 834 shares, 16. 12. 1980 1,350 shares, 22. 12. 1980 133 shares, 23. 12. 1980 73 shares and 29. 12. 1980 650 shares.

The 70,217 new Deutsche Bank shares of DM 50 par value stemming from the 1979 capital increase which were shown in the balance sheet at the end of 1979 at an average purchase price of DM 248.62 were sold during the year under review at an average price of DM 256.84; the sales proceeds remained in our working funds. The shares were sold, as we were able to buy 87,648 Deutsche Bank shares of DM 50 par value (= 0.39% of our share capital) with full dividend entitlement at an average price of DM 260.90 for the issue of staff shares. The newly acquired shares were passed on by us, and our domestic subsidiaries, to staff members and retired employees at a preferential price of DM 129. 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 purchased 1,678,070 Deutsche Bank shares – spread over the entire business year – of DM 50 par value each at current market prices, averaging DM 272.64 per share, and sold them again at an average price of DM 273.37. Own shares sold in this manner in the course of the year were equivalent to 7.53% of our share capital. The average daily holding of these shares amounted to 0.05% of our share capital. The sales proceeds remained in our working funds.

The highest daily holding to result from the above-mentioned purchase and sale transactions in the year under review was 114,537 shares = 0.51% of our share capital.

98,727 Deutsche Bank shares with a DM 50 par value each (= 0.44% of our share capital) had been pledged to the bank and its related companies as credit security at 31. 12. 1980.

Liabilities

Funds from outside sources

Total *Funds from outside sources* stemming from customers and banks as well as from bonds and notes are shown at DM 94.8 bn. The growth of DM 4.1 bn = 4.5% was lower than in the preceding year; customers' deposits rose by DM 3.9 bn. = 7.3%, banks' deposits by DM 1.3 bn = 4.0%, own bonds and notes in circulation were down by DM 1.1 bn.

Liabilities to banks amounted to DM 34.0 bn. Owing to the extensive international business conducted by the bank via foreign branches and subsidiaries abroad, 80% of these liabilities was again towards foreign banks.

Our *Customers' deposits* (liabilities to customers) rose in the past year by 7.3% to DM 57.2 bn. Demand deposits increased slightly, by approx. DM 300 m., to DM 14.2 bn. Time deposits on the other hand expanded substantially; they were up by 14.1% to DM 23.3 bn., with stronger growth mainly in short-term deposits and long-term savings certificates.

In 1980 *Savings deposits* registered an increase of DM 716 m. = 3.8% to DM 19.6 bn. The

<i>Funds from outside sources</i>	End of 1980		End of 1979		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	7,264	7.7	6,317	7.0	+ 947	= 15.0
time deposits	26,429	27.9	26,186	28.9	+ 243	= 0.9
customers' drawings on other banks	323	0.3	206	0.2	+ 117	= 56.5
	<u>34,016</u>	<u>35.9</u>	<u>32,709</u>	<u>36.1</u>	<u>+ 1,307</u>	<u>= 4.0</u>
Liabilities to customers						
payable on demand	14,233	15.0	13,941	15.4	+ 292	= 2.1
time deposits	23,296	24.6	20,411	22.5	+ 2,885	= 14.1
savings deposits	19,628	20.7	18,912	20.8	+ 716	= 3.8
	<u>57,157</u>	<u>60.3</u>	<u>53,264</u>	<u>58.7</u>	<u>+ 3,893</u>	<u>= 7.3</u>
Bonds and notes	<u>3,635</u>	<u>3.8</u>	<u>4,725</u>	<u>5.2</u>	<u>- 1,090</u>	<u>= 23.1</u>
Total funds from outside sources	<u>94,808</u>	<u>100.0</u>	<u>90,698</u>	<u>100.0</u>	<u>+ 4,110</u>	<u>= 4.5</u>

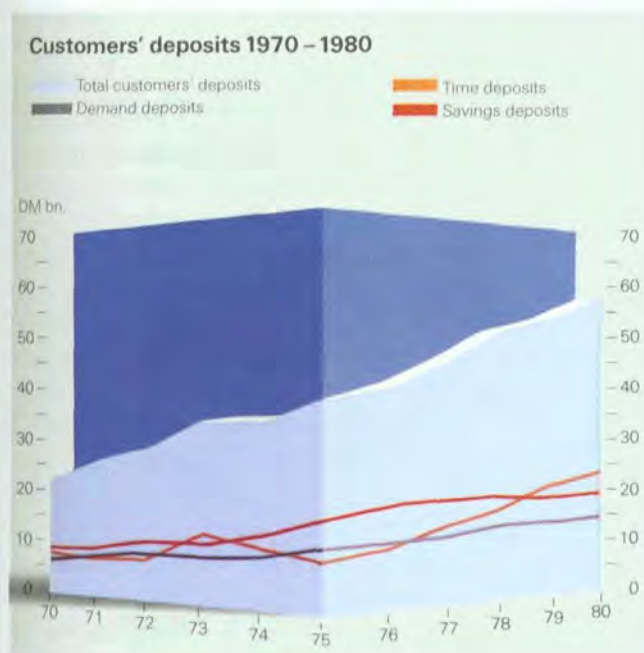
decline recorded in the preceding year (–0.8%) continued at first in 1980 as substantial funds accumulated under savings contracts released at the start of the year and at the beginning of July were not re-invested in savings accounts. The pre-year level was not reached again until autumn. Almost the entire growth in savings deposits was registered on accounts with legal periods of notice (+6.5% to DM 10.8 bn.); the other types of savings deposit rose only marginally (+0.6%) in contrast to the previous year.

Total saving (account saving, sales of savings certificates and net purchases of securities via savings accounts) came to DM 3.1 bn. Savings in securities again accounted for a major part of total saving in the past year. Our obligations from gold and silver certificates in circulation, amounting to DM 284 m., are contained in liabilities to customers payable on demand; we held the corresponding quantities of precious metals as cover.

Certificates of Deposit worth DM 932 m. issued by our foreign branches were in circulation at the end of the year. These are mainly short-term bearer certificates, which, unlike other bonds and notes, are shown under liabilities to customers and banks as per instructions of the Federal Supervisory Office.

Own *Bonds and notes* in circulation fell to DM 3.6 bn. A substantial volume became due for redemption. We exercised restraint in issuing new paper in view of the high level of interest rates. The total circulation includes DM 124 m. of bearer savings certificates with a maturity of five years and a rising nominal interest rate.

At year's end there were DM 1.1 bn. *Own acceptances and promissory notes outstanding*. This item, which added DM 0.5 bn. in the past year, relates primarily to financing obtained by our foreign branches and includes promissory



notes issued by our Tokyo Branch in accordance with Japanese money market practices.

Provisions

Provisions for contingent liabilities aggregate DM 2,292 m.

We allocated DM 111 m. to the *Provisions for pensions* which are shown at the part value based on actuarial opinion; they then amounted to DM 1,148 m.

Other provisions rose by DM 223 m. to DM 1,144 m. Besides provisions for contingent liabilities and taxes, this item contains the prescribed general provision, in so far as it cannot be deducted from asset items.

Other liability items

In the *Other liabilities* of DM 44.0 m. we show liabilities which have arisen outside the scope of banking business, including wage and church tax, and social security contributions to be transferred.

Endowments and benevolent funds contained liabilities of DM 4.6 m. towards the Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Düsseldorf, and the Jubiläumsstiftung der Deutschen Überseeischen Bank GmbH Unterstützungskasse, Frankfurt am Main. As at 31. 12. 1980 the endowment assets of the two institutions amounted to DM 6.1 m., of which DM 1.5 m. was invested in securities.

Special items with partial reserve character

The *Special items with partial reserve character* total DM 23.9 m.

During the year under review DM 2.3 m. was allocated to the reserve in accordance with the *Tax Act regarding Developing Countries*. Since DM 1.1 m. was written back, the reserve is now valued at DM 16.1 m. on the books.

DM 2.0 m., accrued from the sale of business participations and land, was allocated to the reserve in accordance with *Section 6b Income Tax Act*. The reserve now amounts to DM 7.1 m.

The *replacements reserve* formed in the previous year in accordance with Paragraph 35 Income Tax Directive remained unchanged at DM 0.7 m.

Deferred items on the liabilities side amounting to DM 1,086 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 3.2 bn. at the end of the year. The growth of DM 0.9 bn. related for the most part to bills rediscounted at the Deutsche Bundesbank under our increased quota. Bills accounting for DM 179 m. were in the process of collection.

Own drawings in circulation amounted to DM 31.4 m.; they serve the financing of foreign trade with South America.

Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements were up by DM 1.9 bn. = 11.9% to DM 18.2 bn. in the past year. We provided our domestic customers with more guarantees in both domestic and foreign business.

At year's end commitments from the *sale of assets subject to repurchase agreements* stood at DM 156 m.

liabilities pursuant to Section 24 "GmbH" Act amounted to DM 13.2 m.

As a result of 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 who are also members of the Bundesverband deutscher Banken e. V., Cologne.

Pursuant to Section 5(10) of the Statute of the Depositary 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.

Miscellaneous liabilities

Liabilities for possible calls on shares not fully paid up in private and public limited companies were recorded at DM 43.1 m. at the end of 1980; beyond this, our joint liabilities for third-party ob-

Profit and Loss Account

Earnings on the volume of business

Interest business last year was influenced by increases in the discount rate on February 29 and May 2 by a total of 1.5% to 7.5% and by measures of the Deutsche Bundesbank to ease the liquidity situation. The domestic interest margin was improved through an adjustment of lending conditions by slightly more than the increase in the cost of deposits. Overall, the foreign branches also recorded a wider margin.

The average volume of business rose by 13.7% after 11.2% in the preceding year. The acceleration of growth stemmed from the bank's domestic network. The expansion of business volume and the improvement in the overall interest margin from 2.47% (1979) to 2.59% produced a rise of 18.1% in the interest surplus after 13.7% in 1979.

The substantial increase of DM 2,760.6 m. = 47.1% in interest income from lending and money market transactions and of DM 2,495.3 m. = 61.6% in interest expenses is due to the expansion of lending and deposit business, but above all to the lifting of the interest rate level.

Current income from fixed-interest securities and Government-inscribed debt was up by DM 137.7 m. Income from other securities and from subsidiaries, associated companies and trade investments came to DM 334.7 m. Most of this was in the form of dividend income from shareholdings of 25% or more.

All in all, *Earnings on the volume of business* grew by DM 429.6 m. compared with the preceding year. The interest surplus of DM 2,803.2 m. achieved in the past year more than covered the staff and other operating expenses which were up to DM 2,578.8 m.

Earnings on the volume of business developed as follows:

	1980 DM m.	1979 DM m.	Change
Interest and similar income from lending and money market transactions	8,618.4	5,857.8	+ 47.1%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments	728.9	564.6	+ 29.1%
Total interest and similar income	9,347.3	6,422.4	+ 45.5%
Interest and similar expenses	6,544.1	4,048.8	+ 61.6%
Earnings on the volume of business (interest surplus)	2,803.2	2,373.6	+ 18.1%

Earnings on services

All sectors played a part in the expansion of *Commissions and other service charges received*. The contribution made by international business also improved further.

In securities commission business, the rise in turnover produced higher commission income. The growth in commissions from payment business stems primarily from the standard basic charge on personal accounts since July 1, 1980.

After deduction of *Commissions paid*, the commission surplus deriving from service transactions came to DM 806.9 m. The expansion of DM 109.0 m. was more than twice as high as the increase in the preceding year.

Other income

Other income is shown at DM 392.5 m. The ordinary and extraordinary income contained in this

item rose by a total of DM 79.3 m. Profit from own-account trading in securities, foreign exchange and precious metals experienced a particularly marked increase over the preceding year.

After being offset against profits and income to the full extent permissible under Section 4 of the Order concerning Banks' Statements of Accounts, *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* are booked at DM 541.5 m. (1979: DM 181.1 m.). For the reasons given on pages 32 f, we used a substantial portion of our operating result to make this provision for risks in national and international lending business. In addition, the decline in stock market prices led to write-downs on securities holdings, especially on bonds.

Staff and other operating expenses

After rising by DM 288.4 m., *Staff and other operating expenses* reached a total of DM 2,578.8 m. in 1980. The stronger cost pressure emanated mainly from the personnel sector.

Staff expenses (salaries and wages, compulsory social security contributions, expenses for pensions and other employee benefits) amounted to DM 1,975.8 m., which is DM 220.3 m. = 12.5% more than in 1979. The increase reflects the rise of 6.8% flat (1979: 4.5%) in domestic agreed-scale salaries and the corresponding adjustment to salaries in the non-agreed-scale sector, which also had a long-term effect on the required allocations to the provisions for pensions. At the foreign branches the growth in staff expenses was greater than in the preceding year owing to high inflation rates in the host countries.

Other operating expenses also continued to rise, by DM 68.1 m. to DM 603.0 m. There was in-

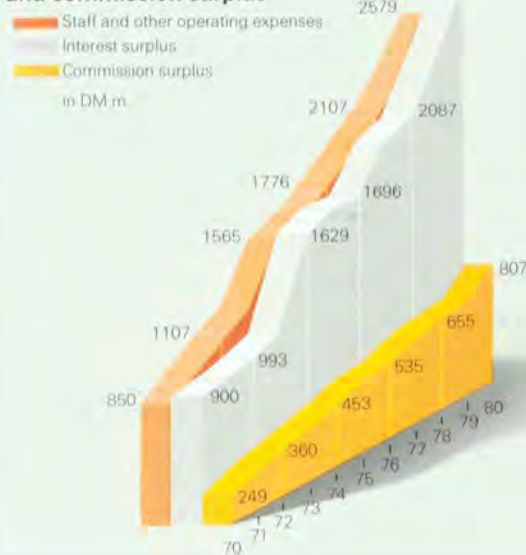
cremental expenditure particularly in the case of maintenance and operating costs and of rents for bank premises (including property leased by the bank), and as a result of price rises for office materials and third-party services.

Depreciation

Depreciation on land and buildings and office furniture and equipment was down by DM 7.6 m. to DM 108.6 m. Of this, DM 0.2 m. (1979: DM 9.1 m.) was special depreciation pursuant to Section 6b Income Tax Act.

Write-downs of DM 5.6 m. were required on *Subsidiaries, associated companies and trade investments*, primarily abroad.

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



Remaining expenses

The *Other expenses* totalling DM 126.4 m. include, among other things, the provision for 1980 annual vacation not yet taken, and write-downs of share rights included under other assets.

Total emoluments of the Board of Managing Directors amounted to DM 10,430,577.25. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received a total of DM 3,403,750.06. A fixed payment of DM 289,980 was made to the Supervisory Board. The dividend-related emoluments of the Supervisory Board amounted to DM 928,591.24. Members of the Advisory Board received DM 433,920 and members of the Regional Advisory Councils DM 3,099,219.47

Operating result

The *operating result*, i. e. the surplus on current business (including own-account trading), expanded by 28.0% after 8.9% in the preceding year. The improvement was above all attributable to the increase in the interest surplus, and the rise in earnings on services and in profits on own-account trading in securities, foreign exchange and precious metals. Overall, the incremental earnings on regular business were appreciably higher than the growth in staff and other operating expenses.

Taxes

Taxes on income and assets climbed by DM 50.4 m. to DM 474.5 m. The increase reflects above all taxes, unconnected with earnings, which accrued in other countries owing to larger assets and different valuation regulations.

Other taxes are shown at DM 7.7 m. They declined by DM 15.9 m. primarily as a result of the removal of payroll tax.

Proposed appropriation of profits

The Profit and Loss Account closes as follows:

Income	DM	10,758,718,885
Expenses	DM	10,415,892,105
Net income for the year	DM	342,826,780
Allocation to disclosed reserves	DM	120,000,000
Distributable profit	DM	222,826,780

It will be proposed to the shareholders that a dividend of DM 10 per share of DM 50 par value, after DM 9 in 1979, i.e. DM 222,826,780, be paid on the share capital of DM 1,114,133,900.

Together with the imputable corporation tax of DM 5.63 per share, this gives total income for our domestic shareholders of DM 15.63 per DM 50 share (1979: DM 14.06).

Capital and reserves

In return for Warrants from the 4½% US-Dollar Bonds with Subscription Rights of 1977/1987 issued by Deutsche Bank Compagnie Financière Luxembourg, Luxembourg, 20 shares from the conditional capital were subscribed. The premium in excess of par value, amounting to DM 3,334, was transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act.

The reserve for own shares required under the Implementing Act for the second EC Directive was formed in the amount of DM 852,720; DM 119,147,280 was allocated to other reserves (vol-

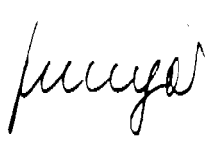



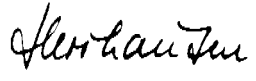

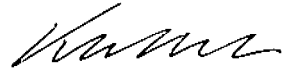





untary). Disclosed reserves were therefore strengthened by a total of DM 120,000,000 from net income for the year 1980. This allocation corresponds to the income from the writing back of undisclosed reserves in accordance with Section 26a of the Banking Act, which is shown in the Profit and Loss Account. *Own funds* now total DM 4,397.8 m.; they are made up as follows:

Share capital	DM 1,114,133,900
Disclosed reserves	
a) legal reserve	DM 1,728,679,801
b) reserve for own shares	DM 852,720
c) other reserves	DM 1,554,147,280
	<u>DM 4,397,813,701</u>

In addition to the conditional capital of DM 156.1 m. there is authorized capital of DM 126 m.

Frankfurt am Main, March 1981

The Board of Managing Directors

Report of the Supervisory Board

At the Supervisory Board meetings last year, and in numerous individual conversations, we obtained detailed information on the bank's situation and on the fundamental questions of business policy and discussed them with the Board of Managing Directors. Besides the development of the balance sheet and the profit and loss account – above all, the relationship between volume and earnings – the subjects discussed included lending business at home and abroad, terms and conditions policy, the currency situation and the development of our service offering; a special role was played by the problem of costs. The cyclical situation was the subject of extensive reports and discussion. We examined important individual business transactions and dealt with the matters submitted to us for approval in accordance with legal requirements or the bank's Articles of Association. Furthermore, general and specific problems of personnel policy were discussed by the Supervisory Board.

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

Treuverkehr AG Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Frankfurt am Main, who were elected auditors of the annual accounts by the Ordinary General Meeting,

have examined the Annual Statement of Accounts, the Report of the Board of Managing Directors and the accounting and have found them to be in conformity with legal requirements and the Articles of Association. We accept the Report of the Auditors.

Furthermore, we have examined the Annual Statement of Accounts as of December 31, 1980, the proposed appropriation of profits and the Report of the Board of Managing Directors. We had no objections to raise.

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

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.

On December 31, 1980, after almost 35 years of activity with the bank, Mr. Hans-Otto Thierbach resigned, for health reasons and at his own request, from the Board of Managing Directors, of which he had been a member since 1971. We would like to take this opportunity also to thank Mr. Thierbach very much for his successful work.

At the meeting on January 20, 1981, we appointed Mr. Werner Blessing, previously Executive Vice President, and Dr. Ulrich Cartellieri, previously Member of the Board of Managing Directors of European Asian Bank AG, as Deputy Members of the Board of Managing Directors.

Frankfurt am Main, March 31, 1981

The Supervisory Board



Chairman



**Annual Balance Sheet
as of December 31, 1980**

**Profit
and Loss Account
for the period from January 1
to December 31, 1980**

**Development of the
Balance Sheet
from January 1, 1952
to December 31, 1980**



Assets

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1979 in DM 1,000
Cash on hand		431,613,690	396,021
Balance with Deutsche Bundesbank		7,008,080,479	9,288,571
Balances on postal cheque accounts		84,040,461	36,997
Cheques, matured bonds, interest and dividend coupons, items received for collection		590,844,627	738,271
Bills of exchange		2,938,802,903	2,359,236
including:			
a) rediscountable at Deutsche Bundesbank	DM 1,747,725,135		
b) own drawings	DM 365,449,433		
Claims on banks			
a) payable on demand	5,461,023,907		5,313,592
b) with original periods or periods of notice of			
ba) less than three months	3,272,925,889		3,698,661
bb) at least three months, but less than four years	13,768,485,501		14,416,596
bc) four years or more	3,662,939,834		2,832,307
		26,165,375,131	26,261,156
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	186,394,444		368,183
b) of other issuers	426,023,293		155,241
		612,417,737	523,424
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 1,021,763,667		
ab) of banks	DM 633,056,044		
ac) of other issuers	DM 443,801,444	2,098,621,155	2,115,811
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 2,073,159,571		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 341,781,239		
bb) of banks	DM 3,080,537,685		
bc) of other issuers	DM 852,600,919	4,274,919,843	2,833,001
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 3,287,384,507	6,373,540,998	4,948,812
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,879,443,816		1,722,117
b) other	278,182,940		283,023
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 1,172,971,768	2,157,626,556	2,005,140
Claims on customers with original periods or periods of notice of			
a) less than four years	26,994,733,028		23,325,611
b) four years or more	25,879,698,578		24,384,538
including:			
ba) secured by mortgages on real estate	DM 5,400,111,253	52,874,431,606	47,710,149
bb) communal loans	DM 2,173,635,970		
due in less than four years	DM 13,024,001,000		
Recovery claims on Federal and Länder authorities under Currency Reform Acts		288,436,072	305,873
Loans on a trust basis at third party risk		232,928,955	237,423
Subsidiaries, associated companies and trade investments		1,680,525,600	1,554,210
including: investments in banks	DM 1,436,656,300		
Land and buildings		756,816,000	759,439
Office furniture and equipment		275,866,000	269,263
Own shares		852,720	17,457
nominal amount	DM 152,000		
Own bonds		7,370,662	11,891
nominal amount	DM 7,297,100		
Other assets		1,760,314,041	1,348,287
Deferred items		6,014,423	5,271
Total Assets		104,245,898,661	98,776,891

Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:

a) claims on related companies	4,583,560,141	3,845,100
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a)	1,023,290,855	830,491

Balance Sheet as of December 31, 1980

Liabilities

	DM	DM	DM	31. 12. 1979 in DM 1,000
Liabilities to banks				
a) payable on demand		7,263,830,791		6,316,883
b) with original periods or periods of notice of				
ba) less than three months	5,434,829,236			
bb) at least three months, but less than four years	14,322,263,988			
bc) four years or more	<u>6,672,284,206</u>	26,429,377,430		26,185,311
including: due in less than four years	DM 5,261,283,000			
c) customers' drawings on other banks		<u>322,928,886</u>		206,273
			34,016,137,107	32,708,467
Liabilities to customers				
a) payable on demand		14,232,975,563		13,940,662
b) with original periods or periods of notice of				
ba) less than three months	15,148,748,045			
bb) at least three months, but less than four years	4,388,679,050			
bc) four years or more	<u>3,758,907,207</u>	23,296,334,302		20,411,418
including: due in less than four years	DM 3,628,063,000			
c) savings deposits				
ca) subject to legal period of notice	10,847,943,413			
cb) other	<u>8,780,233,843</u>	<u>19,628,177,256</u>		18,911,846
			57,157,487,121	53,263,926
Bonds and notes with a life of				
a) up to four years		207,037,000		1,006,397
b) more than four years		<u>3,427,923,700</u>		3,718,948
including: maturing in less than four years	DM 3,375,638,700		3,634,960,700	4,725,345
Own acceptances and promissory notes outstanding			1,133,625,000	585,275
Loans on a trust basis at third party risk			232,928,955	237,423
Provisions				
a) for pensions		1,148,291,500		1,037,578
b) other		<u>1,143,748,589</u>		921,067
			2,292,040,089	1,958,645
Other liabilities			44,024,726	34,855
Endowments and benevolent funds				
Endowment assets		6,099,561		2,409
less investments in securities		<u>1,509,642</u>		2,236
			4,589,919	173
Deferred items			1,085,557,792	770,372
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		16,121,028		14,945
b) in accordance with Section 6b of the Income Tax Act		7,116,943		5,103
c) replacements reserve		<u>668,800</u>		669
			23,906,771	20,717
Share capital			1,114,133,900	1,114,133
Conditional capital DM 156,116,100				
Disclosed reserves				
a) legal reserve		1,728,679,801		1,728,676
b) reserve for own shares				
(Allocation from Net income for the year)		852,720		—
c) other reserves (voluntary)	1,435,000,000			
Allocation from Net income for the year	<u>119,147,280</u>	<u>1,554,147,280</u>		1,435,000
			3,283,679,801	3,163,676
Distributable profit			222,826,780	193,884
Total Liabilities			104,245,898,661	98,776,891
Own drawings in circulation			31,365,460	6,788
including: those discounted for borrowers' account	DM 31,365,460			
Endorsement liabilities on rediscounted bills of exchange			3,164,407,126	2,231,024
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also p. 50ff. of the Annual Report)			18,244,957,621	16,306,995
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			156,222,066	786,841
Savings premiums under the Savings Premium Act			298,858,890	288,298
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			3,807,112,942	4,527,389

Expenses

Profit and Loss Account

	DM	DM	1979 in DM 1,000
Interest and similar expenses		6,544,142,211	4,048,802
Commissions and similar service charges paid		24,225,391	22,391
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		541,485,192	181,144
Salaries and wages		1,478,324,413	1,348,604
Compulsory social security contributions		204,089,735	186,084
Expenses for pensions and other employee benefits		293,364,331	220,850
Other operating expenses		603,061,748	534,915
Depreciation of and adjustments to land and buildings and office furniture and equipment		108,565,770	116,175
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		5,640,585	16,729
Taxes			
a) on income and assets	474,455,848		424,158
b) other	<u>7,746,522</u>		<u>23,567</u>
		482,202,370	447,725
Allocations to Special items with partial reserve character		4,347,063	12,960
Other expenses		126,443,296	108,957
Net income for the year		342,826,780	283,884
Total Expenses		10,758,718,885	7,529,220

Net income for the year

Allocations to Disclosed reserves from Net income for the year

 a) legal reserve

 b) reserve for own shares

 c) other reserves (voluntary)

Distributable profit

In the year under review the Bank effected payment of DM 116,275,002 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%, 119%, 130%, 144% and 158% of the above amount.

Frankfurt am Main, March 4, 1981

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Burgard Christians Ehret Guth

Herrhausen van Hooven Kleffel Kopper

Mertin Zapp Blessing Weiss

for the period from January 1 to December 31, 1980

Income

	DM	DM	1979 in DM 1,000
Interest and similar income from lending and money market transactions . . .		8,618,431,673	5,857,800
Current income from			
a) fixed-interest securities and Government-inscribed debt	394,179,020		256,511
b) other securities	237,602,399		216,788
c) subsidiaries, associated companies and trade investments	<u>97,132,924</u>		<u>91,344</u>
		728,914,343	564,643
Commissions and other service charges received		831,156,862	720,309
Other income, including income from the writing back of provisions for possible loan losses		392,528,176	313,224
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		8,356,717	11,063
Income from the writing back of provisions, unless it has to be shown under "Other income"		58,174,076	36,186
Income from the writing back of special items with partial reserve character		1,157,038	25,995
Income from the writing back of undisclosed reserves (in accordance with Section 26a of the Banking Act)		120,000,000	—
Total Income		10,758,718,885	7,529,220

DM	DM	1979 DM
	342,826,780	283,883,922
—		
852,720		
119,147,280	120,000,000	90,000,000
	<u>222,826,780</u>	<u>193,883,922</u>

The accounting, the annual financial statements and the management report, which we have examined with due care, comply with law and the company's statutes.

Frankfurt am Main, March 23, 1981

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	1980	1979	1978	1977	1976
Assets						
Cash reserve		7,524	9,722	6,723	5,401	4,522
Bills of exchange		2,939	2,359	6,311	6,219	6,626
Claims on banks		26,165	26,261	26,433	21,988	15,973
Treasury bills and discountable Treasury notes		612	524	387	96	248
Bonds and notes		6,374	4,949	5,243	3,940	3,098
Securities not to be shown elsewhere		2,158	2,005	1,774	1,846	1,875
Claims on customers		52,874	47,710	40,406	34,301	30,767
short and medium-term		26,995	23,326	19,281	17,120	16,903
long term (four years or more)		25,879	24,384	21,125	17,181	13,864
Recovery claims on Federal and Länder authorities under Currency Reform Acts		288	306	324	343	363
Loans on a trust basis at third party risk		233	238	272	281	199
Subsidiaries, associated companies and trade investments		1,681	1,554	1,463	1,396	1,250
Land and buildings		757	759	765	742	681
Office furniture and equipment		276	269	266	240	225
Other assets		1,760	1,348	1,152	1,261	1,118
Remaining assets		605	773	611	554	416
Balance Sheet Total		104,246	98,777	92,130	78,608	67,361
Liabilities						
Liabilities to banks		34,016	32,708	30,245	23,419	19,285
including: time deposits		26,752	26,392	24,358	17,422	13,420
Liabilities to customers		57,157	53,264	50,215	44,950	39,828
including: time deposits		23,296	20,411	17,210	14,282	10,549
savings deposits		19,628	18,912	19,055	18,123	17,654
Bonds and notes		3,635	4,725	4,663	3,982	2,844
Provisions		2,292	1,959	1,673	1,453	1,298
for pensions		1,148	1,038	961	877	805
other		1,144	921	712	576	493
Share capital		1,114	1,114	1,040	960	900
Disclosed reserves		3,284	3,164	2,850	2,490	2,200
legal reserve		1,729	1,729	1,505	1,265	1,085
other reserves (voluntary)		1,555	1,435	1,345	1,225	1,115
Remaining liabilities		2,525	1,649	1,257	1,181	826
Distributable profit		223	194	187	173	180
Balance Sheet Total		104,246	98,777	92,130	78,608	67,361
Own drawings in circulation (discounted)		31	7	7	–	–
Endorsement liabilities		3,165	2,231	158	127	437
Business Volume		107,442	101,015	92,295	78,735	67,798
Contingent liabilities from guarantees, etc.		18,245	16,307	16,503	15,515	16,445

Figures from the Profit and Loss Account

	For the year	1980	1979	1978	1977	1976
Earnings on business volume (Interest surplus)		2,803	2,374	2,087	1,944	1,696
Earnings on services (Commission surplus)		807	698	655	591	535
Staff and other operating expenses		2,579	2,291	2,107	1,921	1,776
Taxes		482	448	423	333	293
Net income for the year		343	284	307	283	280
Allocations to Disclosed reserves		120	90	120	110	100
Distributable profit		223	194	187	173	180
Dividend in DM per share or in %		10.—*	9.—*	9.—*	9.—*	10.—
Number of staff at year's end		39,242	39,081	37,729	36,034	36,319

* plus DM 5.63 (1980) or DM 5.06 (1977–1979) tax credit for shareholders with unlimited domestic tax liability

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

1975	1974	1973	1972	1971	1970	1965	1960	1956	1. 1. 1952
4,735	5,183	6,428	5,138	3,717	2,763	1,609	1,388	699	417
6,279	4,742	3,457	3,743	3,877	4,095	2,711	2,109	1,897	598
13,274	11,066	8,143	5,911	5,450	4,303	1,285	983	686	347
147	—	—	249	725	408	203	482	54	64
2,027	1,466	1,258	1,272	1,058	1,482	657	557	333	3
1,530	1,123	1,106	1,148	1,147	1,325	1,064	706	352	60
25,002	23,294	22,746	19,823	16,824	14,785	7,206	4,128	2,805	1,690
14,859	15,147	14,452	12,082	10,283	8,893	6,235	3,696	2,396	1,458
10,143	8,147	8,294	7,741	6,541	5,892	971	432	409	232
388	402	422	443	462	481	511	501	476	417
72	61	64	105	71	52	153	65	87	46
1,173	1,051	900	773	590	534	146	80	54	9
643	575	457	389	332	345	206	154	118	61
191	169	159	142	123	101	—	—	—	20
891	780	695	639	559	462	9	10	33	1
487	421	429	459	253	296	94	59	27	25
56,839	50,333	46,264	40,234	35,188	31,432	15,854	11,222	7,621	3,758
13,401	12,031	9,553	8,901	7,391	6,776	2,153	1,744	1,810	589
8,324	7,278	4,904	4,328	3,470	3,618	849	692	1,149	391
37,395	33,905	33,091	28,182	25,213	22,397	12,096	8,475	5,092	2,652
9,123	10,915	12,752	8,450	7,750	7,331	2,818	2,551	1,652	731
16,613	13,444	11,957	11,048	9,667	8,187	4,444	2,200	964	197
1,220	528	200	—	—	—	—	—	—	—
1,131	973	696	666	558	522	366	281	209	188
742	658	485	433	387	364	221	146	127	76
389	315	211	233	171	158	145	135	82	112
900	720	720	640	560	480	350	250	200	100
2,100	1,549	1,459	1,274	1,064	880	500	300	150	41
1,085	634	634	474	314	170	50	50	25	25
1,015	915	825	800	750	710	450	250	125	16
512	483	415	463	301	291	333	132	135	188
180	144	130	108	101	86	56	40	25	—
56,839	50,333	46,264	40,234	35,188	31,432	15,854	11,222	7,621	3,758
—	—	—	—	—	—	—	—	—	—
125	502	715	1,432	780	640	417	167	317	794
56,964	50,835	46,979	41,666	35,968	32,072	16,271	11,389	7,938	4,552
11,927	9,007	6,081	4,406	4,387	4,185	1,856	1,473	816	461
1975	1974	1973	1972	1971	1970	1965	1960	1956	1952
1,697	1,629	1,051	993	930	900				
515	453	405	360	291	249				
1,647	1,565	1,224	1,107	984	850				
279	207	101	144	117	96				
281	234	155	158	141	116				
101	90	25	50	40	30	126**)	90	50	
180	144	130	108	101	86	70	50	25	
10.—	10.—	9.—	9.—	9.—	9.—	56	40	25	
						16%	16%	12%	
35,994	35,820	35,287	34,914	34,801	33,070	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.

Growth of Capital and Reserves

	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.—
Capital increase: 1972 (1 for 7 at 300)	80,000,000.—	160,000,000.—	240,000,000.—
Capital increase: 1973 (1 for 8 at 300)	80,000,000.—	160,000,000.—	240,000,000.—
Capital increase: 1975 (1 for 4 at 350)	180,000,000.—	450,000,000.—	630,000,000.—
Allocation from net income 1971–1975		306,000,000.—	306,000,000.—
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
Capital increase 1980 by exercise of subscription rights	1,000.—	3,334.62	4,334.62
Allocation from net income 1980		120,000,000.—	120,000,000.—
December 31, 1980	1,114,133,900.—	3,283,679,801.39	4,397,813,701.39

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**)	1,565,500,000.—
Premium from capital increases	1,677,679,801.39
Total disclosed reserves	3,283,679,801.39

*) Including sale of residual shares

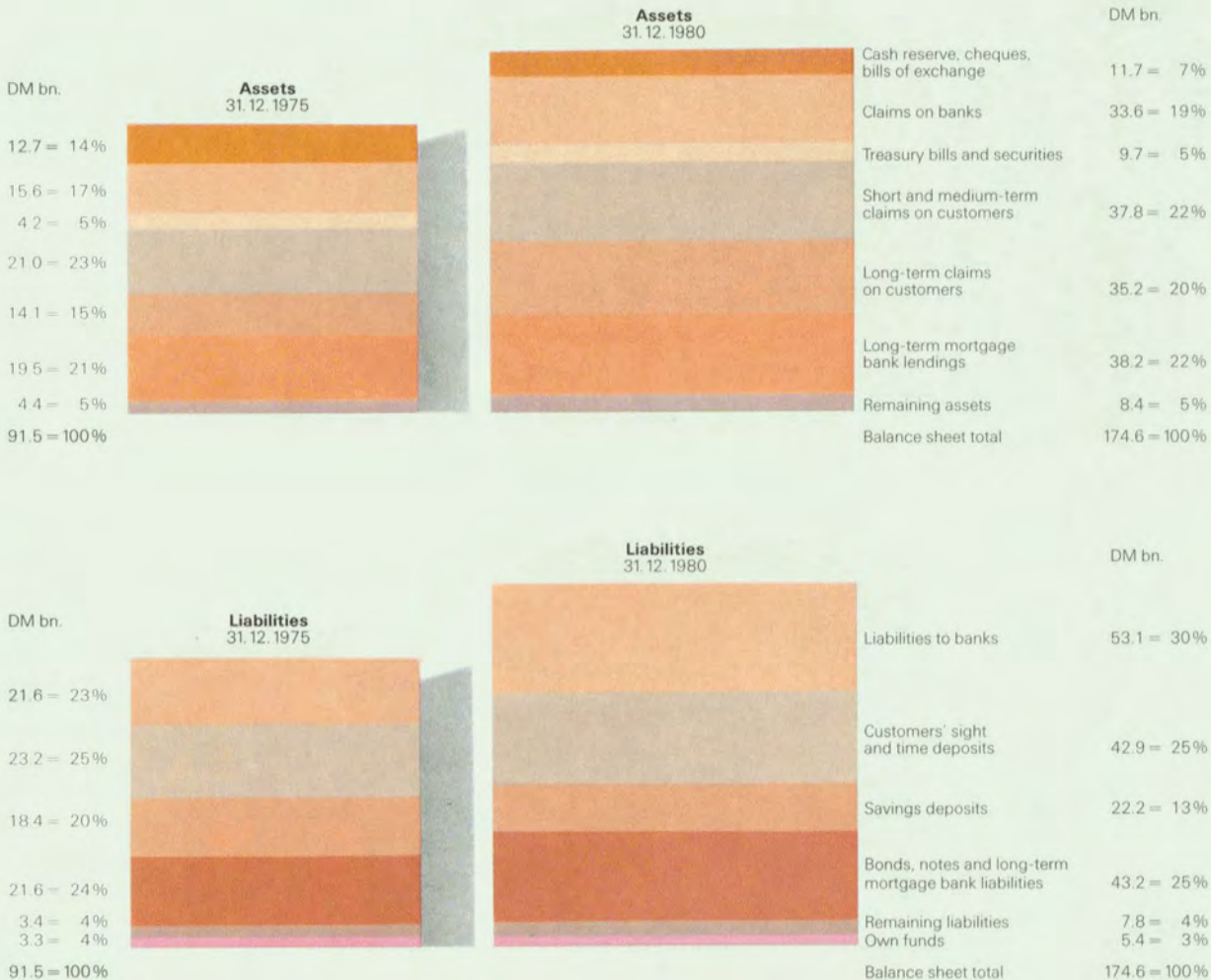
**) Allocations from the Conversion Account total DM 41,766,357.28.

Deutsche Bank AG



**Report of the Group
for 1980**

Deutsche Bank Group Balance sheet structure 1975 and 1980



Report of the Group for 1980

Survey

At the end of 1980, the *business volume* of Deutsche Bank Group reached DM 178.1 bn.; growth continued at a double-digit rate (+10.9% after 9.7% in the previous year). The *balance sheet total* rose by DM 16.5 bn. = 10.4% to DM 174.6 bn.

The companies included in the consolidated statement of accounts employed 44,128 persons, 1,856 of whom worked abroad. With its subsidiaries, Deutsche Bank has 1,361 offices throughout the world; 31 of these are located outside Germany.

In the five-year period 1975–1980 the Group's balance sheet total increased by DM 83.1 bn.; this growth was linked with major changes in our balance sheet structure as is shown by the diagram opposite. On the assets side, the share of cash reserve, items received for collection and bills of exchange in balance sheet total decreased; at the end of 1980 these items accounted for only 7% of total assets (1975: 14%). This was mainly due to the decline in discounts on the one hand and the expansion of bank-to-bank business on the other, which was brought about by the gradual growth of international business outside of Germany via the foreign branches and subsidiaries. The matching of maturities made it possible for liquidity levels to be adjusted accordingly.

The expansion over the last five years was concentrated, with almost DM 40 bn., on the long-term sector; long-term claims on customers and mortgage bank lendings now account for 42% of the Group's balance sheet total (1975: 36%).

The proportion of savings deposits decreased from 20% to 13% as private customers increasingly turned to higher interest-bearing forms of investment.

Own funds were recorded at DM 5.4 bn., which represents 3.1% of balance sheet total and 3.2% of liabilities.

Consolidated companies

In the consolidated annual statement of accounts as of December 31, 1980, the following companies appear together with Deutsche Bank AG:

	Proportion of capital held by Group pursuant to § 16 Joint Stock Corp. Act
<i>Domestic banks</i>	
Deutsche Bank Berlin AG, Berlin	100 %
Deutsche Bank Saar AG, Saarbrücken	69.2%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin – Cologne	83.4%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	50.7%
Deutsche Kreditbank für Baufinanzierung AG, Cologne	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main	89.7%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Handelsbank in Lübeck Aktiengesellschaft, Lübeck	55.5%
Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	75 %

	Proportion of capital held by Group pursuant to § 16 Joint Stock Corp. Act
<i>Foreign subsidiaries and financing companies</i>	
Deutsche Bank (Asia Credit) Ltd., Singapore	100 %
Deutsche Bank Compagnie Financière Luxembourg S. A., Luxembourg	99.9%
Deutsche Bank (Suisse) S. A., Geneva	99.9%
DB Finance (Hong Kong) Ltd., Hong Kong	99.9%
DB U.K. Finance Ltd., London	99.9%
<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 %

Our foreign subsidiaries and financing companies in Great Britain, Hong Kong, Singapore and Switzerland were included in the Group statement of accounts for the first time. After having included our Luxembourg subsidiary in the consolidated balance sheet for several years, the rapid growth of business at the foreign companies established in the meantime prompted us to extend the scope of consolidation. The share of these companies in the balance sheet total before consolidation was 1.4%. The comparable figures of the previous year were adopted unchanged. The shares in Deutsche Bank Saar AG,

Handelsbank in Lübeck AG, Deutsche Centralbodenkredit-AG and Frankfurter Hypothekenbank AG that are subject to consolidation increased minimally as a result of a capital increase and additional purchases. The Group-owned holdings in DWS Deutsche Gesellschaft für Wertpapier-sparen were reduced as, in the course of the 1980 capital increase, shares were passed on to outside shareholders.

The domestic Group companies listed on pages 84 and 85, which pursuant to Section 329(2) Joint Stock Corporation Act we do not consolidate owing to their small importance for the Group's assets and earnings position, have a combined balance sheet total of DM 508 m. or only 2.9‰ of the Group balance sheet total. As the foreign Group companies not consolidated pursuant to Section 329(2) Joint Stock Corporation Act are also of only minimal importance, with a share of 3.1‰ in the balance sheet total, our consolidated accounts meet the requirements of a *world statement of accounts*.

Our report on the companies included in the consolidated statement of accounts of the parent company is given below.

Domestic commercial banks

The 1980 business year at *Deutsche Bank Berlin AG, Berlin*, was marked by a noteworthy expansion of credit business. The growth in business volume of DM 365 m. (+6.1%) to DM 6,335 m. stemmed solely from higher claims on customers which rose by DM 363 m. to DM 2,878 m. In contrast, total credit extended only increased by DM 275 m. to DM 3,752 m. with a decline in lendings to banks.

Funds from outside sources amounted to DM 5,655 m. at the end of 1980 (+DM 331 m.), of

which customers' funds accounted for DM 3,675 m. (+DM 291 m.) and own bonds and notes DM 272 m. (+DM 49 m.). Savings deposits rose to DM 1,775 m.; the low growth rate of 3.7% reflected the continued high level of securities saving on the part of private customers.

The operating result improved slightly in 1980. All discernible risks in credit business were taken into account and the necessary write-downs of securities carried out. Of the net income for the year of DM 21.9 m., DM 10 m. is to be transferred to disclosed reserves – for this purpose DM 6 m. will be taken from undisclosed reserves in accordance with Section 26a Banking Act – and a dividend of 17% paid. Own funds will then amount to DM 285 m.

After the opening of two new offices in the year under review, the bank is now represented at 74 locations in Berlin. 757,000 accounts and safe-

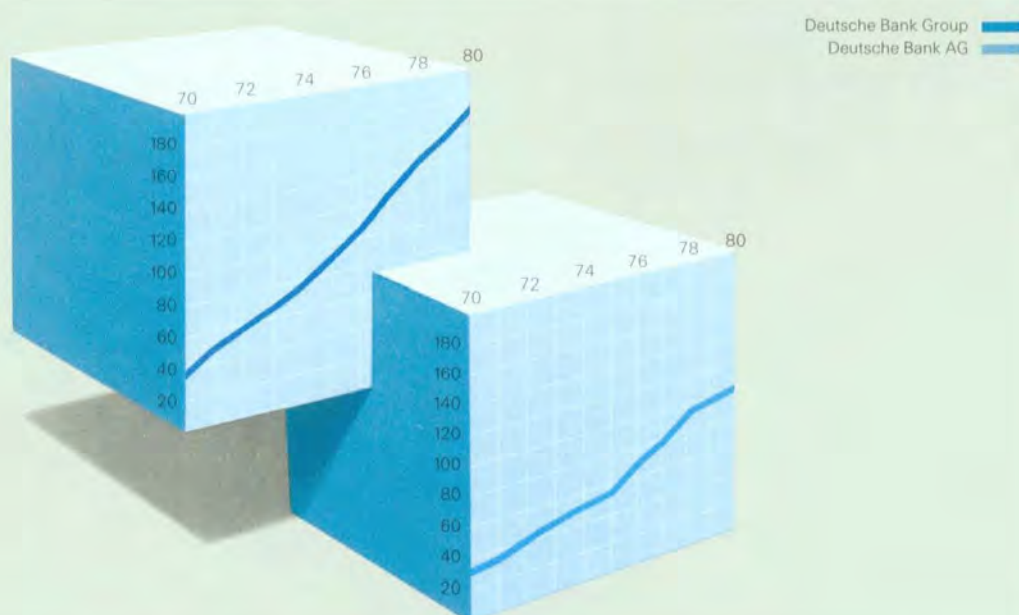
custody accounts were registered at the end of 1980. At the end of the year, 1,907 persons were employed by the bank.

Deutsche Bank AG has a 69.2% holding in the share capital of *Deutsche Bank Saar AG, Saarbrücken*, which totals DM 30 m. The remainder is distributed among other shareholders, i. a. *Crédit Industriel d'Alsace et de Lorraine*, Strasbourg, which has a 23.7% share. The bank has 18 offices in the Saar and engages in all the operations of a universal bank.

The balance sheet total rose by DM 188 m. (14.5%) to DM 1,487 m. Total credit extended attained DM 958 m. (+8.3%), funds from outside sources increased by 9.3% to DM 1,300 m. There was a gratifying improvement in the operating result.

The share capital was increased in April

**Growth of the
balance sheet total
1970 – 1980**
DM bn.



through the issue of new shares worth DM 5 m. at 200%. Own funds (share capital and disclosed reserves) came to DM 61 m. on 31. 12. 1980. For the 1980 business year, the distribution of a DM 5 dividend per share of DM 50 par value is to be proposed to the General Meeting, with the shares stemming from the capital increase being entitled to dividend from April 1, 1980.

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 made available to the bank by Deutsche Bank AG on the basis of a long-term lease. Additional developed properties are provided to Deutsche Bank Saar AG by its subsidiary Saarländische Immobilien-Gesellschaft mbH, Saarbrücken. The two companies have a profit and loss transfer agreement.

Handelsbank in Lübeck AG, Lübeck, in which we have a 55.5% holding, has 46 sub-branches in Hansestadt Lübeck and the adjoining districts of Ostholstein, the Duchy of Lauenburg and Stormarn and conducts all universal bank business operations.

In the reporting year its balance sheet total rose by DM 169 m. (+10.8%) to DM 1,739 m. Claims on customers increased by DM 99 m. (+10%) to DM 1,085 m., with the rise mainly attributable to growth in the short and medium-term sector where an 11.0% improvement to DM 465 m. was registered. Funds from outside sources rose by DM 157 m. (+10.8%) to DM 1,612 m.; within this category, bearer bonds increased by DM 60 m. to DM 103 m.

For the 1980 business year a dividend of DM 7.50 per share of DM 50 par value is again planned. Own funds (share capital and disclosed reserves) amount to DM 56.8 m. as at December 31, 1980.

Mortgage banks

Despite the difficult conditions on the market, loan business at our mortgage banks was much livelier than a year before, so that all three of our subsidiaries engaging in real estate credit business turned in gratifying results.

Deutsche Centralbodenkredit-AG, Berlin-Cologne, operates as a mortgage bank in the Federal Territory and West Berlin, conducting all the business permitted under the Mortgage Bank Act, particularly the granting of mortgage and communal loans, as well as the issue of mortgage and communal bonds to refinance them.

In spite of the unfavourable and erratic movements in interest rates in 1980, loan business picked up markedly. Mortgage commitments climbed to DM 1,877 m. against DM 1,025 m. in the preceding year (+83.1%). In contrast, at DM 1,065 m., communal loan commitments only surpassed the previous year's figure by a slight margin (+3.0%).

With that, overall loan commitments in 1980 totalled DM 2,942 m. (+42.9%). At 11,897 the number of new credit assurances almost doubled over the year before (6,243).

In the year under review the balance sheet total grew by DM 1,849 m. (=12.0%) to DM 17,315 m.

On the basis of net income for the year of DM 49.5 m., DM 24.5 m. can be transferred to disclosed reserves. A proposal is to be submitted to the General Meeting that a further DM 10.5 m. be allocated to the legal reserve. If this proposal is adopted, the reported own funds of the bank will total DM 442 m.

A dividend of DM 11 per share of DM 50 par value is to be distributed for the 1980 business year.

Frankfurter Hypothekenbank AG, Frankfurt am Main, conducts all types of mortgage bank business. Founded in 1862, it is the oldest private mortgage bank. Its area of operation covers the Federal Territory and West Berlin and, for communal loans, also extends to the EC.

1980 saw a rise in loan commitments of 31.1% to DM 3,666 m., with mortgage business, including 1b mortgages, accounting for DM 2,006 m. (+29.5%) and communal loan business for DM 1,660 m. (+33.1%). The balance sheet total rose by 10.4% to DM 20,818 m. (previous year +9.8%).

Share capital amounts to DM 63.4 m. and is to be raised by DM 7 m. to DM 70.4 m. through a capital increase from company funds by conversion of disclosed reserves into share capital with entitlement to dividend from January 1, 1981 at 1 for 9. Apart from this, authorized capital is to be raised by a further DM 15 m.

DM 22 m. will be transferred from net income for the year 1980 to disclosed reserves. A further DM 8 m. is to be allocated to reserves on a resolution of the General Meeting. Total own funds will then amount to DM 451.8 m.

For the 1980 financial year the payment of a DM 11 dividend per share of DM 50 par value is foreseen.

The bank owns all the shares of *Frankfurter Gesellschaft für Vermögensanlagen mbH*, Frankfurt am Main. The latter in turn has holdings in companies which undertake activities in the interest of the bank.

Lübecker Hypothekenbank AG, Lübeck, in which *Handelsbank in Lübeck* has a 75% holding, carries out all business allowed under the Mortgage Bank Act. Its area of operation spans the Federal Territory and West Berlin and, in the case of communal loans, extends to the EC.

As concerns new business, the bank turned in

its best result ever in mortgage business, despite the difficult capital market situation. Mortgage commitments were twice as high as a year previously, attaining DM 892 m., whereas commitments for communal loans decreased. Here the value of contracts concluded dropped to DM 74 m. (1979: DM 116 m.).

The balance sheet total rose by 21% to DM 3,595 m.

The share capital is DM 22 m. DM 9 m. will be allocated to disclosed reserves from the 1980 net income for the year. A transfer to reserves of a further DM 6 m. is to be resolved by the General Meeting. The reported own funds of the bank will then come to DM 106.25 m.

For the 1980 business year, a dividend of 16%, up from 15%, is to be distributed.

Specialized banks

Deutsche Kreditbank für Baufinanzierung AG, Cologne, as a specialized institution, engages in all short and long-term financing business connected with housing construction. It grants loans for real estate purchases, development and builders' loans and provides pre-financing and interim financing for mortgages and building savings contracts. In the sector of housing construction finance, the bank offers long-term loans, in particular bridging loans for building savings agreements or in connection with life insurance policies, as well as overall construction financings in the form of package loans.

The renewed rise in building and real estate prices and continued high interest rate levels led to a slackening of the building cycle in 1980, which was mirrored by the 12% decline in the volume of loan commitments to DM 1,350 m. This reduction is attributable almost solely to long-term business which fell 29% to DM 421 m. At

DM 929 m., new commitments in short-term business remained roughly at the pre-year level. 13% growth in the balance sheet total brought it up to DM 3,262 m.

For the 1980 business year a dividend of DM 12 per share of DM 100 par value is proposed on the unchanged share capital of DM 42 m. and DM 3 m. is to be allocated to disclosed reserves. Own funds will subsequently total DM 81 m.

The bank's subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, managed its property according to plan and achieved a satisfactory result again in 1980.

Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal, and its subsidiaries *Gefa-Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, supplement the services offered by Deutsche Bank AG with special types of financing. Their business includes the medium-term financing of capital and consumer goods, leasing of movables as well as hire purchase and factoring business.

Despite the more difficult business conditions, the combined balance sheet total of the Gefa Group rose in the year under review to DM 2,224 m., an increase of DM 99 m.

Gefa's own funds (capital and disclosed reserves) remain unchanged at DM 85 m. The DM 7.6 m. profit achieved was transferred to Deutsche Bank AG in accordance with the existing agreement.

There are also profit and loss transfer agreements between Gefa and both its subsidiaries Gefa-Leasing and Efgee. As in the past, Gefa holds all 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, as well as other institutional investors and company staff funds. The number and total assets of the special funds increased further in the past financial year. At year's end 1980, the total assets of the 101 funds managed by DEGEF had risen to over DM 3.6 bn. (year before DM 3.2 bn.).

At the beginning of 1981 the Shareholders' Meeting resolved to increase share capital by DM 2.0 m. to DM 8.0 m. from reserves that had been raised to DM 2.55 m. and to pay a profit share of 6% on this increased capital for the 1979/80 business year.

DWS Deutsche Gesellschaft für Wertpapier-sparen mbH, Frankfurt am Main, was once again able to maintain its leading position among German investment companies in 1980. The 11 securities funds managed by DWS again accounted for 27 percent of the total assets of the public share funds and bond funds in the Bundesverband Deutscher Investment-Gesellschaften (BVI) as at December 31, 1980. The hectic developments on the securities and foreign exchange markets led to pronounced restraint among investors in this sector. Thus, despite the positive development in value terms, the DWS funds also registered an overhang of certificates returned in the course of the year.

By resolution of the Shareholders' Meeting, along with an expansion of the group of shareholders, the share capital of DWS, in which the Group has a majority holding, was raised from

DM 26.0 m. to DM 29.5 m. in November 1980. Following the simultaneous allocation of funds to disclosed reserves, the liable own funds of DWS came to DM 57.0 m. at the end of 1980.

Foreign subsidiaries and financing companies

At *Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg*, business continued to expand in the financial year ending 30. 9. 1980. The balance sheet total increased 18.8% to the equivalent of DM 19.3 bn.

There were only minor shifts in the bank's business structure. The main impulses again originated in the credit sector, which accounted for 75% of assets-side business. As in the past, activities centred on the syndication of international credits, with governmental bodies and multinational companies being the borrowers in most cases.

Liabilities to banks again represented the chief source of refinancing for lending business, constituting 89% of funds from outside sources.

Trade in own registered gold certificates, begun in July 1980, developed satisfactorily.

The profit and loss account for 1979/80 was decisively influenced by the good operating result and the substantial strengthening of provision for risk. The entire operating result, which improved on the basis of the steep rise in business volume together with the markedly higher interest surplus, was used in the extraordinary sector. Through this measure the generally acknowledged valuation regulations were fulfilled and the existing statutory possibilities for formation of reserves utilized; the bank considered it advisable to make increased provision for discernible risks in international credit business. Consequently no distributable profit was shown.

At the beginning of 1981 the bank responded to the sustained growth in business by increasing

share capital by Lux. frs. 350 m. (DM 22 m.) to Lux. frs. 2,850 m. (DM 177 m.). The new shares were paid up with a premium of Lux. frs. 700 m. (DM 44 m.). Share capital and disclosed reserves now total Lux. frs. 7,503 m. (DM 467 m.).

Deutsche Bank (Asia Credit) Ltd., Singapore, primarily handles international syndicated loan business and money and foreign exchange dealings in the East Asian region. Taken up in our Group statement of accounts for the first time, the company concluded its second full business year. The balance sheet total rose by 33.3% to the equivalent of DM 1,655 m. The total volume of credit extended came to DM 640 m. (converted).

To take account of the expanded volume of business, share capital was raised in March 1980 by S\$ 12.5 m. (DM 11.7 m.) to S\$ 37.5 m. (DM 35 m.). The new shares brought in premium funds of S\$ 12.5 m. The equivalent of DM 4.5 m. will be allocated to reserves, to be taken from the net income for the year of S\$ 5.2 m. (DM 4.8 m.). Own funds will then amount to the equivalent of DM 56.0 m.

Another newcomer to consolidation, our subsidiary in Great Britain *DB U.K. Finance Ltd., London*, was able to expand its business volume more strongly by granting direct credits to non-bank and bank customers.

The business volume as at 31. 12. 1980 amounted to DM 919 m., which was DM 364 m. more than at the end of 1979. The total volume of credit extended in the amount of DM 885 m. is split almost equally between lendings to banks and non-banks.

The substantial expansion in the business volume made a capital increase of £ 0.25 m. to £ 5.0 m. (DM 23.4 m.) necessary.

After-tax profits totalling £ 1.3 m. (= DM 6.2

m.) were entirely transferred to reserves, so that own funds on 31. 12. 1980 came to £ 8.1 m. (= DM 38.0 m.).

Deutsche Bank (Suisse) S.A., Geneva, was founded in December 1980 and entered in the Commercial Register at Geneva on December 9, 1980. The share capital, set at Sfrs. 30 m., is fully paid up.

Business operations are scheduled to commence in spring 1981. The new bank's activity will be concentrated on investment advising and portfolio management.

DB Finance (Hong Kong) Ltd., Hong Kong, is involved in the handling of medium and long-term international credit business, but participates chiefly in the placement of international bond issues with big institutional investors in the South East Asian region.

The share capital amounts to HK\$ 5.0 m. (equivalent of DM 1.9 m.). The net income for the year ending 31. 10. 1980, amounting to HK\$ 1.5 m., was transferred to disclosed reserves. Own funds subsequently amounted to the equivalent of DM 5.2 m.

Property management companies

Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main, is the owner of land and buildings let primarily to Deutsche Bank AG; Deutsche Bank's training centre in Kronberg (Taunus) is one example.

Matura Vermögensverwaltung mbH, Düsseldorf, and *Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main*, manage property for their own and third-party account. *Elektro-Export-GmbH, Nuremberg*, a wholly-owned subsid-

iary of *Süddeutsche Vermögensverwaltung GmbH*, finances the export of electrical engineering products.

Trinitas Vermögensverwaltung GmbH, Frankfurt am Main, together with its subsidiary *Tauernallee Grundstücksgesellschaft mbH, Berlin*, rents out its own property, which is used above all by 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 in accordance with Section 329(2) Joint Stock Corporation Act:

Wilh. Ahlmann GmbH, Kiel

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg

BACUL Vermietungsgesellschaft mbH, Düsseldorf

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

CADMUS 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

ComCo Verwaltungsgesellschaft mbH,
 Korntal-Münchingen
 ComCo Datenanlagen GmbH u. Co. KG,
 Korntal-Münchingen
 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
 "Domshof" Schiffsbeteiligungs-Gesellschaft mbH, Bremen
 MS "Essen" Schiffsfahrts-Gesellschaft mbH, Bremen
 Essener Grundstücksverwertung Dr. Ballhausen, Dr. Bruens,
 Dr. Möller KG, Essen
 Frankfurter Gesellschaft für Vermögensanlagen mbH,
 Frankfurt am Main
 Civil Law Association between Deutsche Kreditbank für
 Baufinanzierung AG, Cologne, and Deutsche
 Grundbesitz-Anlagegesellschaft mbH, Cologne
 Gefi Gesellschaft für Finanzierungsvermittlung mbH, Berlin
 gr Grundstücks GmbH Objekt Corvus, Frankfurt am Main
 gr Grundstücks GmbH Objekt Corvus u. Co.
 Besitzgesellschaft Westend-Center, Frankfurt am Main
 gr Grundstücks GmbH Objekt Lyra, Frankfurt am Main
 gr Grundstücks GmbH Objekt Lyra u. Co. Besitzgesellschaft
 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
 Jubiläumsstiftung der Deutschen Ueberseeischen Bank
 GmbH Unterstützungskasse, Frankfurt am Main
 Kapital-Beteiligungs- und Verwaltungsgesellschaft
 Norden mbH, Lübeck
 Heinz Langer Versicherungsdienst GmbH, Stuttgart
 Mago Beteiligungsgesellschaft mbH, Frankfurt am Main
 Nordhamburgische Bauträgergesellschaft mbH, Hamburg
 Nordwestdeutscher Wohnungsbauträger GmbH,
 Braunschweig
 (Profit and loss transfer agreement with Deutsche Bank AG)
 Peina Grundstücksverwaltungsgesellschaft mbH,
 Düsseldorf
 Saarländische Immobilien-Gesellschaft mbH, Saarbrücken
 SB Bauträger GmbH, Frankfurt am Main
 SB Bauträger GmbH u. Co. Urbis Hochhaus-KG,
 Frankfurt am Main
 SB Bauträger GmbH u. Co. Urbis Verwaltungs-KG,
 Frankfurt am Main
 Schisa Grundstücksverwaltungsgesellschaft mbH,
 Düsseldorf
 Selektta 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
 Westend Grundstücksgesellschaft mbH, Lübeck
 WINWE Beteiligungsgesellschaft mbH, Frankfurt am Main
 Wohnbau-Beteiligungsgesellschaft mbH, Lübeck
 Wohnungsbaugesellschaft Lubeca GmbH, Lübeck

In addition, listed below are related German
 companies that are not under the uniform man-

agement of Deutsche Bank AG and therefore not eligible for consolidation:

AV America Grundbesitzverwaltungsgesellschaft mbH,
Frankfurt am Main
Burstah Verwaltungsgesellschaft mbH, Hamburg
Deutsche Canada-Grundbesitz GmbH u. 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, Frankfurt am Main
Kistra Beteiligungsgesellschaft mbH, Frankfurt am Main
Partenreederei MS "Transgermania", Hamburg
Rossmann Beteiligungsgesellschaft mbH, Frankfurt am Main
Speditionsgesellschaft "Westfalia" mbH,
Hagen-Hohenlimburg
Stöckl GmbH u. Co. Poligrat-Immobilien KG, Düsseldorf
KG Transgermania Verwaltungsgesellschaft mbH u. Co.,
Hamburg

No business transactions capable of materially affecting the position of Deutsche Bank AG were registered in connection with these companies. The business relations with these companies do not go beyond those normal with bank customers.

All business between the members 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" (joint stock corporation) 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. 1980 were drawn up for four companies whose financial year differs from the remainder of the Group. The statements of our foreign companies were converted at the rates valid on the balance sheet dates (Frankfurt mid-rates).

The book values of the holdings in consolidated companies were offset against the respective proportions of the subsidiaries' 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. Other inter-company profits did not have to be shown separately. Dividend claims against a Group company which already had to be capitalized for 1980 were consolidated. 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 or in the Group's tax expenses.

Deutsche Bank Group

Own funds DM 5,365 m.



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

Commercial banks

Deutsche Bank AG Frankfurt 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 30.0 m.	Capital DM 16.0 m.
Holding 100%	Holding 100%	Holding 69.2%	Holding 55.5%

Mortgage banks

Deutsche Central- bodenkredit-AG Berlin-Cologne	Frankfurter Hypothekenbank AG Frankfurt am Main	Lübecker Hypothekenbank AG Lübeck
Capital DM 66.0 m.	Capital DM 63.4 m.	Capital DM 22.0 m.
Holding 83.4%	Holding 89.7%	Holding 75%

Investment companies

Deutsche Gesellschaft für Fondsverwaltung mbH Frankfurt am Main	DWS Deutsche Gesellschaft für Wertpapiersparen mbH Frankfurt am Main
Capital DM 6.0 m.	Capital DM 29.5 m.
Holding 100%	Holding 50.7%

Domestic specialized banks

Deutsche Kreditbank für Baufinanzierung AG Cologne*	Edgee Gesellschaft für Einkaufs- Finanzierung mbH Düsseldorf	Gefa Gesellschaft für Absatzfinanzierung mbH Wuppertal
Capital DM 42.0 m.	Capital DM 12.0 m.	Capital DM 45.0 m.
Holding 100%	Holding 100%	Holding 100%

Foreign subsidiaries and financing companies

Deutsche Bank (Asia Credit) Ltd. Singapore	Deutsche Bank Compagnie Financière Luxembourg S. A. Luxembourg	Deutsche Bank (Suisse) S. A. Geneva	DB Finance (Hong Kong) Ltd. Hong Kong	DB U. K. Finance Ltd. London
Capital S\$ 37.5 m.	Capital Lf 2,500 m.	Capital SF 30.0 m.	Capital HK\$ 5.0 m.	Capital £ 5.0 m.
Holding 100%	Holding 99.9%	Holding 99.9%	Holding 99.9%	Holding 99.9%

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 Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne ** and its subsidiary Elektro-Export-GmbH, Nuremberg

Notes on the Consolidated Balance Sheet

Assets

Liquidity

The *cash reserve*, consisting of cash on hand, balances with Deutsche Bundesbank and on postal cheque accounts, amounted to DM 8.0 bn. at the end of 1980; as a percentage of total liabilities to customers and banks, bonds and notes as well as own acceptances and promissory notes outstanding including other liabilities, cash liquidity came to 6.4%.

Total *liquid assets* amounted to DM 22.0 bn.; the overall liquidity ratio, as a percentage of liabilities, came to 17.6%.

Treasury bills, securities

Holdings of *Treasury bills and discountable Treasury notes* amounted to DM 613 m. at the

end of the year. Investment in *Bonds and notes* increased by DM 1.0 bn. to DM 6.9 bn. The additional paper was almost exclusively long-term. Of our total bond holdings, 75% was eligible as collateral for Deutsche Bundesbank advances.

Other securities expanded by DM 154 m. to DM 2,174 m. Share capital holdings of more than 10% were included here with a book value of DM 1,174 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 127.7 bn. Of the growth of DM 18.2 bn. = 16.6%, just under half was attributable to domestic commercial banks, about a quarter to the mortgage banks and about the same to our foreign subsidiaries, including DM 1.5 bn. attributable to companies included in the consolidated balance sheet for the first time. The rise in business with foreign borrowers was

Total credit extended	End of 1980		End of 1979		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	37,833	29.6	32,086	29.3	+ 5,747	= 17.9
long-term (4 years or more)	35,217	27.6	31,341	28.6	+ 3,876	= 12.4
	73,050	57.2	63,427	57.9	+ 9,623	= 15.2
Long-term mortgage						
bank lendings	38,148	29.9	33,995	31.1	+ 4,153	= 12.2
Discounts	6,860	5.4	5,342	4.9	+ 1,518	= 28.4
Lendings to banks						
short and medium-term	2,876	2.2	2,036	1.8	+ 840	= 41.3
long-term (4 years or more)	6,773	5.3	4,688	4.3	+ 2,085	= 44.5
	9,649	7.5	6,724	6.1	+ 2,925	= 43.5
Total credit extended	127,707	100.0	109,488	100.0	+18,219	= 16.6

worthy of note; total credit extended abroad, reflected for the most part in the balance sheets of our foreign branches and foreign subsidiary banks, expanded by roughly one third to DM 23.5 bn.

Lending business at the Group's real estate credit institutions was also lively; long-term lendings in mortgage bank business rose by DM 4.2 bn. = 12.2%. Furthermore, the other credit extended by our mortgage banks included in claims on customers and banks rose by DM 1.0 bn.

Of long-term claims on customers, 47% was due in less than four years or sold to third parties.

Contingent liabilities from guarantees and letters of credit, which are not included in the aforementioned credit volume, increased considerably (+ 14.4%). At the end of 1980, they totalled DM 18.7 bn.

Subsidiaries, associated companies and trade investments

At the end of 1980, holdings in non-consolidated companies were recorded at DM 647 m. (previous year DM 619 m.). DM 273 m. of this figure is accounted for by shares in banks.

Fixed assets

Land and buildings are shown at DM 868 m., of which real estate worth DM 825 m. was used for banking business.

Office furniture and equipment has a balance sheet value of DM 306 m.

As at 31. 12. 1980, *Leasing equipment* valued at DM 865 m. was held by the consolidated leasing companies. This figure includes DM 185 m. real estate of Deutsche Gesellschaft für Immobilien-Leasing and DM 680 m. movable leasing equipment of Gefa-Leasing GmbH.

Other asset items

Other assets amounted to DM 1,862 m. This item consists mainly of shares not represented by securities and which we do not regard as business participations, and of gold and silver holdings which are, in part, used as cover for the precious metals certificates issued by Deutsche Bank AG and Deutsche Bank Compagnie Financière Luxembourg S.A.

Liabilities

Funds from outside sources

In the year under review Group *Funds from outside sources* rose by 9.9% to DM 161.4 bn. The DM 14.5 bn. increase in funds was essentially due to time deposits taken in from customers (+ DM 4.2 bn.) and banks (+ DM 4.8 bn.). DM 1.3 bn. of the total amount is accounted for by the foreign Group companies included for the first time in the consolidated balance sheet.

Liabilities to banks rose by 14.0% to DM 53.1 bn., in particular as a result of refinancings of our foreign branches and foreign subsidiaries.

Liabilities to customers amounted to DM 65.1 bn. This represents a 9.1% increase in deposits against the previous year. At the end of 1980, *savings deposits* reached DM 22.2 bn. (+ 3.6%).

While the circulation of *Bonds and notes* of the commercial banks decreased strongly as a result of repurchases (– 17.2% to DM 4.6 bn.), there was a considerable increase in the circulation of mortgage bonds and communal bonds issued by our mortgage banks; *long-term liabilities in mortgage bank business* rose by a total of 10.0% to DM 38.6 bn.



**Consolidated
Balance Sheet
as of December 31, 1980**

**Consolidated
Profit and Loss Account
for the period from
January 1
to December 31, 1980**

Other liability items

At the end of the year, *provisions* totalled DM 2,911 m. *Provisions for pensions* were raised by DM 127 m.; they are shown at their part value based on actuarial opinion of DM 1,312 m.

Other provisions amounted to DM 1,599 m. 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 rediscounted bills* and *Own drawings* came to DM 3.4 bn.

Liabilities from guarantees and letters of credit rose by DM 2.4 bn. to DM 18.7 bn.

Commitments from the sale of assets subject to repurchase agreements were reduced to DM 166 m. at the end of 1980.

Liabilities for possible calls on shares not fully paid up in public and private limited companies, in so far as they were not shown on the liabilities side, amounted to DM 43 m. Furthermore, *joint liabilities* pursuant to Section 24 "GmbH" Act amounted to DM 13 m.

In respect of the investment of Group member banks in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there are obligations to pay further capital of up to DM 51 m. and the proportional contingent liability to fulfill the capital obligations of other shareholders who are also members of the Bundesverband deutscher Banken e. V., Cologne.

Funds taken up for specific projects, totalling DM 2,596 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. In connection with Berlin order financings, securities and recovery claims in the amount of DM 8 m. were

<i>Funds from outside sources</i>	End of 1980		End of 1979		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	8,294	5.1	6,699	4.6	+ 1,595	= 23.8
time deposits	44,440	27.6	39,653	27.0	+ 4,787	= 12.1
customers' drawings on credits opened at other institutions	325	0.2	209	0.1	+ 116	= 55.1
	<u>53,059</u>	<u>32.9</u>	<u>46,561</u>	<u>31.7</u>	<u>+ 6,498</u>	<u>= 14.0</u>
Liabilities to customers						
payable on demand	15,769	9.8	15,323	10.4	+ 446	= 2.9
time deposits	27,102	16.8	22,889	15.6	+ 4,213	= 18.4
savings deposits	22,243	13.8	21,475	14.6	+ 768	= 3.6
	<u>65,114</u>	<u>40.4</u>	<u>59,687</u>	<u>40.6</u>	<u>+ 5,427</u>	<u>= 9.1</u>
Bonds and notes issued by commercial banks	4,595	2.8	5,553	3.8	- 958	= 17.2
Long-term mortgage bank liabilities	38,597	23.9	35,081	23.9	+ 3,516	= 10.0
	<u>43,192</u>	<u>26.7</u>	<u>40,634</u>	<u>27.7</u>	<u>+ 2,558</u>	<u>= 6.3</u>
Total funds from outside sources	<u>161,365</u>	<u>100.0</u>	<u>146,882</u>	<u>100.0</u>	<u>+ 14,483</u>	<u>= 9.9</u>

pledged. Loans taken up amounting to DM 53 m. were secured on real estate.

We also refer to the declaration of backing which appears in the Notes of Deutsche Bank AG for certain related banks and for the property management 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

In the year under review, the Group *interest surplus* increased by 17.3% primarily as a result of the rise in average business volume accompanied by a slightly improved interest margin in domestic and international business.

	1980 DM m.	1979 DM m.	Change
Interest and similar income from lending and money market transactions	11,132	7,475	+ 48.9%
Interest income in the mortgage bank business	2,621	2,388	+ 9.8%
Current income from securities etc.	<u>823</u>	<u>658</u>	<u>+ 25.0%</u>
Interest and similar income	<u>14,576</u>	<u>10,521</u>	<u>+ 38.5%</u>
Interest and similar expenses	8,674	5,345	+ 62.3%
Interest expenses in the mortgage bank business	<u>2,474</u>	<u>2,253</u>	<u>+ 9.8%</u>
Interest and similar expenses	<u>11,148</u>	<u>7,598</u>	<u>+ 46.7%</u>
Earnings on the volume of business (interest surplus)	<u>3,428</u>	<u>2,923</u>	<u>+ 17.3%</u>

In line with the brisk new business recorded by the mortgage banks, non-recurrent income from the mortgage banks' issue and loan business as well as non-recurrent expenses increased considerably. The balance of non-recurrent earnings less non-recurrent expenses in mortgage bank business came, as in the previous year, to DM 27 m.

Earnings on services

Commissions and other service charges received brought in DM 929 m. The increase of DM 112 m. was attributable to higher earnings of the Group commercial banks in payment business, securities commission business and order dealing in foreign exchange and precious metals. After deducting commissions paid, there remains a *surplus on services* of DM 892 m. (+ 13.6%).

Staff and other operating expenses

Staff expenses rose by DM 246 m. to DM 2,239 m. The increase of 12.4% is attributable to the rise in the number of staff and to adjustments to agreed-scale and non-agreed-scale salaries as well as to increased expenses for pensions and other employee benefits.

Other operating expenses rose by 11.2% to DM 694 m. The Group's *staff and other operating expenses* reached a total of DM 2,933 m.

Operating result

Last year, the Group's *operating result* rose by 24.6%. The improvement was largely due to the development of earnings at the parent company. The mortgage banks and our foreign subsidiary banks also provided a considerable contribution to earnings.

Other income and expenses

Provisions for the risks in national and international lending business were strengthened in the annual and interim statements of accounts of the

consolidated companies. After the permissible offsetting of other earnings, *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* are reported at DM 650 m. (previous year DM 253 m.).

Other income came to DM 730 m. after DM 643 m. in 1979. 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 extraordinary earnings, in so far as these could not be offset in accordance with Section 4 of the Order concerning Banks' Statements of Accounts.

Remaining expenses

Depreciation of and adjustments to fixed assets were effected in the amount of DM 345 m. *Write-downs of and adjustments to subsidiaries, associated companies and trade investments* totalled DM 5.6 m.

The Group's *tax expenses* came to a total of DM 735 m. *Taxes on income and assets*, amounting to DM 724 m., include the 20% additional corporation tax relating to subsidiaries' profits to be distributed to the parent company in 1981. Not included, however, are additional expenses pursuant to Section 170(2) Joint Stock Corporation Act arising from subsidiaries' proposals on the distribution of profits.

Profit, capital and reserves

From the 1980 Group *net income for the year* of DM 457.2 m., DM 219.4 m. is being transferred to disclosed reserves at the parent company and at subsidiaries; DM 126 m. of this sum stems

from the writing back of taxed undisclosed reserves in accordance with Section 26a of the Banking Act which are being disclosed at the parent company and at a subsidiary bank, not least in anticipation of the expected extension of banking supervisory regulations for the Group. A further DM 24.5 m. from Group profit is to be allocated to disclosed reserves as a result of resolutions taken at subsidiaries' General Meetings.

In accordance with the profit appropriation proposals presented, a total of DM 231.7 m. (previous year DM 202.2 m.) is to be distributed to the shareholders of the controlling company and to subsidiaries' shareholders not belonging to the Group.

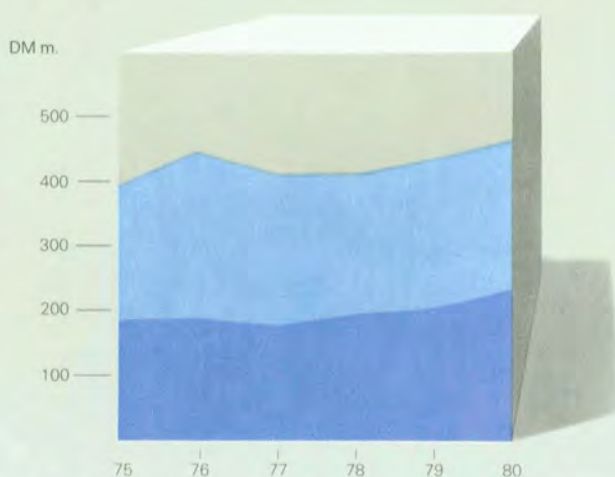
After offsetting the book values of the subsidiaries, associated companies and trade investments against the relevant portion of the subsidiaries' own funds, the *reserve arising from consolidation* rose by DM 166.9 m. to DM 732.3 m.; this figure was reached after offsetting an assets-side item of DM 8.8 m.

Minority interests of DM 250.6 m. include the minority portion of not yet distributed profits of DM 15.5 m.; with a total of DM 235.1 m., this item therefore has the character of own funds.

Total *Group own funds* came to DM 5,365.2 m. at the end of 1980.

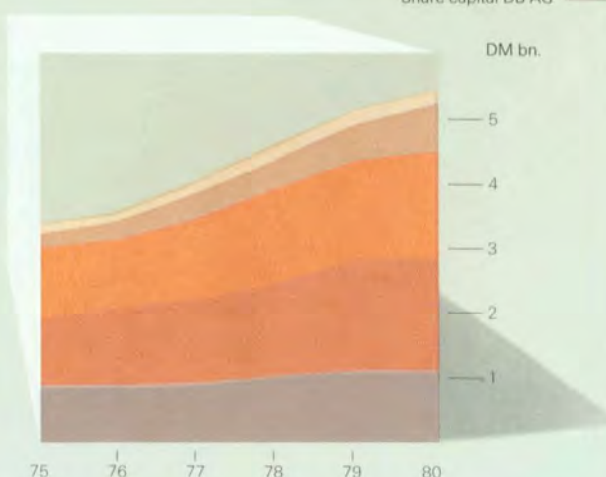
Group net income for the years 1975 – 1980

Allocation to reserves and profit carried forward
Distribution



Growth of Group own funds 1975 – 1980

Minority interests
Reserve arising from consolidation
Allocation from net income for the year and conversion account of DB AG
Share premium from DB AG capital increases
Share capital DB AG



	31. 12. 1980 DM m.	31. 12. 1979 DM m.
Share capital of Deutsche Bank AG	1,114.1	1,114.1
Disclosed reserves of Deutsche Bank AG	3,283.7	3,163.7
Reserve arising from consolidation	732.3	565.4
Minority interests	235.1	213.3
Total	<u>5,365.2</u>	<u>5,056.5</u>

At Deutsche Bank AG there is also conditional capital deriving from subscription rights of DM 156.1 m. and authorized capital of DM 126 m.

Frankfurt am Main, March 1981

The Board of Managing Directors

<i>Herbert</i>	<i>Blüchert</i>	<i>Korn</i>	<i>Stey</i>
<i>Herrmann</i>	<i>van Groenou</i>	<i>Korn</i>	<i>Witt</i>
<i>Ullrich</i>	<i>Lamm</i>	<i>Mein</i>	<i>Weiss</i>

Assets

Deutsche Bank Aktiengesellschaft

	in DM 1,000	in DM 1,000	31. 12. 1979 in DM 1,000
Cash on hand		496,216	450,785
Balance with Deutsche Bundesbank		7,415,678	9,705,647
Balances on postal cheque accounts		94,216	42,910
Cheques, matured bonds, interest and dividend coupons, items received for collection		618,583	783,698
Bills of exchange		3,075,130	2,535,114
including:			
a) rediscountable at Deutsche Bundesbank DM 1,757,120,000			
b) own drawings DM 400,915,000			
Claims on banks			
a) payable on demand	5,788,364		5,436,295
b) with original periods or periods of notice of			
ba) less than three months	4,120,627		4,146,366
bb) at least three months, but less than four years	16,867,122		17,420,166
bc) four years or more	<u>8,772,717</u>		<u>4,772,965</u>
including:		33,548,830	31,775,792
used as cover in mortgage			
bank business DM 131,000,000			
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	187,327		393,435
b) of other issuers	<u>426,023</u>		<u>155,241</u>
		613,350	548,676
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments DM 1,223,560,000			
ab) of banks DM 710,685,000			
ac) of other issuers <u>DM 488,876,000</u>	2,423,121		2,450,488
including:			
eligible as collateral for			
Deutsche Bundesbank advances DM 2,389,200,000			
used as cover in mortgage			
bank business DM 148,586,000			
b) with a life of more than four years			
ba) of the Federal and Länder Governments DM 737,760,000			
bb) of banks DM 2,565,057,000			
bc) of other issuers <u>DM 1,207,030,000</u>	<u>4,509,847</u>		<u>3,477,423</u>
including:		6,932,968	5,927,911
eligible as collateral for			
Deutsche Bundesbank advances DM 2,835,210,000			
used as cover in mortgage			
bank business DM 161,256,000			
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,894,291		1,735,060
b) other	<u>279,414</u>		<u>284,603</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 1,173,931,000		2,173,705	2,019,663
Carried forward		54,968,676	53,790,196

Consolidated Balance Sheet as of December 31, 1980

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1979 in DM 1,000
Liabilities to banks				
a) payable on demand		8,294,120		6,698,481
b) with original periods or periods of notice of				
ba) less than three months	12,206,290			
bb) at least three months, but less than four years	26,934,498			
bc) four years or more	<u>5,299,120</u>	44,439,908		39,652,821
including: due in less than four years DM 3,742,136,000				
c) customers' drawings on other banks		<u>324,621</u>	53,058,649	209,313
				48,560,615
Liabilities to customers				
a) payable on demand		15,768,964		15,322,911
b) with original periods or periods of notice of				
ba) less than three months	17,245,459			
bb) at least three months, but less than four years	5,757,205			
bc) four years or more	<u>4,099,190</u>	27,101,854		22,888,651
including: due in less than four years DM 3,918,758,000				
c) savings deposits				
ca) subject to legal period of notice	12,557,090			
cb) other	<u>9,686,132</u>	<u>22,243,222</u>	65,114,040	21,475,545
				59,687,107
Bonds and notes with a life of				
a) up to four years		247,169		1,006,397
b) more than four years		<u>4,348,690</u>	4,595,859	4,547,062
including: maturing in less than four years DM 3,910,680,000				5,553,459
Bonds issued by mortgage banks				
a) mortgage bonds		16,852,771		15,762,178
including:				
registered bonds DM 4,613,637,000				
b) communal bonds		17,020,695		15,458,954
including:				
registered bonds DM 4,930,198,000				
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		867,253		669,000
including:				
registered bonds DM —				
d) bonds drawn and called for redemption		<u>52,871</u>	34,793,590	206,925
including:				
maturing or to be taken back in less than four years DM 16,620,358,000				32,097,057
further:				
registered mortgage bonds given to lender as security for loans taken up DM 579,905,000				
and registered communal bonds DM 953,764,000				
Bonds to be delivered			1,141,776	301,521
Carried forward			158,703,914	144,199,759

Assets

Consolidated Balance Sheet

	in DM 1,000	in DM 1,000	31. 12. 1979 in DM 1,000
Brought forward		54,968,676	53,790,196
Claims on customers with original periods or periods of notice of			
a) less than four years	37,832,699		32,086,056
including:			
used as cover in mortgage			
bank business	DM 847,671,000		
b) four years or more	35,217,521		31,340,842
including:		73,050,220	63,426,898
ba) secured by mortgages on real estate	DM 6,092,750,000		
bb) communal loans	DM 2,763,969,000		
due in less than four years	DM 16,476,427,000		
Mortgage bank lendings with original periods of four years or more			
a) mortgages	19,074,998		17,231,115
used as cover	DM 16,953,722,000		
b) communal loans	18,430,157		16,172,769
used as cover	DM 17,575,712,000		
c) other	43,235		44,394
including: to banks	DM 3,168,506,000	37,548,390	33,448,278
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	533,620		485,934
b) interest due after October 31, 1980 and on January 2, 1981	65,489		60,744
c) interest arrears	—		—
		599,109	546,678
Recovery claims on Federal and Länder authorities under Currency Reform Acts		370,378	402,126
including:			
used as cover in mortgage			
bank business	DM 48,235,000		
Loans on a trust basis at third party risk		1,727,075	1,377,900
Subsidiaries, associated companies and trade investments		646,774	619,308
including: investments in banks	DM 273,438,000		
Land and buildings		867,888	871,839
including: taken over in mortgage business	DM 12,118,000		
Office furniture and equipment		305,517	300,120
Leasing equipment			
a) land and buildings	185,333		188,971
b) movables	679,522		612,170
		864,855	801,141
Own shares		853	17,457
nominal amount	DM 152,000		
Bonds and notes issued by consolidated companies		1,723,903	994,946
nominal amount	DM 1,763,045,000 US\$ 791,000		
Other assets		1,862,281	1,474,817
Deferred items		57,837	13,014
Total Assets		174,593,756	158,084,718

Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:

a) claims on related companies	646,668	1,244,674
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a)	1,157,110	937,515

as of December 31, 1980

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1979 in DM 1,000
Brought forward			158,703,914	144,199,759
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		752,811		796,271
b) other		<u>804,555</u>		<u>873,275</u>
including:			1,557,366	1,669,546
with partial liability	DM 1,733,000			
due in less than four years	DM 1,066,179,000			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		815,918		735,562
b) interest due (including interest due on January 2, 1981)		<u>288,143</u>		<u>277,216</u>
			1,104,061	1,012,778
Own acceptances and promissory notes outstanding			1,184,123	630,811
Loans on a trust basis at third party risk			1,727,075	1,377,900
Provisions				
a) for pensions		1,311,996		1,185,019
b) other		<u>1,598,863</u>		<u>1,434,074</u>
			2,910,859	2,619,093
Other liabilities			178,229	79,758
Endowments and benevolent funds				
Endowment assets		6,100		2,409
less investments in securities		<u>1,510</u>		<u>2,236</u>
			4,590	173
Deferred items				
a) in accordance with Section 25 of the Mortgage Bank Act		214,775		129,262
b) other		<u>1,308,580</u>		<u>994,210</u>
			1,523,355	1,123,472
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		16,121		14,945
b) in accordance with Section 6b of the Income Tax Act		9,329		7,314
c) replacements reserve		<u>669</u>		<u>669</u>
			26,119	22,928
Share capital			1,114,134	1,114,133
Conditional capital DM 156,116,100				
Disclosed reserves				
a) legal reserve		1,728,680		1,728,676
b) reserve for own shares		853		-
c) other reserves (voluntary)		<u>1,554,147</u>		<u>1,435,000</u>
			3,283,680	3,163,676
Reserve arising from consolidation			732,272	565,368
Minority interests			250,563	226,105
including: from profit	DM 15,503,000			
Consolidated profit			293,416	279,218
Total Liabilities			174,593,756	158,084,718
Own drawings in circulation			31,365	6,788
including: those discounted for borrowers' account	DM 31,365,000			
Endorsement liabilities on rediscounted bills of exchange			3,445,649	2,492,195
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			18,717,429	16,357,432
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			166,036	796,655
Savings premiums under the Savings Premium Act			334,071	323,117
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			58,129	69,121

Expenses

Consolidated Profit and Loss Account

	in DM 1,000	in DM 1,000	1979 in DM 1,000
Interest and similar expenses		8,674,579	5,345,423
Interest expenses in the mortgage bank business for			
a) mortgage bonds	1,119,757		1,012,805
b) communal bonds	1,147,781		1,067,369
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	43,267		40,729
d) loans taken up	162,916		131,875
		2,473,721	2,252,778
Commissions and similar service charges paid		37,184	32,006
Non-recurrent expenses in the mortgage banks' issue and loan business		112,050	81,386
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		650,173	253,495
Salaries and wages		1,682,044	1,535,021
Compulsory social security contributions		230,824	210,709
Expenses for pensions and other employee benefits		325,993	246,862
Other operating expenses		693,659	623,929
Depreciation of and adjustments to land and buildings and office furniture and equipment		344,837	327,713
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		5,641	19,892
Taxes			
a) on income and assets	724,235		637,809
b) other	11,161		27,040
		735,396	664,849
Allocations to Special items with partial reserve character		4,347	15,172
Other expenses		149,947	123,277
Net income for the year		457,165	426,500
Total Expenses		16,577,560	12,159,012

Net income for the year

Profit brought forward from the previous year

Allocations to Disclosed reserves

 a) Deutsche Bank AG

 b) consolidated companies

Profit attributable to minority interests

Consolidated profit

Frankfurt am Main, March 17, 1981

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

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

Deutsche Bank AG



**Development of the
Consolidated Balance Sheet
1968–1980**

Development of the Balance Sheet of Deutsche Bank Group

– Amounts in DM millions –

	End of	1980	1979	1978	1977
Consolidated Balance Sheet					
Assets					
Cash reserve		8,006	10,199	7,184	5,813
Bills of exchange		3,075	2,535	6,486	6,624
Claims on banks		33,549	31,776	30,237	26,772
Treasury bills and discountable Treasury notes		613	549	449	152
Bonds and notes		6,933	5,928	6,566	4,759
Securities not to be shown elsewhere		2,174	2,020	1,795	1,857
Claims on customers		73,050	63,427	54,913	46,521
short and medium-term		37,833	32,086	27,151	24,268
long-term (4 years or more)		35,217	31,341	27,762	22,253
Long-term mortgage bank lendings		38,148	33,995	31,117	24,768
Recovery claims on Federal and Länder authorities under Currency Reform Acts		370	402	443	451
Loans on a trust basis at third party risk		1,727	1,378	1,225	1,146
Subsidiaries, associated companies and trade investments		647	619	604	598
Land and buildings		868	872	879	843
Office furniture and equipment		306	300	294	256
Leasing equipment		865	801	825	752
Bonds and notes issued by consolidated companies		1,724	995	1,038	973
Other assets		1,862	1,475	1,339	1,362
Remaining assets		677	814	680	596
Balance Sheet Total		174,594	158,085	146,054	124,243
Liabilities					
Liabilities to banks		53,059	46,561	42,778	35,771
including: time deposits		44,765	39,862	36,546	29,796
Liabilities to customers		65,114	59,687	55,965	49,508
including: time deposits		27,102	22,889	19,185	15,955
savings deposits		22,243	21,475	21,544	19,972
Commercial bank bonds		4,595	5,554	5,410	4,283
Long-term mortgage bank liabilities		38,597	35,081	32,219	26,183
Provisions		2,911	2,619	2,198	1,842
for pensions		1,312	1,185	1,097	989
other		1,599	1,434	1,101	853
Group own funds		5,365	5,056	4,573	4,003
Share capital		1,114	1,114	1,040	960
Disclosed reserves		3,284	3,164	2,851	2,490
Reserve arising from consolidation		732	565	474	404
Minority interests (excl. from profits)		235	213	208	149
Remaining liabilities		4,660	3,248	2,630	2,358
Consolidated profit		293	279	281	295
Balance Sheet Total		174,594	158,085	146,054	124,243
Own drawings in circulation (discounted)		31	7	7	3
Endorsement liabilities		3,446	2,492	345	254
Business Volume		178,071	160,584	146,406	124,500

Contingent liabilities from guarantees, etc.	18,717	16,357	16,609	14,688
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Figures from the Consolidated Profit and Loss Account

	For the year	1980	1979	1978	1977
Earnings on business volume (Interest surplus)		3,428	2,923	2,667	2,445
Earnings on services (Commission surplus)		892	785	754	652
Staff and other operating expenses		2,933	2,617	2,414	2,153
Taxes		735	665	657	532
Net income for the year		457	427	408	408
Number of staff at year's end		44,128	43,942	42,494	40,614

1976	1975	1974	1973	1972	1971	1970	1969	1968
4,845	5,106	5,625	7,021	5,575	3,985	3,021	1,881	2,163
6,952	7,076	5,300	3,975	4,122	4,150	4,332	4,396	4,800
20,334	15,587	12,898	7,510	5,871	5,358	4,317	3,300	2,716
275	189	49	23	250	725	409	1	1,878
3,860	2,433	1,846	1,698	1,679	1,304	1,803	1,859	1,500
1,881	1,538	1,128	1,113	1,156	1,154	1,331	1,313	1,261
39,802	35,160	30,859	27,086	23,806	19,582	17,186	15,431	10,824
21,729	21,052	19,634	17,609	14,789	12,163	10,353	9,493	7,084
18,073	14,108	11,225	9,477	9,017	7,419	6,833	5,938	3,740
21,578	19,528	16,570	14,323	12,854	10,760	3,517	-	-
475	513	541	571	605	633	639	553	567
947	783	583	450	442	219	146	80	71
435	374	358	314	261	235	302	249	225
801	739	776	609	514	413	407	340	320
241	208	357	282	228	172	133	104	87
636	468							-
583	411	553	251	272	271	67	-	-
1,167	916	806	712	653	568	472	469	332
435	510	449	436	470	258	316	369	264
105,247	91,539	78,698	66,374	58,758	49,787	38,398	30,345	27,008

28,574	21,574	17,540	10,404	9,812	7,829	7,598	5,602	4,630
22,616	16,373	12,711	5,909	5,347	4,043	4,526	2,825	1,869
44,073	41,571	38,147	36,499	31,124	27,483	24,460	22,178	20,242
12,064	10,469	12,724	13,972	9,346	8,384	7,976	6,944	5,927
19,441	18,367	14,963	13,298	12,215	10,672	9,030	8,399	7,493
2,844	1,220	528	200	-	-	-	-	-
22,439	20,444	17,127	14,653	13,659	11,208	3,656	-	-
1,629	1,460	1,298	981	899	724	626	538	479
907	844	745	551	491	439	408	377	347
722	616	553	430	408	285	218	161	132
3,522	3,325	2,524	2,394	2,099	1,815	1,462	1,397	1,363
900	900	720	720	640	560	480	480	480
2,200	2,100	1,549	1,459	1,274	1,064	880	850	820
293	192	124	83	63	80	45	56	52
129	133	131	132	122	111	57	11	11
1,858	1,667	1,313	1,082	1,024	602	498	503	199
308	278	221	161	141	126	98	127	95
105,247	91,539	78,698	66,374	58,758	49,787	38,398	30,345	27,008
2	2	1	-	2	2	-	-	1
603	138	710	842	1,633	974	875	1,525	187
105,852	91,679	79,409	67,216	60,393	50,763	39,273	31,870	27,196

14,326	12,429	9,457	6,497	4,721	4,669	4,482	3,439	2,568
1976	1975	1974	1973	1972	1971	1970	1969	1968
2,166	2,129	2,028	1,350	1,237	1,143	1,042	876	675
602	580	514	452	400	317	274	298	262
1,999	1,870	1,782	1,399	1,260	1,105	952	860	698
455	417	305	174	208	174	121	115	158
440	391	320	192	206	176	131	153	140
40,772	40,839	40,578	39,951	39,582	39,037	36,957	34,012	29,743

Deutsche Bank's subsidiaries, associated companies and trade investments

		Capital	Our holding			Capital	Our holding
German banks							
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	DM	40.0 m.	26.2%	Handelsbank in Lübeck Aktiengesellschaft, Lübeck	DM	16.0 m.	55.5%
Deutsche Bank Berlin AG, Berlin	DM	70.0 m.	100 %	Industriebank von Japan (Deutschland) Aktiengesellschaft – The Industrial Bank of Japan (Germany) –, Frankfurt am Main	DM	60.0 m.	25.0%
Deutsche Bank Saar AG, Saarbrücken	DM	30.0 m.	69.2%	Liquidations-Casse in Hamburg AG, Hamburg	DM	1.2 m.	25.0%
Deutsche Centralboden- kredit-Aktiengesellschaft, Berlin – Cologne	DM	66.0 m.	83.4%	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	DM	250.0 m.	6.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	DM	6.0 m.	100 %	Lombardkasse Aktien- gesellschaft, Berlin – Frankfurt am Main	DM	6.0 m.	14.2%
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	DM	29.5 m.	47.3%	Privatdiskont-Aktiengesell- schaft, Frankfurt am Main	DM	5.0 m.	14.2%
Deutsche Grundbesitz-Invest- mentgesellschaft mbH, Cologne	DM	4.0 m.	37.5%	Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Kiel	DM	35.0 m.	29.0%
Deutsche Kreditbank für Bau- finanzierung Aktien- gesellschaft, Cologne	DM	42.0 m.	100 %	Süddeutsche Bank GmbH, Frankfurt am Main	DM	3.0 m.	100 %
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	35.0 m.	25.5%	Foreign banks			
Deutsche Schiffspfandbrief- bank Aktiengesellschaft, Berlin – Bremen	DM	1.0 m.	25.3%	AEA Development Corporation, Makati, Metro Manila, Philippines	Phil. pes.	46.3 m.	5.4%
Deutsche Vermögens- bildungsgesellschaft mbH, Bad Homburg v.d.H.	DM	1.0 m.	60.0%	Al-Bank Al-Saudi Al-Alami Ltd., London	£	50.0 m.	5.0%
European Asian Bank Aktien- gesellschaft, Hamburg	DM	105.0 m.	14.3%	Banco Bradesco de Investimen- to, S.A., São Paulo	Cr. \$	2,506.0 m.	5.0%
Frankfurter Bodenkreditbank Aktiengesellschaft, Frankfurt am Main	DM	5.0 m.	25.0%	Banco Comercial Transatlanti- co, Barcelona	Ptas.	1,452.0 m.	29.5%
Frankfurter Hypothekenbank Aktiengesellschaft Frankfurt am Main	DM	63.4 m.	89.7%	Banco de Desarrollo del Para- guay S.A. (COMDESA), Asunción, Paraguay	Gs.	300.0 m.	2.3%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	45.0 m.	100 %	Banco del Desarrollo Econó- mico Español S.A., Madrid	Ptas.	929.8 m.	1.8%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt am Main	DM	1.0 m.	26.4%	Banco de Montevideo, Montevideo, Uruguay	Ur. pes.	12.5 m.	43.6%
				Banco Español en Alemania S.A., Madrid	Ptas.	165.0 m.	15.0%
				Banque Commerciale Congo- laise, Brazzaville, Congo	CFA-francs	1,000.0 m.	3.1%

		Capital	Our holding
Banque Commerciale du Maroc, Casablanca, Morocco	Dirham	55.2 m.	7.1%
Banque Européenne de Crédit, Brussels	Belg. frs.	3,500.0 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 guild.	15.0 m.	50.0%
Corporación Financiera Colombiana, Bogotá, Colombia	Col. pesos	310.3 m.	0.2%
Deutsche Bank (Asia Credit) Ltd., Singapore	S\$	37.5 m.	100.0%
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	2,500.0 m.	99.9%
Deutsche Bank (Suisse) S. A., Geneva	Sw. francs	30.0 m.	99.9%
DB Finance (Hong Kong) Ltd., Hong Kong	HK\$	5.0 m.	99.9%
DB U.K. Finance Ltd., London	£	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	£	15.0 m.	13.7%
The Industrial Credit and Investment Corporation of India Ltd., Bombay, India	Ind. rupees	270.0 m.	1.5%
Iran Overseas Investment Bank Ltd., London	£	8.0 m.	6.3%
Korea Long Term Credit Bank, Seoul, South Korea	Won	50,000.0 m.	2.3%
Malaysian Industrial Development Finance Berhad, Kuala Lumpur, Malaysia	M\$	79.6 m.	0.5%

		Capital	Our holding
National Investment Bank for Industrial Development S.A., Athens	Drachma	944.0 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%
Union Gabonaise de Banque, Libreville, Gabon	CFA francs	1,000.0 m.	7.5%
Union Sénégalaise de Banque pour le Commerce et l'Industrie, Dakar, Senegal	CFA francs	2,000.0 m.	1.9%
Union Togolaise de Banque, Lomé, Togo	CFA francs	1,500.0 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 Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m.	55.0%
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main	DM	0.5 m.	85.0%

	Capital	Our holding
Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf	DM 20.0 m.	50.0%
Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	DM 0.5 m.	37.5%
Deutsche Grundbesitz-Anlagegesellschaft mbH u. Co. Löwenstein Palais oHG, Frankfurt am Main	DM 3.2 m.	6.2%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt am Main	DM 30.0 m.	14.0%
Erste Sicherheitentreuhand GmbH "Ruhrkohle", Düsseldorf	DM 0.1 m.	33.3%
Essener Grundstücksverwaltung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen	DM 1.5 m.	96.7%
Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt am Main	DM 0.03 m.	12.0%
Euro Travellers Cheque Deutschland GmbH, Frankfurt am Main	DM 0.03 m.	35.7%
Gesellschaft für Kreditsicherung mbH, Cologne	DM 0.3 m.	36.7%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main	DM 1.0 m.	95.0%
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf	DM 39.9 m.	33.3%
Matura Vermögensverwaltung mbH, Düsseldorf	DM 0.3 m.	100 %
Nordwestdeutscher Wohnungsbauträger GmbH, Braunschweig	DM 0.2 m.	100 %
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	DM 21.3 m.	50.0%
Sicherheiten Treuhand GbR, Düsseldorf	DM 0.1 m.	33.3%

	Capital	Our holding
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%
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%
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\$ 28.4 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\$ 42.9 m.	0.6%
SIFIDA Investment Company S.A., Luxembourg	US\$ 17.3 m.	0.6%
Society for Worldwide Interbank Financial Telecommunication – SWIFT –, Brussels	Belg. francs 113.0 m.	1.9%

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

In the case of foreign issuers, only those transactions have been listed in which the bank participated as lead manager, manager or co-manager

Domestic bond issues of public authorities

10%, 8¼% and 7¾% bond issues of the Bundesrepublik Deutschland of 1980
8% bond issues of the Deutsche Bundesbahn of 1980
8¾%, 8% and 7¾% bond issues of the Deutsche Bundespost of 1980
8¾% bond issue of the Freistaat Bayern of 1980
8¾% bond issue of the Land Berlin of 1980
8% bond issue of the Freie und Hansestadt Hamburg of 1980
9½%, 9%, 8¼%, 8%, 7¾% and 7½% communal and annuity bond issues as well as mortgage bonds of the Deutsche Siedlungs- und Landesrentenbank – Issues 165–169, 171–175, Series 54–57 –

Convertible and option bonds of foreign issuers

denominated in Deutsche Mark:
Mitsubishi Heavy Industries, Ltd.
Nichii Co., Ltd.

denominated in foreign currencies:
Ajinomoto Co., Inc.
Canon Inc.
Holmerich & Paync Finance N.V.
INA Overseas Finance N.V.
Matsushita Electric Works, Ltd.
Paribas Suisse (Bahamas) Limited
Sumitomo Metal Industries, Ltd.

Bonds of foreign issuers

denominated in Deutsche Mark:
Akzo nv
ARBED FINANCE S.A.
Asiatische Entwicklungsbank
Australien
Banque Française du Commerce Extérieur
Föderative Republik Brasilien
CII-Honeywell Bull Finance Overseas N.V.
Empresas Nucleares Brasileiras S.A.
NUCLEBRAS

FSTFL NV
Europäische Gemeinschaft für Kohle und Stahl
Europäische Investitionsbank
Finnische Industriebank AG
Republik Finnland
Forsmarks Kraftgrupp Aktiebolag
Hypothekenbank und Finanzverwaltung des Königreichs Dänemark
IBM World Trade Corporation
Inter-Amerikanische Entwicklungsbank
Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)
Irland
Japan Air Lines Company, Ltd.
The Japan Development Bank
Stadt Kobe
Michelin Finance (Pays-Bas) B.V.
Midland International Financial Services B.V.
N.V. Nederlandse Gasunie
Neuseeland
Königreich Norwegen
Österreichische Kontrollbank
Aktiengesellschaft
Stadt Oslo
Renault Acceptance B.V.
The Royal Bank of Canada (Curaçao) N.V.
Königreich Schweden
Republik Südafrika
Aktiebolaget Svensk Exportkredit
Republik Venezuela
Westland/Utrecht Hypotheekbank N.V.

denominated in foreign currencies:
Alcoa of Australia Limited
Algemene Bank Nederland N.V.
Assurantieconcern Stad Rotterdam anno 1720 N.V.
BANAMEX Banco Nacional de México S.A.
Bankmont Realty Company Limited
Banque Nationale de Paris
BM-RT Ltd.
British Oxygen Finance B.V.
CII-Honeywell Bull Finance Overseas N.V.
Citicorp Overseas Finance Corporation Limited
C. Itoh & Co., Ltd.
Compagnie IBM France
Continental Illinois Overseas Finance Corporation N.V.
Dome Petroleum Limited
A/S Eksportfinans

Ennia nv
Ente Nazionale per l'Energia Elettrica (ENEL)
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale
Europäische Gemeinschaft für Kohle und Stahl
Europäische Investitionsbank
Europäische Wirtschaftsgemeinschaft
Export Development Corporation
Federal Business Development Bank
Ford Credit Overseas Finance N.V.
Ford Overseas Finance N.V.
General Motors Acceptance Corporation of Canada, Limited
GMAC Overseas Finance Corporation N.V.
ICI Finance (Netherlands) N.V.
The Industrial Bank of Japan Finance Company N.V.
International Harvester Overseas Finance Company N.V.
Kleinwort Benson Finance B.V.
Lloyds Eurofinance N.V.
Midland International Financial Services B.V.
Nationale Nederlanden N.V.
Nordiska Investeringsbanken
Den norske Creditbank
N.Z. Forest Products Limited
Stadt Oslo
Pembroke Capital Company Inc.
PEMEX-Petróleos Mexicanos
J.C. Penney International Capital N.V.
J.C. Penney Overseas Capital N.V.
Régie Nationale des Usines Renault
Repsteel Overseas Finance N.V.
Königreich Schweden
Standard Chartered Finance B.V.
State Bank of India
Trailer Train Finance N.V.
Transamerica Financial Corporation N.V.
Unilever N.V.

Domestic shares

Adt Aktiengesellschaft
AEG-TELEFUNKEN Aktiengesellschaft
Aktiengesellschaft für Industrie und Verkehrswesen
Allianz Lebensversicherungs-Aktiengesellschaft
Allianz Versicherungs-Aktiengesellschaft

Al TANA Industrie Aktien und Anlagen
 Aktiengesellschaft
 Badische Gas- und Elektrizitätsversorgung
 Aktiengesellschaft
 BASF Aktiengesellschaft
 Joh. Friedrich Behrens Aktiengesellschaft
 H. Berthold Aktiengesellschaft
 Braun Aktiengesellschaft
 Brown, Boveri & Cie Aktiengesellschaft
 Brüggner Aktiengesellschaft für
 Tonwaren Industrie
 Chemie Verwaltungs-Aktiengesellschaft
 Degussa Aktiengesellschaft
 Deutsche Dampfschiffahrts-Gesellschaft
 "Hansa" Aktiengesellschaft
 Deutsche Steinindustrie Aktiengesellschaft
 Deutsche Telephonwerke und
 Kabelindustrie Aktiengesellschaft
 Deutsche Texaco Aktiengesellschaft
 Didier Werke Aktiengesellschaft
 Arn. Georg Aktiengesellschaft
 Gildemeister Aktiengesellschaft
 Glas- und Spiegel-Manufactur
 Aktien-Gesellschaft
 Grünzweig & Hartmann und Glasfaser
 Aktiengesellschaft
 HAG Aktiengesellschaft
 Hannoversche Papierfabriken
 Altfeld-Gronau Aktiengesellschaft
 Hartmann & Braun Aktiengesellschaft
 Heidelberger Druckmaschinen
 Aktiengesellschaft
 Heilit & Woerner Bau Aktiengesellschaft
 Hemmoor Zement Aktiengesellschaft
 Herlitz Aktiengesellschaft

Höchst Aktiengesellschaft
 Holsten-Brauerei Aktiengesellschaft
 Philipp Holzmann Aktiengesellschaft
 Hüttenwerke Kayser Aktiengesellschaft
 Hüssel Holding Aktiengesellschaft
 Industrie-Werke Karlsruhe Augsburg
 Aktiengesellschaft
 Kammgarnspinnerei Kaiserslautern
 Aktiengesellschaft
 Katz Werke Aktiengesellschaft
 Kaufhof Aktiengesellschaft
 Klöckner-Werke Aktiengesellschaft
 Koepp Aktiengesellschaft
 G. Kromschöder Aktiengesellschaft
 Leonische Drahtwerke Aktiengesellschaft
 Linde Aktiengesellschaft
 Lindener Gilde Bräu Aktiengesellschaft
 Lüneburger Kronen-Brauerei
 Aktiengesellschaft zu Lüneburg
 Magdeburger Feuerversicherungs-
 Aktiengesellschaft
 Mannesmann Aktiengesellschaft
 Metallgesellschaft Aktiengesellschaft
 Neckarwerke Elektrizitätsversorgungs
 Aktiengesellschaft
 Nordwestdeutsche Kraftwerke
 Aktiengesellschaft
 Oelmühle Hamburg Aktiengesellschaft
 PHB-Weserhütte Aktiengesellschaft
 PREUSSAG Aktiengesellschaft
 Privat-Brauerei Isenbeck Aktiengesellschaft
 Rheinelektra Aktiengesellschaft
 Rheinmetall Berlin Aktiengesellschaft
 Rhonag Rheinische Energie
 Aktiengesellschaft

Rodi & Wienenberger Aktiengesellschaft
 Rütgerswerke Aktiengesellschaft
 Scheidemandel Aktiengesellschaft
 Schichau Unterweser Aktiengesellschaft
 Schuhfabrik Manz Aktiengesellschaft
 Siemens Aktiengesellschaft
 Spinnerei Kolbemoor Aktiengesellschaft
 Stinnes Aktiengesellschaft
 Stolberger Zink Aktiengesellschaft
 Otto Stumpf Aktiengesellschaft
 Südwestdeutsche Salzwerte
 Aktiengesellschaft
 Thüringer Gas Aktiengesellschaft
 VARTA Aktiengesellschaft
 Vereinigte Seidenwebereien
 Aktiengesellschaft
 Württembergische Feuerversicherung
 Aktiengesellschaft
 Württembergische Metallwarenfabrik
 Aktiengesellschaft

Foreign shares

Amsterdam-Rotterdam Bank N.V.
 C. T. Bowering & Co. Ltd.
 Dart & Kraft, Inc.
 De Beers Consolidated Mines Limited
 Gränges Aktiebolag
 Nichii Co., Ltd.
 Lone Star Industries, Inc.
 Pernod Ricard S.A.
 The Rio Tinto-Zinc Corp. Ltd.
 ROLINCO N.V.
 Schweizerischer Bankverein
 Semperit Aktiengesellschaft
 Steyr Daimler Puch Aktiengesellschaft

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Heinz Heudorf
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Cologne

Ferdinand Mülhens
of Eau de Cologne- & Parfümerie-Fabrik
Glockengasse No. 4711 gegenüber der
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It is our sad duty to announce the deaths of the following members of our Regional Advisory Councils:

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Gerd Proenen
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Konsul Dr. Jean Louis Schrader
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We shall always remember them with respect and gratitude.



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Friedrich Meckseper, born in Bremen in 1936, has been living and working in Wörpswede since 1961. Training: 1952 – 1955 apprenticeship as mechanic at Robert Bosch GmbH, 1955 – 1957 studied at the State Art Academy, Stuttgart, 1957 – 1959 at the University for Fine Arts, Berlin.

Teaching posts: 1968 visiting lecturer in London, 1977 visiting professor in Wuppertal, 1977 – 1979 professor at the International Summer Academy in Salzburg.

Awards: 1963 Deutscher Rompreis Villa Massimo, 1965 scholarship of the Cultural Circle in the Federal Association of German Industry, Burda Prize for Graphic Art, 1970 Prize of the 7th International Graphic Biennial Tokyo.

Numerous exhibitions in the Federal Republic and abroad.

Works: oil paintings, etchings, collages.

