

Deutsche Bank at a glance

Deutsche Bank AG	1981	1980
	DM m.	DM m.
Business volume	118,200	107,400
Balance sheet total	114,500	104,200
Funds from outside sources	103,500	94,800
Total credit extended	68,600	65,100
Capital and reserves	4,873	4,398
Earnings on business volume	3,403	2,803
Earnings on services	892	807
Staff and other operating expenses	2,749	2,579
Taxes	553	482
Net income for the year	242	343
Allocations to disclosed reserves	1	120
Total dividend payment	241	223
Dividend per share of DM 50 par value	DM 10.—	DM 10.—
Shareholders	240,000	232,000
Staff	39,836	39,242
Customers (excl. banks)	5.4 m.	5.3 m.
Offices	1,153	1,151

Group	1981	1980
	DM m.	DM m.
Business volume	196,400	178,100
Balance sheet total	192,400	174,600
Funds from outside sources	177,400	161,400
Total credit extended	138,800	127,700
Capital and reserves	5,891	5,365
Earnings on business volume	4,127	3,428
Earnings on services	996	892
Staff and other operating expenses	3,136	2,933
Taxes	818	735
Net income for the year	412	457
Staff	44,800	44,128
Customers (excl. banks)	6.3 m.	6.3 m.
Offices	1,370	1,361

Report for the Year 1981

Deutsche Bank AG



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Front cover and page 1:

Peter Paul, Detail/Lithograph "Treppo", 1970, cf. also page 142

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Hermann J. Abs, Frankfurt am Main

Supervisory Board

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Konrad Reeb, Munich*
Deputy Chairman
Deutsche Bank AG

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Chairman of Deutsche
Angestellten-Gewerkschaft

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Deputy Chairman of the Supervisory Board of
AKZO N.V.

Dr. Hans Feith, Frankfurt am Main

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Partner and Managing Director of
Friedrich Flick Industrieverwaltung KGaA

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

Erich Kehder, Pforzheim*
Deutsche Bank AG

Dr. Karl Klasen, Hamburg
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Deutsche Bank AG

Hans L. Merkle, Stuttgart
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Robert Bosch GmbH

Karl Messing, Düsseldorf*
Deutsche Bank AG

Joset Plaff, Cologne*
Deutsche Bank AG

Irene Rodermund, Salzgitter*
Deutsche Bank AG

Marion Schardt, Essen*
Deutsche Bank AG

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Member of the Council of Honorary Chairmen
of the Supervisory Board of
Siemens AG

Heinz Vietheer, Otterndorf*

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne*
Deutsche Bank AG

Hannelore Winter, Düsseldorf
Housewife

* elected by the staff

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Chairman of the Board of Managing
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Deputy Chairman

Chairman of the Board of Managing Directors of
Allianz Versicherungs-AG

Rudolf von Bennigsen-Foerder, Düsseldorf
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VEBA AG

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Roger Fauroux, Neuilly-sur-Seine
President and Managing Director of Compagnie
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Leverkusen
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BAYER AG

Dr.-Ing. Dr. rer. nat. h. c. Konrad Henkel,
Düsseldorf
Chairman of the Supervisory Board
of Henkel KGaA

Eberhard von Heusinger,
Bad Homburg v d Höhe
Member of the Board of Managing Directors of
ALTANA Industrie-Aktien und Anlagen AG

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

Hans Jakob Kruse, Hamburg
Spokesman of the Board of Managing Directors
of Hapag-Lloyd AG

Reinhard Mohn, Gütersloh
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Bertelsmann AG

Dr. Heribald Närgel, Munich
Member of the Board of Managing Directors of
Siemens AG

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

Dr. Gerhard Prinz, Stuttgart
(from October 20, 1981)
Chairman of the Board of Managing Directors of
Daimler-Benz AG

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

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

Professor Dr. Joachim Zahn, Stuttgart
(until October 20, 1981)
Member of the Supervisory Board of
Daimler-Benz AG

Board of Managing Directors

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F. Wilhelm Christians

Robert Ehret

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Andreas Klettell

Hilmar Kopper

Klaus Mertin

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Werner Blessing, Deputy

Ulrich Cartellieri, Deputy

Ulrich Weiss, Deputy

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Senior Vice Presidents

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Vice Presidents**

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Heinrich Kunz
Hans-Kurt Scherer
Christian L. Vontz
Dr. Winfried Werner
Dr. Karl Friedrich Woeste

Chief Economist
Dr. Franz Josef Trouvain

**Senior Vice Presidents
at the Central Office**

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Dr. Helmut Bendig
Helmut von der Bey
Erich Bindert
Michael von Brentano
Dr. Rolf-Ernst Breuer
Hans Buskase
Ulrich Cutik
Robert Dörner
Helmut Eckermann
Hans Joachim Funck
Dr. Klaus Gaertner
Dr. Peter Grasnack
Rudolf Habicht
Dr. Ulrich Hoppe
Dr. Klaus Juncker
Friedrich-Ivo Klekottka
Gerhard Koenig
Paul Körtgen
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Hans Rosentalski
Wilhelm Schlaus
Dr. Hans Walter Schlöter
Dr. Ernst Schneider
Dr. Karl Schneiders
Dr. Werner Schwillling
Günter Sonnenburg
Dr. Ernst Taubner
Erhard Ullrich
Gerd Volkemer
Walther Weber
Dr. Olaf Wegner
Johann Wicland
Claus Wreth

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Dr. Lothar Gruss
Lothar Zelz

Bremen
Dr. Roland Bellstedt
Peter Hartmann

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Wilhelm Clemens
Dr. Klaus Dintelmann
Karl-Heinz Fink
Dr. Wolfgang-Dieter Lange
Friedhelm Wolff

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

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

Frankfurt
Carl-Ludwig von Boehm-Bezing
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Georg Krupp
Dr. Nikolaus Kunkel

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

Less State Influence

That the state has many economic tasks to perform in a market system, too, is largely undisputed in this country. Opinions differ, however, on the question of what its tasks are, in what form it should carry them out and how far its activities should extend.

There are those who think that the list of state interventions should be left open as a matter of principle and should not exclude any sector of society. The others call for a fixed framework defined by clear principles regulating intervention. Society, they say, should adhere to these principles, even if individuals or groups consider it opportune to deviate from them.

Although an historical comparison of the systems over 65 years – since 1917 – shows that economic orders with less state influence achieve a greater measure of general prosperity than ones with more official intervention, the public sector has been allowed to expand strongly in free societies also. The basic insight that Adam Smith, the great political economist, gave us more than 200 years ago with convincing clarity was forgotten, no longer understood or simply ignored against the better judgement of those concerned: the market makes the egoistic profit-seeking of competing entrepreneurs serve the general good by leading, in the interest of consumers, to a supply of products as large and varied as possible at prices determined by competition, as though an “invisible hand” were at work.

Instead, the spontaneous order that manifests itself in the market and develops continuously as a dynamic process has been and is being substituted more and more by planned organization. The place of free individual decisions is being taken increasingly by official requirements, rules and regulations.

This is generally justified by the argument that highly developed industrial societies are becoming more and more complex and therefore increasingly difficult for individuals to grasp. The result, it is argued, is a lack of orientation and a growing inability to cope with life independently. This imposes a comprehensive welfare duty on the state. It must steer the course and results of business activity, control investment and research and create social justice.

Economic policy has been shaped along these lines over the last decade. The number of acts, orders, decrees and measures impinging on the market has risen rapidly; the number of public-sector employees is growing and here a process of multiplication (Parkinson) is also coming to bear. The share of state spending in national product including social insurances has increased from 38% to 48% since 1970.

With what result? The development and condition of our economy give no cause to conclude that the many state interventions have had largely positive effects. The opposite is true. Greater state involvement in our country – and in others – has not led to more prosperity, more growth, more justice or more satisfaction. On the contrary, the individual has become more dependent on the bureaucratic establishment, his freedom of action has been restricted, a tangible feeling of irritation with the state is spreading. We are suffering from inflation, a stagnating or even contracting national product and unemployment. The present measure of social security has itself become insecure owing to the permanent tension in the public finances and people are asking whether and how long we can continue to afford it. The argument that everything would have been much worse if the state had not intervened loses much of its credibility against the background of the strong rise in state indebtedness.

We must recognize that it is wrong always to react to economic and social changes with more state involvement instead of less:

- The structure of our modern society, as F. A. von Hayek shows, has reached today's level of complexity because it was not dependent on a planned organization, but arose as a spontaneous order. The rules that made this complex order possible were not established for the purpose of creating it. "It is paradoxical, therefore, and the result of a complete misunderstanding of these circumstances to maintain that we have to plan modern society because it has become so complex. The fact is that we cannot maintain an order of such complexity by directing its members but only indirectly by giving*

force to and improving the rules that promote the creation” – and further development – “of a spontaneous order.”)*

- *There can be no doubt that in complex societies like ours there is an information problem. The individual cannot know everything. In reality, though, he never has, and has never actually needed to. Human acts and forbearances are continuously adapting to millions and billions of circumstances which no-one knows in their entirety. Each member of our society can only possess a fraction of the knowledge that all members together have. But it is this knowledge which is important. Its application and therefore the benefit from it are at a maximum when it can develop and unfold as freely as possible in an open system. This is one of the main reasons why free societies react more effectively and flexibly to changes than unfree ones and are therefore more capable of further development.*
- *Certainly, in our society, as in any, there are numerous cases of social and economic need. It is not easy to find one’s way through a world characterized by innumerable constraints, outside influences, complex situations of dependence. But it is not impossible. Some may need help temporarily or permanently. The state, the community must be there to provide it. The majority of people can help themselves – the freer the society in which they live, the more easily they can do so. We jeopardize this ability, destroy their self-confidence and courage to cope with life using their own strength, we provoke the need for help – if we offer too much state assistance, possibly even free of charge. Just one example to represent many: statistics show that in the Federal Republic 15 working days per employee are lost each year because of illness, compared with 5 in the U.S.A. and 2.5 in Japan. Is the health of our population really so much more vulnerable? Or is it not rather that possibilities offered by social law are also being used, just because they are there, by people who do not need them?*

*) F. A. von Hayek, “Recht, Gesetzgebung und Freiheit” (Law, Legislation and Freedom), Volume 1: “Regeln und Ordnung” (Rules and Order), Munich 1980, Page 74

- *That the state can steer the course and results of business activity exactly in an open society has been refuted in practice by the many failures in the last few years. One might argue, though, that we had used the wrong methods or applied instruments that were not appropriate to the desired situation. The expectation of precise state management of the economy is countered more strongly by the complexity argument itself: knowledge of the circumstances that determine a given overall economic situation tells us nothing sufficiently accurate about how market participants will behave in future. Their abilities, efforts, intentions, merits are not known outside intimate, limited micro-communities. In open societies, this knowledge is missing even where the collection and evaluation of information is at its most intensive. Steering, however, just happens to be an information problem. It can only be solved – if we wish to preserve the freedom of the individual – by leaving the steering function, or putting it back, where individual characteristics are known – and decisive: in the market.*
- *In answering the question of equitable distribution, one is always confronted with the problem of finding a measure acceptable to all, for there is no such thing as absolute justice. If this cannot be done – and it is not very likely in a pluralistic society – the state must use compulsion to give validity to its norm. Here, as historical experience has shown, it comes under massive pressure from the various lobbies to act in their respective interests. What then happens – history shows us this too – tends to be the result of the distribution of power at the time rather than of a generally accepted idea of justice. The social order that eventually arises in this way exchanges freedom for compulsion and threatens the prosperity of all who cannot escape it.*

We acknowledge the state and its tasks. We do not want any state-free laissez-faire liberalism without a social net. But we would advise basing the actions of the state on principles that will protect it and us from the danger of having a free society turned gradually and almost unnoticed into an unfree one:

- *Everything the individual can do on his own initiative and using his own abilities should not be taken from him and allocated to society. Every official in-*

initiative should be subsidiary in need and character and should support the social members of society, not replace them.

- Everything the private sector can do as well as or better than the state should be entrusted to it.*
- State involvement in the economy should be limited as far as possible to providing and maintaining the common economic and social facilities essential to the private exchange of goods and services. It is also appropriate where market participants ignore any detrimental effects their actions and agreements may have on the community.*
- State interventions should only be called for by those who, besides demonstrating the need and the benefits of their proposals, can also show the costs and risks involved and explain how to cover or avoid them.*
- Where action may properly be taken by the state, it must be examined whether market-oriented principles of organization and work can be applied so as to keep the cost involved as low as possible.*

A policy that follows these principles would come closer to people again. It would promote the economy's ability to adapt to the continuous changes in the environment, end the process of rising state indebtedness, inspire courage to accept individual freedom and in this way preserve the values that represent the indispensable foundation of our civilization.

General Economic Situation

A difficult year

In 1981, overall economic activity in the Federal Republic continued to slacken. Though the downswing which had started in 1980 came to a halt in the course of the year under review, real national product contracted by 0.3% in overall terms. The number of jobless rose to 1.3 million on average for the year. Measured in terms of the cost of living, the value of money decreased by 5.9%. The balance on current account showed a marked improvement towards the end of the year, but the deficit was still very high. In the reporting year, therefore, all four fundamental targets of economic policy were missed.

The overall result for 1981 would have been much worse if support had not come from an unexpectedly strong performance in exports. Real domestic demand fell by 2.5%. For the first time in thirty years, private consumption was lower, in volume terms, than in the previous year. Impeded not only by high interest rates, construction activity was weak in all sectors. Building output was 4% below the previous year's volume.

Fall in earnings depresses investment . . .

Corporate spending on machinery and equipment, which had risen by 2.7% in the first half year under pressure from necessary rationalization and modernization measures, failed to reach the previous year's result in the second half. On average for the full year, it was 0.6% above the 1980 figure; on a price adjusted basis, that means a drop of 3.1%.

Despite persistent pressure to adjust, the propensity to invest was dampened by falling capacity utilization and uncertain sales prospects, though chiefly by the further deterioration in earn-

ings. Companies' profits, which had already fallen by 5% in 1980, receded a further 8% in the reporting period. In real terms, i. e. adjusted for inflation, they contracted by more than a fifth in 1980 and 1981 taken together. Such a profit squeeze is unprecedented in the post-war period. It was caused by cost increases that could not be offset by a corresponding rise in productivity or covered by higher selling prices. Wages, which represent the biggest cost item, rose by 5.8% in 1981; raw material import prices were 31% above the previous year's level; those for industrial preliminary products and finished products were 6% higher. In the period under review, the interest rate level was more than two percentage points on average above the previous year's figure.

The unfavourable development of costs and earnings gives cause for concern. Sufficient earnings are indispensable for an appropriate capital base, the required replacement of machinery and equipment and for the strengthening of companies' ability to withstand crises. The longer the pressure on earnings persists, the more difficult it will be to carry out the investments necessary to maintain and improve competitiveness and to adapt to the changed energy situation. But that also means greater danger to jobs.

. . . and labour market

Developments so far have already had considerable repercussions on the labour market. The decline in earnings forced many companies to divest personnel. In addition, there were job losses resulting from the markedly higher number of liquidations. At the end of 1981, the number of employed persons (25.6 million) was

260,000 lower than a year before; the increase of 580,000 in the jobless total to 1.7 million was even bigger because greater numbers of school-leavers came on to the labour market for the first time.

We see in the reduction of unemployment the most important task of economic and social policy at the present time. Here, however, after the many negative developments in the past years, there are no patent recipes that work simply and quickly. Above all, one should beware of overestimating government support programmes – not only because of the limits imposed by the present level of public debt. Such state programmes can only have a lasting positive effect on employment if the other general conditions are in order. The latter, therefore, are all-important. The one strategy to counter underemployment effectively in the long term is to improve the productivity and

competitiveness of our economy. This alone promises jobs that are profitable and hence secure.

More state interventionism can have little positive effect here. We need new guiding principles of economic policy, not more state influence, but less, and more market.

Employment reserves in housing construction

An outstanding example of this is housing construction. Here, considerable impulses could be given to employment by the elimination of exaggerated welfare state barriers. What is needed is a – socially acceptable – reduction of the distortions in rents and a moderate liberalization of tenancy law to make the construction of housing to be let for rent sufficiently worthwhile again and to improve owners' rights of disposition appropriately. The new tenancy law regulations for the privately-financed homebuilding sector as proposed by the Federal Government in the "Joint Initiative for Jobs, Growth and Stability" of February 1982 and the possibility, resolved at the end of 1981, of raising the interest rate on "old debts" in state-subsidized homebuilding and introducing an "unjustified occupancy" levy are steps in this direction, but by no means enough. If anyone had the courage today to venture a genuine new beginning based on market principles in the homebuilding field, he would probably have solved not a small part of our unemployment problem.

Earnings, investment, unemployment



Key role of wage policy

The creation of overall conditions favourable to employment is not only the task of state economic, social and financial policy. A key role is also played by the incomes policy of the social partners; in the given situation, it must take full account of the narrower real scope for distribution and help the economy adjust to the changed conditions. The wage formulae applied so far will not be of much assistance in solving our present employment problems. Even the rather modest sounding target of maintaining real incomes is too high at a time when higher investment and export ratios are called for and the overall national product has almost ceased to grow. With wage increases in the past mostly exceeding growth in productivity, future productivity gains should be used primarily to secure existing jobs and create new ones. If – and there is no doubt about this – there is to be higher investment again in the economy as a whole, lasting relief on the wage cost side is essential. The relationship between the share of wages in national income and the level of employment has become so obvious in the last few years that it can no longer be ignored.

The above-mentioned Joint Initiative proposed by the Federal Government does not affect the key role of wage policy. Taken by itself, this economic support programme will not have much impact on overall economic activity anyway; it would have almost no effect at all in the long run, though, if the moderation necessary in wage policy were to be missing.

Cooperation, not confrontation

Appropriate, employment-promoting solutions to the present problems cannot be found through confrontation, but only in a spirit of cooperation.

We hope that a new social consensus on the aims and priorities of economic policy and on an effective strategy against unemployment will be achieved in the Federal Republic. This will call for objective and sympathetic cooperation on the part of all concerned. The time has come for a statement of the situation as it is and of the need to moderate expectations. The mistakes of the past years must be recognized as such, their consequences for the future must be spelled out clearly and the necessary corrective measures initiated without further delay. We believe that there is a great readiness to acknowledge this on the part of the vast majority of the population. The government and social partners should use it.

Record public deficits

In 1981, the central, regional and local authorities recorded a budget deficit of roughly DM 80 bn. Contrary to the original intention of substantially reducing new borrowing, the deficit was more than DM 20 bn. bigger than a year before. It was the highest figure in the post-war period.

This was only partly due to a cyclically-induced fall in revenues. An important role was played by higher requirements in the fields of social benefits, interest payments, defence and personnel expenditures. Investment spending was cut back considerably above all in the Länder budgets. Public-sector investment in 1981, adjusted for prices, was 7% lower than in the previous year.

Prime importance of strengthening confidence in sound public finances

Central, regional and local authority debt has meanwhile reached proportions, in the face of which the consolidation of public finances, in phases of cyclical weakness too, should not be neglected. In the year under review, the negative effects of high public deficits on the confidence of the business community, interest rates, the DM exchange rate, the value of money and the room for manoeuvre in fiscal policy became more apparent than before.

We would therefore like to emphasize again that the strengthening of confidence in public financial management, especially in the present conditions of more modest growth, must be a priority target of economic policy. This would benefit not least the investment activity of companies.

The reduction of the budget deficits remains urgent, owing among other things to the need for a structural easing of the pressure from state financing requirements on the capital markets. In this way, the public sector could make a decisive contribution to a sustained reduction in interest rates.

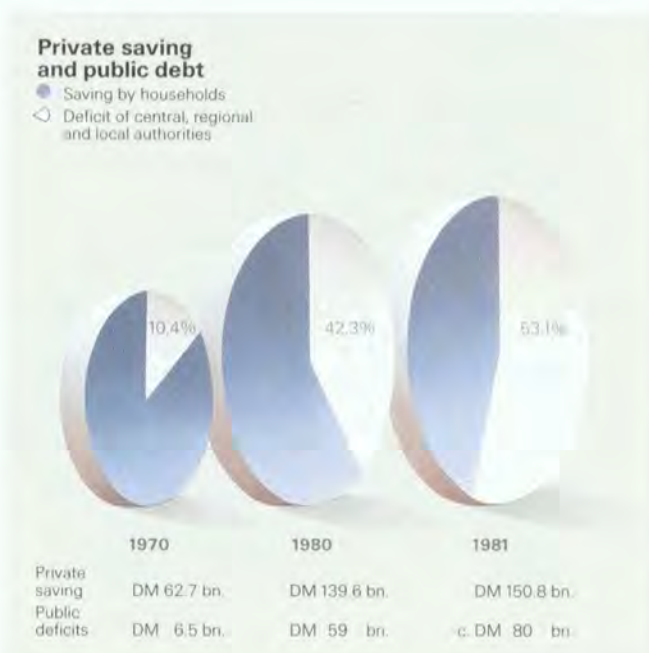
Cuts so far inadequate

In autumn 1981, the Federal Government took a first step towards reducing new borrowing by the public sector. Through cuts in spending, increases on the revenue side and greater recourse to Bundesbank profits, the burden on the Federal budget for 1982 was lightened by DM 20 bn.

Seen as a whole, however, the result was not satisfactory. The large number of individual measures made it impossible to see a clear strategy that could convince in the longer term. The treatment of the Bundesbank's profit as a regular revenue item is formally legitimate, but still questionable in many respects, above all in view of the magnitude concerned. In this case, it was also largely responsible for the postponement of the real task of putting the budgets back on a healthy footing.

Improvement in the balance on current account . . .

The deficit in the balance on current account was DM 17.1 bn. in 1981; that was DM 12.4 bn. less than in the previous year. In the later course of the year above all, notable improvements became apparent. In the final quarter of the year under review, a surplus was recorded for the first time since the beginning of 1979.



... thanks to good foreign trade performance

The main reason behind this turnaround was that exports grew much more strongly (13%) than imports (8%). The surplus on the balance of trade more than trebled (from DM 9 bn. in 1980 to DM 28 bn. in 1981).

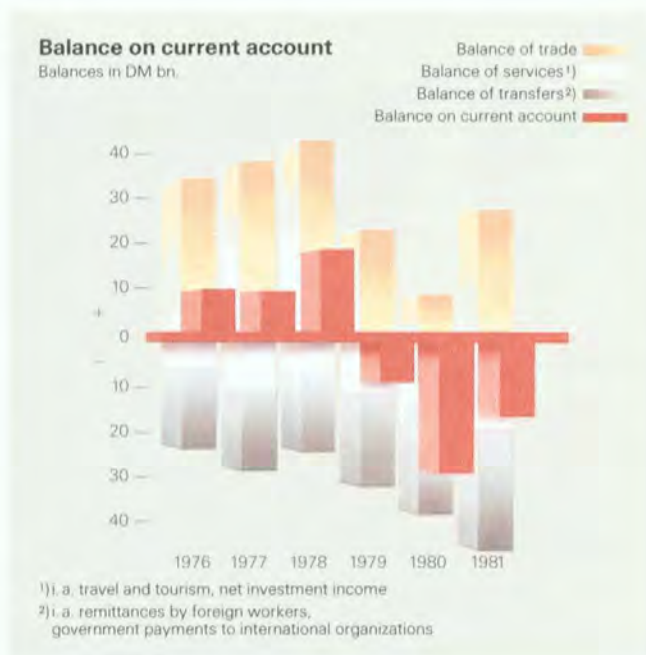
German exports profited first and foremost from the exchange rate related improvement in the competitive situation. In 1981, the external value of the D-Mark in real terms, i. e. adjusted for inflation against Germany's most important partner countries, was about 7% lower, on an annual average basis, than one year before. In addition to this, there was surprisingly strong demand for imports in certain countries, from which our exports benefitted. For example, German deliveries to the OPEC states in the year under review were 53% higher than a year before.

German imports were dampened above all by weak demand in the domestic market, the reduction of stocks of raw materials and primary products as well as by cuts in energy consumption. Imports of crude oil and petroleum products in 1981 were 15% down in volume terms compared with the year before. However, owing to the strengthening of the US dollar the German oil bill increased again by DM 8 bn. to DM 71 bn.

Rising deficits in services and transfers

The Federal Republic's traditional deficits in its external service and transfer transactions increased further in the year under review. They came to DM 46 bn. after DM 39 bn. in the previous year. A decisive part was played here by German spending in the foreign travel sector (+8% to DM 40 bn.), higher remittances by foreign workers (15% growth to DM 8 bn.) and the strong expansion of German payments to international organizations (1981: DM 8 bn. compared with DM 6 bn. in 1980). The Federal Republic's net contribution to the EC budget alone in 1981, at DM 6 bn., was more than 50% higher than in the previous year.

In the year under review, the balance of investment income also moved into deficit for the first time since 1970. The strongly expanding interest and dividend payments to non-resident beneficiaries and slower growth in receipts in this sector are the result of the deficits accumulated on current account since 1979, which led to a reduction of interest-earning currency reserves and to higher foreign debt.



Aim at further reduction of deficit . . .

The improvement in the balance on current account reduces the dependence of economic and monetary policy on foreign trade and payments developments and provides scope – the greater the improvement, the bigger the scope – for interest rate policy more in line with the course of business activity.

It would be a mistake, however, to believe that our external economic problems have been solved. The progress made so far – as already stated – has been due primarily to exchange rate corrections, exceptional oil savings, which cannot be repeated at will, and other recessionary influences. We must get back into a situation in which balance of payments equilibrium is assured, not only in stagnation, but also in conditions of normal growth.

. . . by reinforcing inner competitive strength

What we must do to achieve this is strengthen the German competitive position from within through moderation on the cost side, rising productivity and the use of advanced technology.

Germany's potential for industrial innovation must be used selectively to promote future growth industries; where we are still lagging behind in technology, the gaps must be closed as quickly as possible. As a country with few raw materials and high labour costs, the Federal Republic must be able to offer the highest standards of technology throughout its entire range of export products. The practical application of new production techniques must not be hampered by administrative barriers or ideological reservations.

It would be wrong and most disadvantageous for the Federal Republic's international position

and overall employment situation in the long term to want to abstain from the full application of technical progress for fear of job losses. On the contrary, it is more important today than ever before to counteract the greater hostility towards technology by patient and consistent explanation of the relationship between technological development and competitive jobs.

D-Mark weakness pushes up inflation

The rise in the cost of living, which had already accelerated in the previous years, increased further, above all in the second half of the year. In a year on-year comparison, it reached 6.7% at one point. In 1981, industrial producer prices were 7.8% higher than in the previous year. Only the rise in building prices flattened out.

The main reason for the higher overall rate of price increase was the lower value of the D Mark on the foreign exchange markets; it led to a considerable rise in the cost of German imports. In addition, administered prices were raised again and consumer taxes were increased.

Towards the end of the reporting period, the rise in import prices, later on also in industrial producer prices and the cost of living, slackened off.

Considerable tightening of monetary policy

In reaction to the higher rate of price rise, the persistent deficit on current account and the – at times – particularly weak tendency in the DM exchange rate, the Bundesbank tightened up its restrictive course considerably in the year under review. On February 19, lombard credit at 9% was suspended and a special lombard at 12%, callable at any time, was made available.

The Bundesbank's measures necessitated a corresponding increase in debit interest rates. They placed a heavy burden on companies, above all on small and medium-sized firms which are more dependent on borrowed funds. Under the given conditions, however, the consistent stance of the central bank was essential.

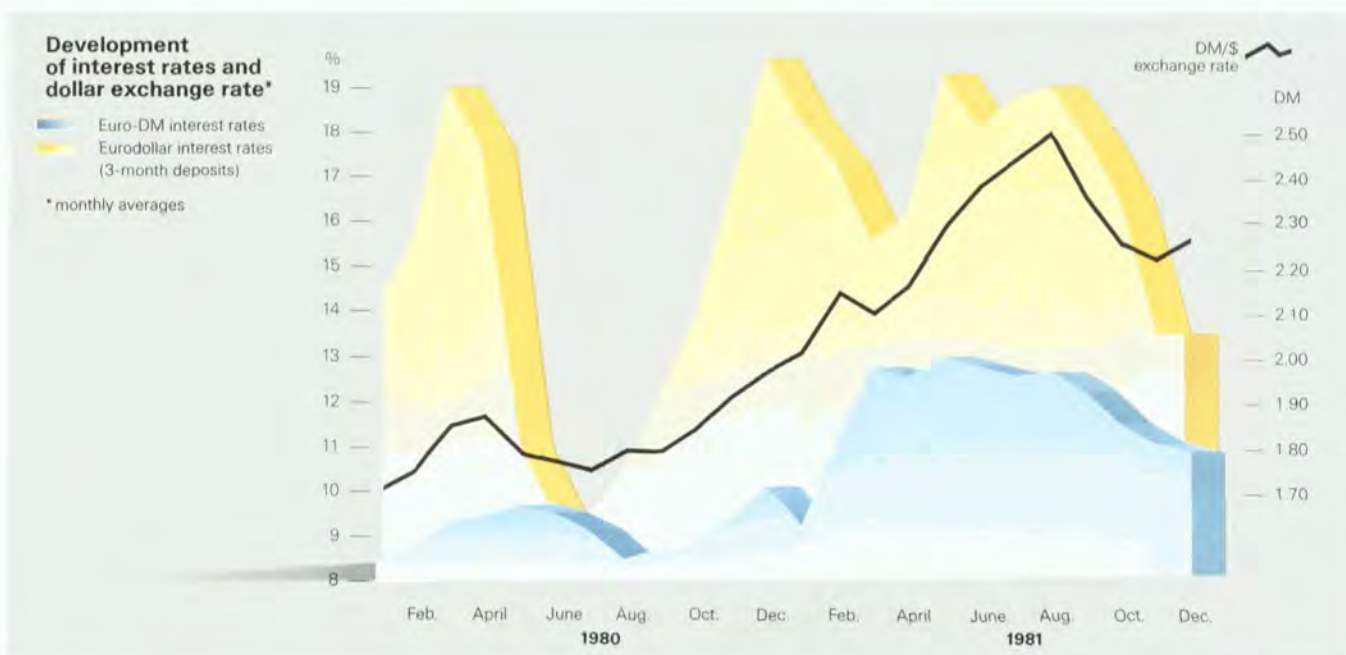
We always supported the Bundesbank's policy, despite the difficulties it involved for us and our customers, particularly as it was characterized by clear targets and flexible implementation.

The fall in US interest rates and the improvement in the balance on current account have increased the room for monetary policy manoeuvre since the last four months of the year. The Bundesbank made use of this to lower the special lombard rate cautiously in four steps to 9.5% from March 19, 1982. We consider the Bundesbank's

careful easing of the monetary brakes to be right. A slow, but steady, reduction of interest rates is better than a sudden fall with the risk of setbacks.

Productive bond market

In 1981 – despite the overall economic uncertainty – the bond market turned in an astonishingly good new issue result. Gross sales of fixed-interest securities came to DM 186 bn. and exceeded the figure for the preceding year by 35%. Since redemptions only increased by 29%, the net placement figure expanded by no less than 49%. However, the high new issue figures result to a not inconsiderable extent from the issue of comparatively short-term paper. Consequently, the average maturity of new issues decreased. The share of paper with a maturity of more than



four years fell from 63% of total new issues in 1980 to 51%.

The average yield on issue for all maturities reached a post-war peak in September at 11.2%. By the end of the year, yields had fallen again and were 0.7 percentage points above the level at the beginning of the reporting period (9.0%). The inversion of the interest rate structure became noticeably less pronounced as interest rates decreased.

The high yields were used above all by private investors for increased investment in fixed-interest securities. The share of bonds placed with non-banks rose from 63% to 79% of the new issue volume.

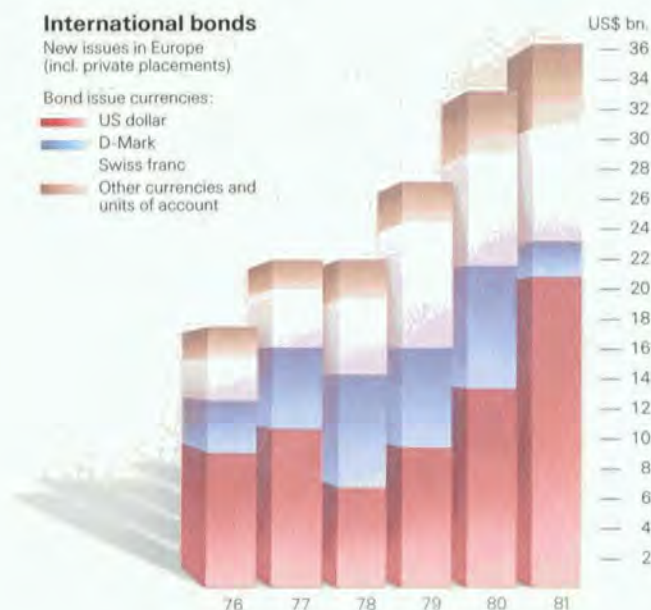
Share market holds its own

The German share market showed surprising resistance in the face of falling corporate earnings and high interest rates on the bond market. Prices firmed by 9% from January to August. Decisively important here were purchases by foreign investors. They totalled DM 3.1 bn. for the full year 1981, five times the pre-year figure. Towards the end of the reporting period, prices receded as a result of the weakness on almost all world stock markets.

The share market lost further ground in 1981 as a source of financing for the business sector. The new issue volume (market value of newly issued shares) came to DM 5.5 bn., a fifth lower than in the year before. A sufficiently productive share market, however, is an important precondition for the financing of investments needed for the future and for an improvement in companies' capital structure. The renewed deterioration in the equity capital ratio, particularly in the small and medium-sized company sector, deserves special attention. It is a cause for serious concern.

Adaptable Eurocapital market

Issuing activity on the Eurobond market fluctuated considerably in the year under review owing to the unstable interest rate and currency conditions; towards the end of the year, there was a strong upturn. In overall terms, the volume of international issues in Europe in 1981, at close on US\$ 37 bn., was roughly US\$ 3 bn. higher than in the year before. Influenced by the widespread uncertainty as to interest rates, a trend towards shorter maturities was observable; there was also increased issuing activity in floating rate notes and convertible bonds.



Owing to the currency situation, among other things, the share of dollar bonds in new Euro-issues in the reporting year increased to 58% (1980: 40%). The share of the D-Mark – up to now, with an average of 25% over many years, the second most important international bond issue currency – contracted to close on 7%. A role was also played here by the fact that the German banks floated hardly any foreign DM bonds in the first months of 1981 at the request of the Deutsche Bundesbank for balance of payments reasons.

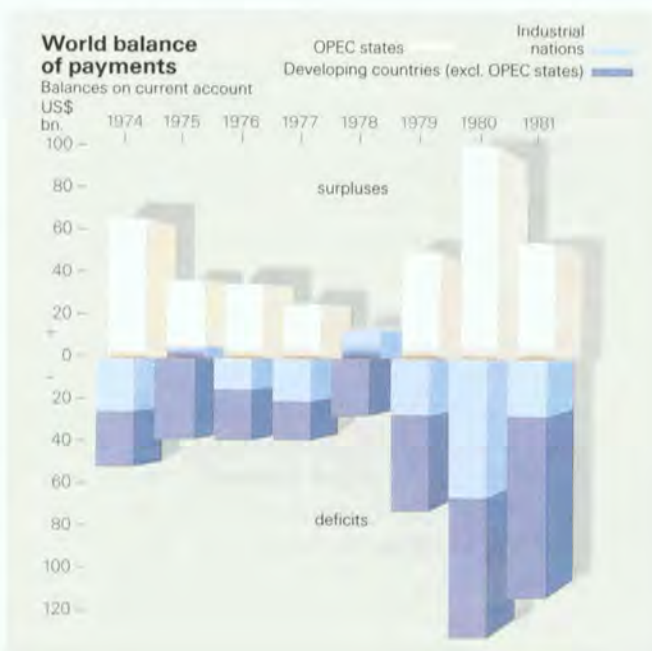
Continuing weakness in world business activity

In 1981, the world economy went through a phase of cyclical weakness. The braking effect of the last oil price rise subsided increasingly, but most countries continued to pursue a strict course of monetary stabilization to dampen inflation and improve the balance of payments situation.

In the industrial countries as a whole real national product expanded by roughly one percent in 1981, as in the previous year. The fall in growth is therefore not quite so strong as in 1974/75, but will probably last longer. The number of jobless persons, already substantially higher in 1980, increased further worldwide. The fall in inflation rates was slow to get under way. On average, consumer prices in the industrial countries rose by roughly 10½% in the year under review (1980: close on 13%).

The volume of world trade contracted in 1981, with persistent weakness in business activity, by about one percent (1980: +1½%). However, the strong balance of payments disequilibria – resulting above all from the sharp oil price increases in the previous years – decreased markedly. The OPEC states' surplus on current account was al-

most halved from roughly US\$ 100 bn. to about US\$ 55 bn. owing to lower oil exports and a further considerable rise in imports. This fall was mirrored in the industrial countries by a strong decrease in the deficit on current account from approximately US\$ 66 bn. to US\$ 27 bn. Developments varied considerably from country to country. The improvement in the balance of payments on current account in Japan was far more pronounced than in our country; there, as in the Netherlands and Switzerland, there was a movement into surplus again in the course of 1981. The surpluses in Great Britain, the U.S.A. and Norway rose further. An unchanged or only slightly lower deficit was recorded in Belgium/Luxembourg, Italy and France. In the reporting year, all in all, there were surpluses totalling US\$ 31 bn. (previous year: US\$ 12 bn.) against deficits of US\$ 58 bn. (previous year: US\$ 78 bn.).



In the developing countries, the balance of payments disequilibria are proving extremely obstinate again, as they did after the 1973/74 wave of oil price increases. In the majority of countries, the deficits in 1981 equalled or exceeded their previous-year levels. In global terms, this group of countries recorded a deficit of about US\$ 85 bn. (1980: a good US\$ 65 bn.). The sizeable borrowings this necessitated caused the developing countries' foreign debt to increase to an estimated US\$ 500 bn. by the end of 1981. The interest payments on these debts have become an important factor determining the size of the deficits on current account.

Reorientation on the Eurocredit market

International banking business in the year under review was marked by increased economic and political risks. More so than in the previous year, *debtor countries from the Third World and the Eastern bloc* suffered from or were threatened by balance of payments difficulties. The Euromoney and Eurocredit markets were characterized by a corresponding reorientation of business policy at many participating banks, with greater selectivity being applied in lending and more importance being attached to earnings considerations.

The German commercial banks and the banks in several other European countries reduced the growth in the volume of their foreign engagements, while American banks increased their international lendings, on balance, even more strongly than in the previous year. A number of banks came on to the market for the first time; Arab institutions, above all, increased their participation in Eurocredit business. We welcome this greater Arab engagement in recycling.

Changes also took place in the sources of funds in the Eurobanking system: in the reporting period, the growth of OPEC deposits decreased sharply. Nevertheless, the market continued to have ample liquidity at its disposal, thanks to higher inflows of funds from other sources – mainly from investors in industrial countries.

Interest rate developments on the Euromoney market in 1981 were determined, as in the previous year, by the anti-inflation policies consistently pursued by the central banks of the key currency countries. Rates for the US dollar, D-Mark and Pound sterling moved in the double-figure range, partly with strong fluctuations. With dollar interest rates leading the way, Eurocurrency interest rates started to come down in late summer, though not all at the same time or pace. Eurodollar rates (3-month deposits) fell from over 19% to 12%, their lowest level in the year, by the end of November. Their previously sizeable differential vis-à-vis Euro-DM interest rates contracted to 1½ percentage points. After that, the falling trend lost momentum; Eurodollar interest rates rose again.

Terms and conditions on the Eurocredit market in the year under review were marked by greater differentiation according to debtors and country risks. Industrial countries were again conceded extremely low spreads, owing to the intensive competition, while credit conditions hardened for developing countries with weak payments balances and for Eastern bloc countries. Towards the end of the year, there were signs, overall, that the market was tightening up to a certain extent.

Shift in structure of financing for developing countries

In 1981, newly contracted medium and long-term syndicated Eurocredits leapt to almost

US\$ 138 bn. after a lull in growth the year before. The main reason for this more than 70% growth in volume was the unusually strong utilization of the market by US firms. In connection with the takeover of several oil companies, they were granted Eurocredit lines of more than US\$ 40 bn., only a small part of which, however, was actually taken up. Excluding this amount, medium-term Eurocredits expanded by 17% in the year under review.

Of the adjusted total volume, about half went to industrial countries, as in the previous year. The OPEC countries' share fell slightly to 6%; that of the state-trading nations contracted further to close on 2%.

On the other hand, the (adjusted) market share of the non-OPEC, non European developing countries increased again in 1981 to over 40%, after a fall in the previous year (34%); the new credit commitments of US\$ 39 bn. were chiefly in favour of threshold countries in Latin America and South East Asia. Overall, however, the non-oil developing countries were forced and able to resort increasingly in the year under review to financing sources outside the Eurobanking system. The official currency reserves of this group of countries, for example, were reduced by US\$ 8 bn. on balance in the first nine months of 1981. On the positive side, though, funds made available directly to other Third World countries by OPEC states also increased. Finally, the International Monetary Fund (IMF) provided a higher volume of bridging credits. In 1981, the developing countries received a good US\$ 4 bn. from this quarter. At the same time, the Fund's new credit commitments, at US\$ 18 bn., doubled compared with the previous year.

Since the IMF links its credits with a requirement for economic stabilization programmes in debtor countries, its growing involvement in the

financing of developing countries with weak balance of payments situations offers the possibility of a more balanced relationship in future between adjustment and financing. Visible progress on the external and domestic economic fronts is, in turn, an essential precondition for a further appropriate participation of the banks in meeting the financing needs of the Third World.

Banks' responsibility for themselves

Balance of payments bottlenecks in individual debtor countries will probably continue in future to put strains on the international financial system. If it is to withstand them, there must be close cooperation between commercial banks, International Monetary Fund and the central banks, which will have to act as lenders of last resort if necessary. The stability of the system as a whole, however, continues to depend on the business policy of the banks. Here, in today's unstable conditions, special importance attaches to adequate capital funds and a prudent policy of risk limitation.

As desirable as an appropriately increased official surveillance of international lending may be, it cannot relieve the banks of their duty of independent risk management and risk provision. It would be equally out of the question to want to make chartered accountants or public authorities responsible for the risk provision that banks have to make in their balance sheets.

In the Federal Republic, the private and cooperative banks reached a gentlemen's agreement with the Federal Banking Supervisory Office in August 1981, which essentially foresees the regular submission of consolidated balance sheets in which the engagements of foreign subsidiaries are fully included. The aim of this measure is to

facilitate reliable monitoring and surveillance by the Federal Banking Supervisory Office and the Bundesbank of the relationship between German banks' capital and reserves and their total (national and international) volume of lending. We think that such a procedure can contribute to stability and greater risk awareness in international lending and hope that all German banks active in this business will join the agreement soon. We assume, moreover, that the special features of international lending will not lead to the introduction of qualitative elements into the supervisory authorities' surveillance activities.

Strong US dollar

In the year under review, the foreign exchange markets were characterized by massive exchange rate fluctuations against the background of widespread world economic and political uncertainty.

The US dollar advanced against all European currencies and the Japanese yen. Over the year as a whole, the D-Mark fell roughly 13% against the dollar. Against the Canadian dollar, Swiss franc and Japanese yen, the D Mark also weakened markedly over the year. There was a net revaluation of 6.8% against the currencies of the countries in the European exchange rate system and of 8.5% against the Pound sterling.

Exchange rate adjustment in the EMS

Amid the unsettled and unpredictable market developments throughout the world, the currency relationships in the exchange rate arrangement of the European Monetary System (EMS)

developed relatively steadily to the benefit of the partner countries. The target of greater harmonization of economic and monetary developments in the EMS member countries was missed again, however, in the year under review. The persistently strong differences between national inflation rates necessitated an adjustment of exchange rates. After tensions had become apparent repeatedly in the system since spring, the bilateral central rates were realigned at the beginning of October. The D-Mark was revalued by 8¼% against the French franc and the Italian lira, and by 5½% against the Belgian franc, Danish krone and Irish pound. There was no change against the Dutch guilder. On February 21, 1982, there was a further realignment of the central rates of three EMS currencies: the Belgian franc and Luxembourg franc were both devalued by 8½% and the Danish krone by 3% against the other member currencies.

Largely stable DM share in international currency reserves

The process of diversification in the investment of official currency reserves, which began in the phase of US dollar weakness, continued in the year under review. Regardless of the high dollar exchange and interest rates, the OPEC states and other international investors operating in the long term placed considerable sums above all in Japanese yen and D-Marks. The D-Mark share of other countries' official currency reserves is still about 14%.

A realistic alternative to the present system of several reserve and investment currencies, whose exchange rates are determined by the market, is not in sight, in our opinion, in today's

unstable world. As long as the countries, whose currencies are held internationally, pursue a responsible policy of stabilization and keep their borders open to international money and capital flows, such a multi-reserve-currency standard is better than a one-sided system. The occasionally

criticized disadvantage of greater vulnerability and dependence on a continuing willingness on the part of the key currency countries to engage in international cooperation is offset by the advantage of a disciplinary effect – on the US dollar too.

Development of the Bank

Cautious business expansion and further earnings increase

The bank's earnings-oriented business policy again proved reliable in the year under review. The capital increase in April, which strengthened the bank's own funds to DM 4.87 bn., provided new scope for growth, only part of which was, however, used to expand the volume of credit extended. In anticipation of the agreement regarding consolidation, meanwhile reached between the Federal Banking Supervisory Office and the banks, the enlargement of own funds was also intended to improve the equity cover for our lending business.

As a result of the tightening of Bundesbank policy in the first quarter of the year under review the cost of obtaining financing was at times considerably higher. It became necessary to adjust the terms and conditions in lending business on several occasions; we continued to base borrowing strictly on acute requirements.

The operating result again increased substantially. But in view of the difficult situation of a growing number of companies, sectors and debtor countries we again considered it advisable to make greater allowance for risks through adjustments and provisions.

Business volume shows 10% growth

In 1981 the bank's business volume grew by 10% to DM 118.2 bn. The rise was somewhat larger than in the previous year (6.4%) and occurred for the most part in the first half of the year; from mid-year business was relatively quiet. The foreign branches again made a substantial contribution to the expansion.

Growth of the balance sheet total (9.8%) was – as in the previous year – slightly lower than that of

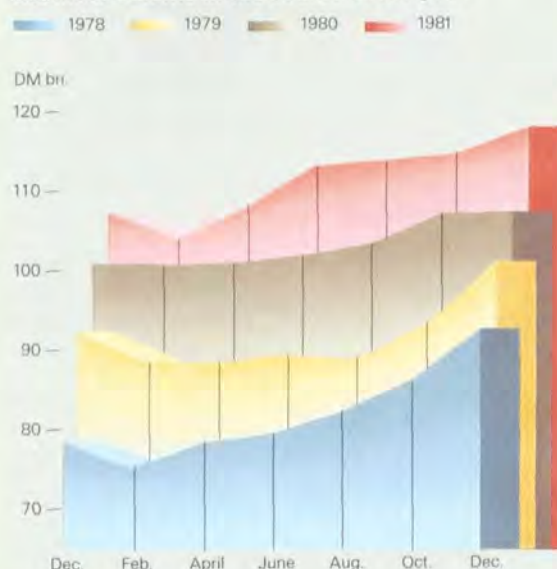
business volume, because we took advantage of the increase in rediscount quotas by the Bundesbank in our refinancing. Endorsement liabilities rose accordingly, by 13.9% to DM 3.6 bn.

In the Group business volume reached DM 196.4 bn. as at year's end, which was DM 18.3 bn. higher than at the end of 1980. Besides the expansion at the parent company, the growth at our mortgage banks and the foreign subsidiaries was the main factor behind the increase. The circle of consolidated companies was widened through the inclusion of our new subsidiary in Canada, Deutsche Bank (Canada), and of Deutsche Bank Finance N.V., Curaçao.

Operating profit ratio increased

It was possible to raise the bank's *operating result* (surplus from current business including

Business volume in the course of the year



own-account trading) by 29.7% in 1981; so growth was somewhat stronger than in the previous year. It went considerably beyond the expansion of average business volume (7.0%). The operating profit ratio (operating result as a percentage of average business volume) improved again accordingly; it remains lower, however, than in the mid-seventies.

The greatest contribution to the higher earnings came from the interest surplus. But services business and own-account trading in securities and foreign exchange also accounted for a gratifying share of overall earnings.

In the period under review the *interest surplus* increased by 21.4%. Approximately one third of the growth was due to the expansion of average volume of business and two-thirds to the improvement in the interest margin. At 2.93% the latter has returned to close to what we consider the tolerable – and also necessary – limit.

Following the introduction of the special lombard facility on February 19, 1981 the margin initially came under pressure. It was not until later in the year that we were able to adjust terms and conditions for lending in several stages to the rising cost of refinancing. The interest surplus benefitted from the continuing rise in the share of short and medium term claims on customers in balance sheet volume.

The *commission surplus* rose by 10.5% during the year under review. Higher income was achieved in all sectors, but especially in securities dealings and foreign business. In payment business, on the other hand, we still have to work with a substantial cost cover shortfall despite all efforts to rationalize; the deficit grew further, though by less than in the preceding years.

There was very gratifying growth in profits on own-account trading in securities and slightly weaker profits in the foreign exchange sector,

whereas profits from own account trading in precious metals were markedly lower. Altogether, *own-account trading* did not match the exceptionally good result of the previous year.

In the period under review, we were able to keep the rise in *staff and other operating expenses* within appreciably narrower bounds than in the year before; it came to 6.6% (1980: +12.6%). Staff costs accounted for more than three-quarters of the total sum of DM 2,748.9 m.

Staff expenses (salaries and wages, compulsory social security contributions, expenses for pensions and other employee benefits) increased by 6.6% to DM 2,106.8 m. The increment was largely due to the 4.8% flat-rate increase in the domestic agreed salary scale and the adjustment to the remuneration of staff not covered by the scale.

The bank's *other operating expenses* grew by 6.5% to DM 642.1 m. The increases in prices for office materials and third party services were the main reason for the growth; higher energy costs were also reflected here. Rents for bank premises rose further.

Provision for risks has priority

Owing to the slight decline in capital market interest rates since autumn, the extraordinary account is scarcely affected by write-downs of the securities portfolio.

In the report for the previous year we set out in detail the considerations by which we are guided in determining what provisions our bank should make for risks. These principles still apply. We estimate that the need for write-downs and provisions as a buffer to absorb existing and potential risks has grown further. For one thing, there are greater country risks. Even though we have for years been striving to observe carefully, spread

and limit these risks, we see developments here that make appropriate provision appear urgently necessary. But on the domestic side as well, the compounded effects of cyclical and structural difficulties have brought an increasing number of loans into the risk zone.

All these factors led us to give priority when allocating the 1981 operating profit to strengthening the bank's internal resources by further increasing the provision for risks in our national and international credit business.

We exercised our usual care in determining the size of these provisions. The permissible limits to cautious valuation were not overstepped.

The write-downs required for final losses in lending business were slightly above the average for the last few years.

We decided not to strengthen disclosed reserves, especially since equity cover for our lending business had been substantially improved by the capital increase in the year under review.

We believe this the best way to meet the many and varied challenges of these present times and to secure our bank against conceivable hazards of the future.

We propose to the General Meeting that an unchanged dividend of DM 10 per share be distributed.

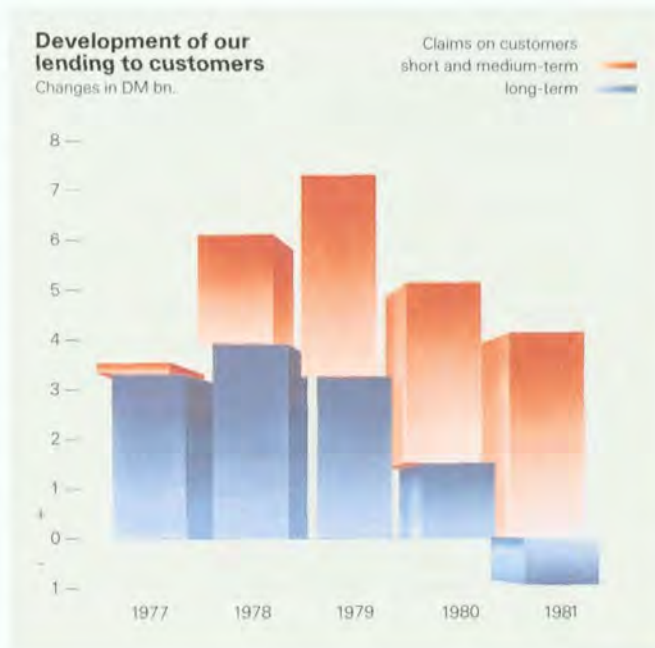
Lending business quieter than in previous year

During the year under review the bank's lending business was influenced by the weak economic cycle and high interest rates. Total credit extended, which in the previous year had still risen by 13.5%, grew by only 5.4%; that was the lowest growth figure for over ten years. Without the strong expansion in lending at our foreign branches the increase would have been even

smaller. At year's end total credit extended came to DM 68.6 bn.

Claims on customers increased by 6.1%, lending to banks by 5.6%. Discounts were kept at the pre-year level because, given the high money market rates, we still had to rely on the scope for rediscounting bills of exchange at the Bundesbank.

Owing to the high interest rates customers preferred short and medium-term credit facilities (up by 15.4%). Long-term lending declined on the other hand by almost 4%, after climbing without a break since 1974. The share of short and medium-term credit facilities in total claims on customers rose to 56% (previous year: 51%). At 44% the proportion of longer-term lending is, however, still much higher than in 1975. So the shift in the basic structure of lending business has been only partially corrected; and it remains to be seen



how the relative proportions will alter again when industry starts to cover its consolidation requirements if interest rates continue to fall.

Guarantee business – which is not included in total credit extended – expanded strongly. Besides the renewed growth of our customers' export business, the principals' greater need for security played a role here.

Domestic firms show restraint

Domestic companies' demand for credit was weak during the period under review owing to a diminishing propensity to invest and cautious stock management. Together, cash credit and discounts were marginally lower at year's end than at the end of 1980; in the previous year there had still been growth of 13%.

Short and medium-term lending alone rose by 3.5% in the course of the year. At times customers resorted to financing offered on the Euromarket at more favourable interest rates.

The total volume of our long-term lending to domestic companies was reduced by 10.7% through repayments. In new business there was demand for shorter periods of fixed interest rates. This boosted, among other things, our "Small Business Loans" for small and medium-sized firms, for which we had already introduced shorter fixed-interest periods in spring 1980.

As in the previous year we arranged a substantial volume of reduced-rate credit for small and medium-sized businesses under public promotion programmes. Third-party facilities of this type made up approximately one third of our long term claims on companies.

More equity for small and medium-sized businesses

In 1981, Deutsche Beteiligungsgesellschaft mbH, in which we and Schmidt-Bank in Hof (Saale) have a holding, increased by DM 21 m. to DM 162 m. the capital it employs to provide small and medium-sized firms with equity financing. At year's end over 90% of the capital was invested in holdings in 32 firms providing a total of 19,000 jobs, with over 90 branches and annual turnover of approximately DM 2.9 bn.

Since its foundation the company, which takes up minority interests in firms, grants the firms repurchase rights and offers extensive counselling, has acquired 50 holdings and in numerous cases has participated in subsequent capital increases. It also helps successful family concerns to come to the stock exchange.

In the past most holdings were taken up in medium-sized family enterprises. Meanwhile, however, the company has developed a new model which enables capital to be provided in a simplified form to smaller family businesses as well.

Further expansion of private customer business

We were again able to strengthen our business with private customers. Over five million private customers currently bank with us.

Loans, including building financing, to private customers (employed and self-employed persons and others) increased by 6% during the period under review.

Their share in domestic claims on customers rose further and is now 41%.

The credit programmes offered to private customers were utilized to varying degrees.

The total volume of loans to finance the purchase of cars and other consumer durables remained at approximately pre year level (DM 4.5 bn.) parallel to the weak development of private consumption.

On the other hand, overdrafts to cover short-term requirements were in greater demand than in the previous year.

Demand for building loans still strong

Taking business in building loans on its own, we were able to increase our lending by 8.9% to DM 12.5 bn. despite the difficult situation on the property market.

In order to help our customers bridge the phase of high interest rates we laid greater stress on offering shorter-term interim financing. The DB Preliminary Mortgage, which we introduced for this purpose during the year under review, runs for 3 years.

At the end of 1981 building loans provided by the Group, i. e. including the lending by our mortgage banks and Deutsche Kreditbank für Baufinanzierung, came to roughly DM 40 bn. Three quarters of this was for housing and one quarter for commercial property.

Refinancing mainly through customers' time deposits

Funds taken up in the period under review were largely in the form of customers' time deposits. They increased by DM 7.4 bn. (previous year: DM 2.9 bn.) to DM 30.7 bn.

The volume of bonds and notes in circulation was reduced by more than half a billion D-Marks owing to the smaller requirements in long-term credit business.

Banks' deposits rose by DM 1.7 bn. to DM 35.7 bn. in 1981. On the opposite side were claims on banks amounting to DM 34.2 bn. (previous year: DM 26.2 bn.). The expansion of interbank business reflects our bank's growing importance as a "bank for banks", especially for foreign banks in international payment business and in money dealing.

Funds from outside sources totalled DM 103.5 bn. at balance sheet date. Two thirds of the DM 8.7 bn. growth was attributable to our foreign branches.

Savings deposits over DM 20 bn. for the first time

Savings deposits, which had fallen appreciably in the first half-year, rose again particularly in the last three months. The total volume exceeded DM 20 bn. on balance sheet date for the first time. Growth in the course of the year was equivalent to 3.7% or DM 725 m.

Customers again preferred deposits with a legal period of notice (growth of DM 933 m.). This type of deposit is held by savers primarily as a source of liquidity in case of need. Savings balances with an agreed period of notice of 12 months or longer have diminished.

After state promotion of saving was restricted, we offered the customers affected a savings plan bearing a 14% bonus. This savings plan is intended, above all, to encourage longer-term capital formation; it was in great demand during the period under review. The volume of savings certificates in circulation declined slightly in 1981 (to DM 2.8 bn.).

The savings volume with balance sheet effect, i.e. savings deposits plus savings certificates, was DM 23.2 bn. as at balance sheet date. In addition, there were purchases of securities to the

debit of savings accounts, which had already risen strongly in the previous year. On balance they increased by 66% to DM 2.9 bn. in the period under review. Total new saving by our private customers (net increase in savings deposits and savings certificates plus the balance of purchases and sales of securities via savings accounts) amounted to DM 3.5 bn. That was 13% higher than the pre-year figure.

Securities business continued to grow

Securities business with our private and institutional customers was somewhat quieter in 1981 – following the very brisk upswing in the previous year (+27%). Turnover came to almost DM 60 bn.; that was 10% more than in the preceding year.

The growth was mainly attributable to the expansion in bond business (+16%). Turnover in shares – where there were pronounced fluctuations in the course of the year – showed only a slight rise (+4%).

In business in foreign securities the situation was reversed. Foreign shares were in strong demand. Attention centred on US paper, interest in Japanese shares also increased. Turnover in foreign fixed-interest securities was down by 9%, not least because of a decline in the new issue and sale of foreign D-Mark bonds. Overall, turnover in foreign securities was slightly lower than in the previous year.

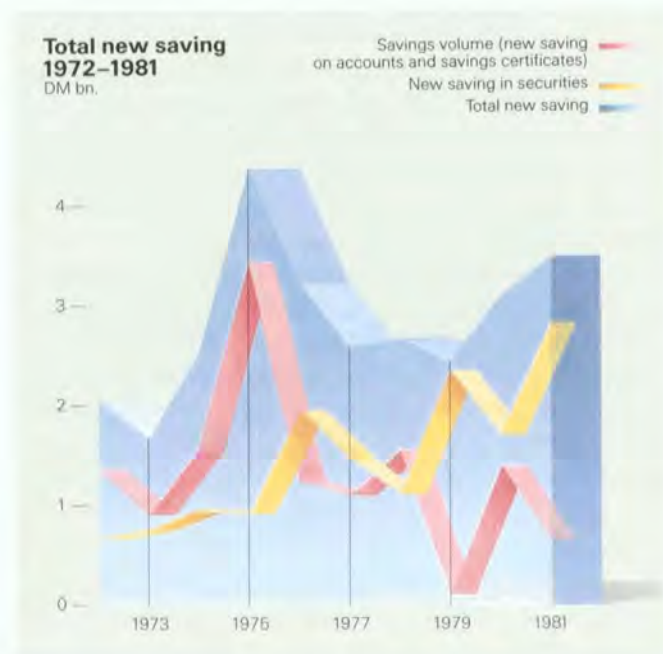
The number of safe-custody accounts we maintain for our customers rose once again (5.4%). Their market value was close on DM 75 bn. (+7.1%).

The portfolio management service for our customers, which includes acting as executor of wills in addition to securities administration, once again developed satisfactorily in the year under review.

Varying tendencies in investment fund business

Although the value of the investment fund certificates we offer developed positively, sales of this type of paper declined overall.

DWS Deutsche Gesellschaft für Wertpapier-sparen mbH, Frankfurt am Main, in which we have a majority holding, had to return funds amounting to DM 835 m. in connection with the eleven public funds it manages. Total assets declined to DM 6.5 bn. at the end of 1981. The DWS funds distributed dividends totalling DM 564.5 m. Share fund certificates increased in value by between 1.4% and 5.3%; those of bond funds by between 6.2% and 10.0%.



Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main, a wholly-owned subsidiary of the bank, which looks after special funds for institutional investors, increased the assets of the funds it manages by 19.2% to over DM 4.3 bn. The number of institutional investors that make use of the services offered by the company (insurance companies, company pension and benevolent funds, professional associations' pension schemes etc.) rose further.

The assets of the open-end property fund "*grundbesitz invest*", which was established by our affiliate Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, and whose certificates are sold by Deutsche Bank and Wüstenrot, continued to expand (by 6.2% to DM 1.232 bn.). The share value rose by 9.1% in the year ended on September 30.

New issue volume: Somewhat lower for shares . . .

The volume of new issues on the German share market was somewhat lower in 1981 than in the preceding year. The bank participated in 39 cash capital increases, in 28 cases in a management capacity. The companies obtained more than DM 2.5 bn. from those new issues. The largest individual transactions were the capital increases at Bayer AG and at Daimler Benz AG. In addition the bank participated in the issue of scrip shares for 19 companies during the period under review.

. . . growth in the Eurodollar sector

In international issuing business the emphasis in our activities shifted to the Eurodollar sector because of the decline in the volume of D-Mark

issues. Altogether we acted as lead manager, manager or co-manager for 139 Eurobond issues (previous year: 128). Of these, 90 (previous year: 52) were denominated in US dollars and 30 (previous year: 59) in D-Marks. The largest individual transaction under our lead management was a US\$ 500 m. bond issue for the World Bank.

Foreign exchange dealing: Increased need for forward cover

As a result of the strong exchange rate fluctuations, turnover on the foreign exchange market increased substantially. The great uncertainty as to how exchange rates would develop in future led to a growing need for forward cover among exporters and importers.

Precious metal business with institutional and private investors suffered owing to high interest rates and a fear of recession. By contrast, our foreign turnover with producers and industrial users showed a gratifying rise. The certificates issued by our Luxembourg subsidiary have become a standard element of our offering in business with private customers resident in Germany.

International business: Growth in foreign trade financing . . .

Foreign commercial business was brisk in 1981. The bank strengthened its market share. Above-average growth was achieved, especially in the settlement of export business.

Of the types of export financing offered by AKA Ausfuhrkredit-Gesellschaft mbH, Ceiling B loans with their more favourable interest rates were preferred. Demand for loans under Ceilings A and C slackened because of the high interest rates. As in the preceding years we acted as lead

manager in syndicated loans for large projects in the energy sector and for the export of industrial plant.

... and lending by foreign branches

Our foreign branches have widened and intensified their business links with local corporate customers. The volume of credit extended increased by 20%. Part of the rise, however, is due to the altered exchange rate of the US dollar.

Following the liberalization of Eurobusiness in New York in December, our New York Branch set up an international banking facility; it is therefore eligible for the advantages resolved by the Federal Reserve Board for international transactions.

... but restraint in Eurocredits

In 1981 we again exercised deliberate restraint in syndicated Eurobusiness, which we continue to handle largely through our subsidiary bank in Luxembourg. We participated only in a number of selected large credits, mainly in the U.S.A., Canada and Mexico.

In the financial year ended on September 30 Deutsche Bank Compagnie Financière Luxembourg expanded its credit volume by DM 4.1 bn. (converted) to DM 17.1 bn. The growth figure is magnified somewhat, however, by the valuation of claims at the increased US dollar exchange rates. It also reflects the stronger demand of German customers at times for short-term Eurocredits.

The operating result of our Luxembourg subsidiary increased markedly. It was therefore possible to make comprehensive provision for the risks in international lending business. The reported profit of DM 42.3 m. (converted) was – as

in the past – allocated to the free reserve to strengthen equity capital.

In view of the growing significance of private customer business in Luxembourg, Deutsche Bank Compagnie Financière Luxembourg raised its holding in Banque de Luxembourg S.A. from 5% to 25%. Luxembourg, the financial centre, is today held in high regard by numerous European investors.

Our subsidiary in South-East Asia, Deutsche Bank (Asia Credit) Ltd., Singapore, was able to consolidate its position further. At year's end the balance sheet total came to DM 2.1 bn. (converted – previous year: DM 1.7 bn.). Profits were satisfactory and are again being retained in full within the company.

ACC extends its position in New York

Atlantic Capital Corporation (ACC), our investment banking subsidiary in New York, continued to expand its national and international activities. Given the sustained interest, especially of German customers, in American securities, a large increase was recorded in business with private and institutional investors and in own-account trading. ACC took part in arranging over 300 issues of new shares and bonds. Over and above this, it again participated in the financing of European companies' investment projects in the U.S.A. (bond financings, leasing transactions, acquisitions etc.). ACC achieved a satisfactory result for the financial year.

Deutsche Bank (Suisse): A successful start

Deutsche Bank (Suisse) S.A., which devotes its attention primarily to portfolio investment business with our international private customers, commenced operations in Geneva, the head of

fice location, and Zürich, where it has a branch, in June 1981. Initial results here confirm that we were right to go into Switzerland. This specialized institution has already acted in several cases in the syndicate for Swiss bond issues.

Expansion of foreign network

In May of the year under review we opened a branch in Barcelona. On October 1, Deutsche Bank (Canada) commenced operations in Toronto. It engages mainly in corporate customer business, as well as in money and foreign exchange dealing, and takes part in project financing, especially in the energy production and mining sectors. In September we opened a representative office in Peking.

At year's end the bank operated 13 foreign branches and seven wholly-owned subsidiaries abroad. Taking its affiliates and representative offices into account as well, it is represented in 53 countries by 90 bases. In addition we are at our customers' service through our worldwide network of correspondent banks.

Successful EBIC affiliates

The EBIC banks, in which we together with our European partner banks in EBIC have a holding, registered good results again in 1981.

European Asian Bank AG, Hamburg, which operates in eleven Asian countries with branches of its own and employs approx. 1,000 members of staff at the different locations, increased its balance sheet total by 30% in 1981 to DM 5.3 bn. The main sphere of business was cash loans to corporate customers. The operating result kept pace with the growth of volume. Net income for the year came to DM 12.6 m. In order to underpin the scope for future growth, reported own funds

were raised by DM 94.5 m. to DM 299.6 m. In the year under review the bank issued floating rate notes for US\$ 50 m. for the first time.

European American Bank (EAB), New York, was able to expand its balance sheet total by 4.8% to US\$ 8.1 bn. in the past year. Profits rose by 8% to US\$ 33.3 m.

In the year under review EAB continued to strengthen its position as a full service bank; in doing so it placed special emphasis on its national and international activity as a correspondent bank. To intensify its international business it opened a subsidiary in Miami. In May EAB acquired Dorman & Wilson Inc., White Plains, N.Y., which arranges and manages mortgages and offers extensive real estate counselling, to complement its range of services.

Banque Européenne de Crédit (BEC), Brussels, EBIC's specialized institution for short, medium and long-term Eurocredits expanded its balance sheet total by 45% in 1981 to Belg. frs. 155.7 bn. (DM 8.3 bn.). Here too, however, part of the growth was due to the higher valuation of the US dollar; in terms of this currency the balance sheet total rose by 11%.

BEC's short-term lending more than doubled (to Belg. frs. 35.2 bn. = DM 1.9 bn.), medium and long-term credit increased by 42% to Belg. frs. 98.8 bn. (DM 5.3 bn.). BEC participated in a management capacity in syndications for the equivalent of US\$ 4.2 bn. The operating result rose; it permitted appropriate provision to be made for risks and a strengthening of reserves. Reported net income for the year was Belg. frs. 840 m. (DM 45 m.); that was 88% more than a year earlier.

European Banking Company Ltd. (EBC), London, was involved in a management capacity in 30 international bond issues for a total amount of US\$ 1.8 bn. in 1981. 15 syndicated credits for the equivalent of US\$ 2.1 bn. were managed. The

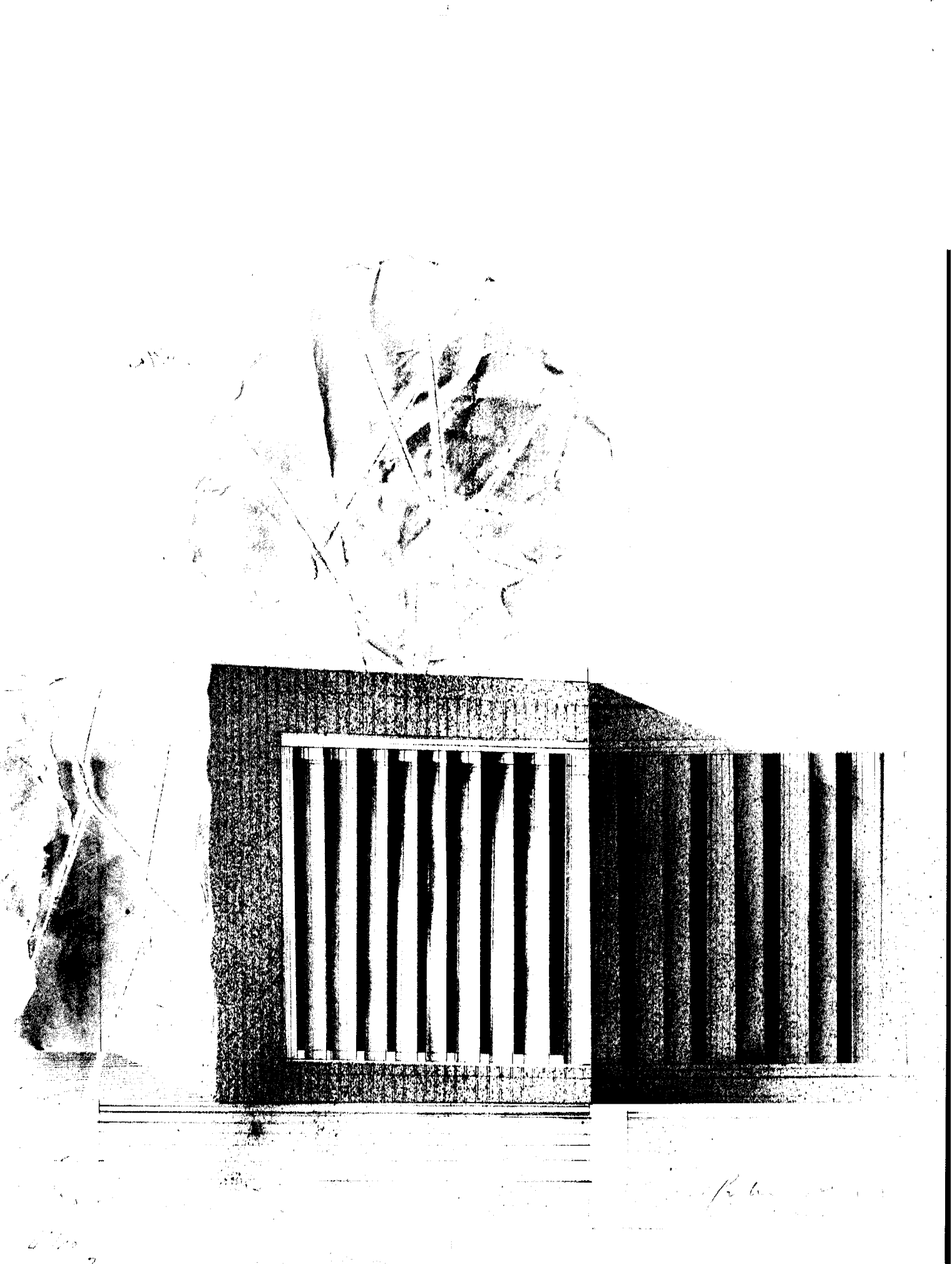
balance sheet total increased by 27.2% to £stg. 458 m. (DM 2.0 bn.). The operating result was markedly higher than in the previous year.

At *European Arab Holding S.A.*, Luxembourg, the consolidated balance sheet total rose in 1981 by 8.4% to US\$ 2.1 bn. (DM 5.2 bn.). The Group's business is concentrated on the financing of European-Arab trade, syndicated Eurocredits and money dealing. The operating result showed further improvement. The holding company increased its paid up capital by Lux. frs. 200 m. to Lux. frs. 2.2 bn. (DM 117 m.).

Euro-Pacific Finance Corporation Ltd., Melbourne, which already has a branch in Sydney, opened another office in Brisbane in 1981. With 16% growth in the balance sheet total (to Aus\$ 360 m. = DM 987 m.) it was possible to increase net income for the year by half.

Among the bank's remaining affiliates in international business, mention should be made above all of *H. Albert de Bary & Co. N.V.*, Amsterdam. The bank, in which we have a 50% interest, expanded its balance sheet total by 25% (to Dutch guil. 2.4 bn. = DM 2.2 bn.) and achieved a substantial improvement in profits. The capital was increased by Dutch guil. 10 m. to Dutch guil. 25 m. (DM 22 m.). As at September 30, 1981 consolidated own funds amounted to Dutch guil. 68 m. (DM 61 m.) prior to the appropriation of profits.

Al-Bank Al-Saudi Al-Alami Ltd. (Saudi International Bank), London, in which we have a 5% holding, has been taking a more active part in Eurobusiness too since mid-1980. The balance sheet total increased by 71% to £stg. 2.1 bn. (DM 9.1 bn.) in 1981 and profits rose markedly.



Our Staff

Further rise in number of staff

The number of the bank's staff increased in 1981 by 594 to 39,836. At home we raised our staff level above all in the customer counselling/customer service sectors at the branches; the number of Central Office staff remained almost unchanged. Abroad it was again necessary to take on extra staff owing to the continuing strong growth of our business. At the end of the year a total of 2,153 staff were employed at our branches, representative offices, subsidiaries and holdings abroad; of these 346 were delegated abroad from the Federal Republic for a limited period only.

More than 4,000 apprentices

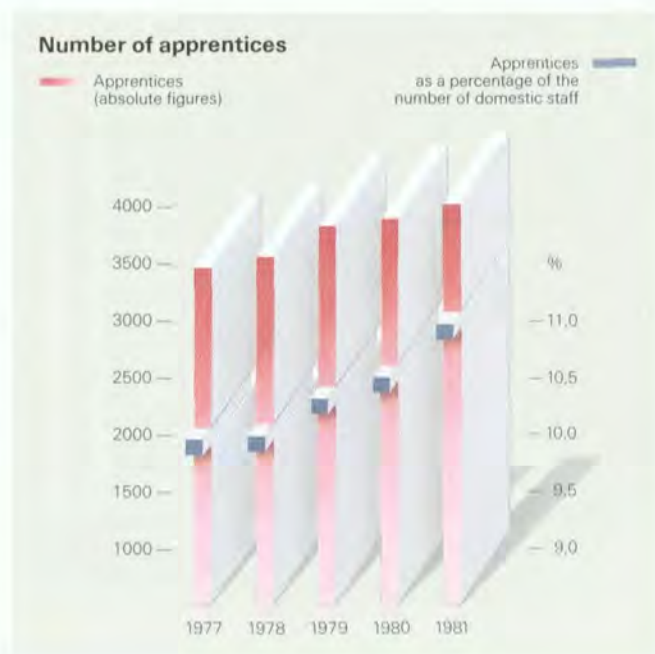
1,766 apprentices were taken on in the year under review. This brought the total number of apprentices at our bank to 4,025. The proportion of apprentices with university entrance qualifications (53%) dropped slightly while the proportion of apprentices holding a junior school-leaving certificate increased somewhat. At just under 11% (previous year 10.5%) our apprentice ratio (the number of apprentices expressed as a percentage of domestic staff) is appreciably above the average of the private banking sector. Nearly every third apprentice in the private banking sector is trained at our bank.

As in previous years, the examination results achieved by our young qualified bank clerks were very gratifying; more than half passed with "distinction" or "merit".

High utilization of our capacity for training apprentices allows us to meet our annual requirements for qualified bank clerks almost entirely from within our own ranks.

Comprehensive advanced training

In the year under review 14,997 members of staff attended 819 seminars as part of our in-house advanced training. In the past year the emphasis of our work was on corporate and private customer business. Our whole advanced training system is constantly brought into line with the bank's changing business and technical/organizational requirements. In place of individual courses, seminar "packages", guaranteeing more intensive specialist training, are growing in importance. Over 800 specialists and executives from our bank acted as lecturers for the advanced training courses in 1981.



We spent DM 85 m. in the year under review on the basic and advanced training of our staff, of which DM 50 m. was for vocational training. This represents roughly 6.5% of current salary payments.

Premiums for suggestions

In the year under review our staff again submitted numerous suggestions to reduce costs as well as to improve workflows and customer service. About one fifth of the proposals were suitable for implementation and were rewarded with a premium.

Staff expenses up 6.6%

The bank's total staff expenses climbed by 6.6% to DM 2,106.8 m. in the year under review. The rise is due primarily to the 4.8% flat rate increase in domestic agreed-scale salaries and the corresponding adjustments to salaries not covered by the agreed scale. A 1% increase in agreed-scale salaries now costs the bank c. DM 15 m. annually, compared with DM 10 m. 5 years ago.

In the middle of last year we made a routine review of, and raised, bank pensions. At present 9,056 pensioners and widows draw a bank pension; we also support 214 orphans.

Staff shares again

We again improved our offer of staff shares. According to the new ruling, our staff were able to purchase up to 4 staff shares in 1981, depending on their length of employment with the bank. Roughly 87% of active members of staff or 81% of all those entitled (staff and pensioners of the bank and its domestic subsidiaries) availed themselves of this offer in the period under re-

view. Compared with other big companies in the Federal Republic this is probably the highest ratio and shows how much our staff appreciate this form of wealth formation. The bank's expenses in connection with the sale of staff shares at a reduced price amounted to DM 17.2 m. in 1981, making a total of roughly DM 85 m. since staff shares were first offered in 1974.

The first Group Staff Council

In the year under review elections were held in the bank for the Staff Councils; staff turnout was high. 988 members, one third of them women, were elected to Staff Councils in 216 offices. 58% of Staff Council members were confirmed in office. The General Staff Council now consists of 37 members.

In October 1981 a Group Staff Council was constituted with a total of 18 employee representatives from individual Group companies.

As in past years we discussed current personnel, social, organizational and economic questions with the representatives of our staff in the competent bodies. We would like to thank the Staff Councils, the members of the Economic Committee, youth representatives and the spokesmen for the seriously disabled for their sincere and objective cooperation.

Committee of spokesmen for senior executives

We would also like to express our thanks to the representatives of our senior executives who form an important link between the Board of Managing Directors and our executives. We regularly discussed the bank's business develop-

ment, questions of corporate policy and special problems of the senior executives with the committee of spokesmen.

Thanks to the staff

Every member of our staff contributed with his or her efforts to the bank's 1981 result. We thank them. We would like to express our thanks to

those who have displayed their loyalty to the bank as staff members over many years. In 1981, 378 members of staff were able to look back on 25 years with our bank, 96 members on 40 years. One employee celebrated what is nowadays a rare occasion: the completion of 50 years of service with our bank.

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

Hans Egon Adolphs, Cologne
Emil Baumgärtner, Stuttgart
Marija Bizjak, Hamburg
Imtraut Brands, Hamburg
Hans Joachim Brandt, Offenburg
Gustav Braun, Albstadt
Harald Buhtz, Hamburg
Salvatore Dell'Agli, Hamburg
Hildegard Donnerstag, Darmstadt
Carmen Dreher, Lörrach
Manuel H. Ferrari, Buenos Aires
Osvaldo J. Ferrazzo, Buenos Aires
Horst Götz, Taunus-Zentrum Eschborn
Annemarie Grassmann, Bingen
Karl Heinz Grosse, Heidelberg
Willy Grünlinger, Frankfurt
Eberhard Gümmer, Stolberg
Adalbert Hajtmar, Frankfurt
Angela Hammer, Siegen
Anita Hebel, Frankfurt
Werner Hein, Hamburg
Klaus Herzig, Hamburg
Günter Hirsch, Frankfurt
Dr. Gerhard Holland, Regensburg
Johann Huber, Munich
Reinhilde Jagos, Frankfurt
Elisabeth Keller, Frankfurt
Barbel Klein, Kiel
Hans Georg Knigge, Braunschweig
Marlies Kramer, Hamburg
Horst Krüger, Hanover
Horst Krutski, Taunus-Zentrum Eschborn
Hannelore Kühnau, Ingolstadt
Hans Küsters, Düsseldorf
Kurt Lang, Mannheim
Walter Leber, Wiesbaden

Adolf Lechner, Frankfurt
Fritz Leger, Reutlingen
Manfred Leisegang, Kassel
Gerd Leisten, Düsseldorf
Karl Marx, Goch
Wolfgang Meier, Cologne
Otto Muhle, Hanover
Heinz Naderwitz, Stuttgart
Pankratz Nikol, Frankfurt
Heinz Peter Nordmann, Friedrichshafen
Ursula Perlo, Düsseldorf
Franz Peutler, Straubing
Friedhelm Piort, Cologne
Mananne Planker, Düsseldorf
Willy Plaskon, Mannheim
Hanne Pohl, Heller, Dortmund
Herta Reese, Kiel
Karl-Heinz Rempe, Stuttgart
Wolfgang Rode, Braunschweig
Gunter Sasse, Kassel
Ulrich Sobert, Herne
Heinrich Schmitz, Mönchengladbach
Rolf Schoppe, Hanover
Ernst Schuster, Leverkusen
Gunter M. Schwarzell, Cologne
Erwin Schwenk, Freiburg
Ivonne Stockhofe, Coburg
Rolf Stopp, Frankfurt
Friedrich Stoppel, Offenbach
Friedrich Strack, Mannheim
Mananne Vespor, Leverkusen
Kurt P. Wagner, Cologne
Ursula Wawro, Frankfurt
Jürgen Wittmoser, Frankfurt
Margarita C. Yannuzzi de Haidar, Buenos Aires

We mourn the passing away of 237 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 *volume of business* (balance sheet total + endorsement liabilities) expanded by DM 10.7 bn. in 1981, totalling DM 118.2 bn. at the end of the year. After a particularly low rate of growth of 6.4% in the previous year, the business volume grew by 10.0% in the year under review. Excluding the rise in endorsement liabilities and own drawings in circulation, which grew by DM 0.5 bn., the bank's *balance sheet total* expanded by DM 10.2 bn. = 9.8% to DM 114.5 bn.

Looking at developments over the year, the seasonal lull of the first two months had already been made good by the end of April; business was lively until mid-year, then slackened off in autumn; it was only towards the end of the year that the volume of business expanded more strongly again.

The expansion was attributable to the strong inflow of funds from outside sources – including in particular customers' deposits; with an only slight increase in total credit extended, this resulted in an intensification of interbank business. Further details on the most important balance sheet movements, according to source and use of funds, are given in the financing balance on page 50.

Turnover on the accounts of our non-bank customers increased by 9.5% to DM 3,459 bn. With an effective workforce of 34,100, more than 17,500 business transactions and an average turnover of DM 100 m. were recorded per employee.

The following changes took place in the balance sheet:

Assets	DM m.
Cash reserve	— 845
Cheques and other items received for collection	+ 114
Bills of exchange	— 477
Claims on banks	+ 8,081
Treasury bills and discountable	
Treasury notes	+ 2
Bonds and notes	+ 195
Other securities	+ 91
Claims on customers	+ 3,215
short and medium term	+ 4,166
long term (4 years or more)	— 951
Subsidiaries, associated companies and trade investments	+ 148
Land and buildings	— 26
Office furniture and equipment	+ 17
Other assets	— 289
Remaining assets	+ 1
Balance sheet total	+ 10,227
Liabilities	DM m.
Liabilities to banks	+ 1,716
Liabilities to customers	+ 7,541
including: time deposits	+ 7,358
savings deposits	+ 725
Bonds and notes	— 554
Own acceptances and promissory notes outstanding	+ 249
Provisions	+ 575
Own funds (share capital and disclosed reserves)	+ 475
Remaining liabilities	+ 225
Balance sheet total	+ 10,227

Liquidity

At balance sheet date our cash reserve amounted to DM 6.7 bn.; *cash liquidity* in relation to total liabilities to banks and customers, bonds and notes as well as own acceptances, promis-

sory notes and other liabilities totalling DM 104.9 bn. came to 6.4% (previous year: 7.8%).

Total liquid funds of DM 20.8 bn. in relation to the aforementioned liabilities gave *overall liquidity* of 19.8% (previous year: 22.2%). The decline reflects the increase in interest arbitrage and money market transactions with matching maturities which as such do not require any direct liquidity provision.

The composition of liquid funds and liabilities is set out in the following table:

	End of 1981 DM m.	End of 1980 DM m.
Cash on hand	421.6	431.6
Balance with Deutsche Bundesbank	6,194.3	7,008.1
Balances on postal cheque accounts	63.6	84.1
<i>Cash reserve</i>	6,679.5	7,523.8
Cheques, items received for collection	704.7	590.9
Bills of exchange rediscountable at Deutsche Bundesbank	1,427.9	1,747.7
Claims on banks payable on demand	6,467.9	5,461.0
Treasury bills and discountable		
Treasury notes	614.2	612.4
Bonds and notes eligible as collateral for Bundesbank advances	4,861.2	5,360.6
<i>Total liquid funds</i>	<u>20,755.4</u>	<u>21,296.4</u>
Liabilities to:		
banks	35,732.1	34,016.1
customers	64,697.9	57,157.5
Bonds and notes	3,081.5	3,635.0
Own acceptances and promissory notes outstanding	1,381.9	1,133.6
Other liabilities	56.9	48.6
<i>Total liabilities</i>	<u>104,950.3</u>	<u>95,990.8</u>

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 at all times in the year under review.

Assets

Securities

We increased our holdings of *bonds and notes* only marginally in the year under review by DM 0.2 bn. = 3.1% to DM 6.6 bn. Of this, DM 4.9 bn. = 74% was eligible as collateral for Deutsche Bundesbank advances.

Securities not to be shown elsewhere amounted to DM 2,249 m.; shares with syndicate commitments of DM 430 m. were included here. 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. The balance sheet value of holdings of more than 10% in the share capital of a company amounts to DM 1,259 m., with shares of at least 25% of capital accounting for DM 1,221 m. of this.

Our following holdings 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
Pittler 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.

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

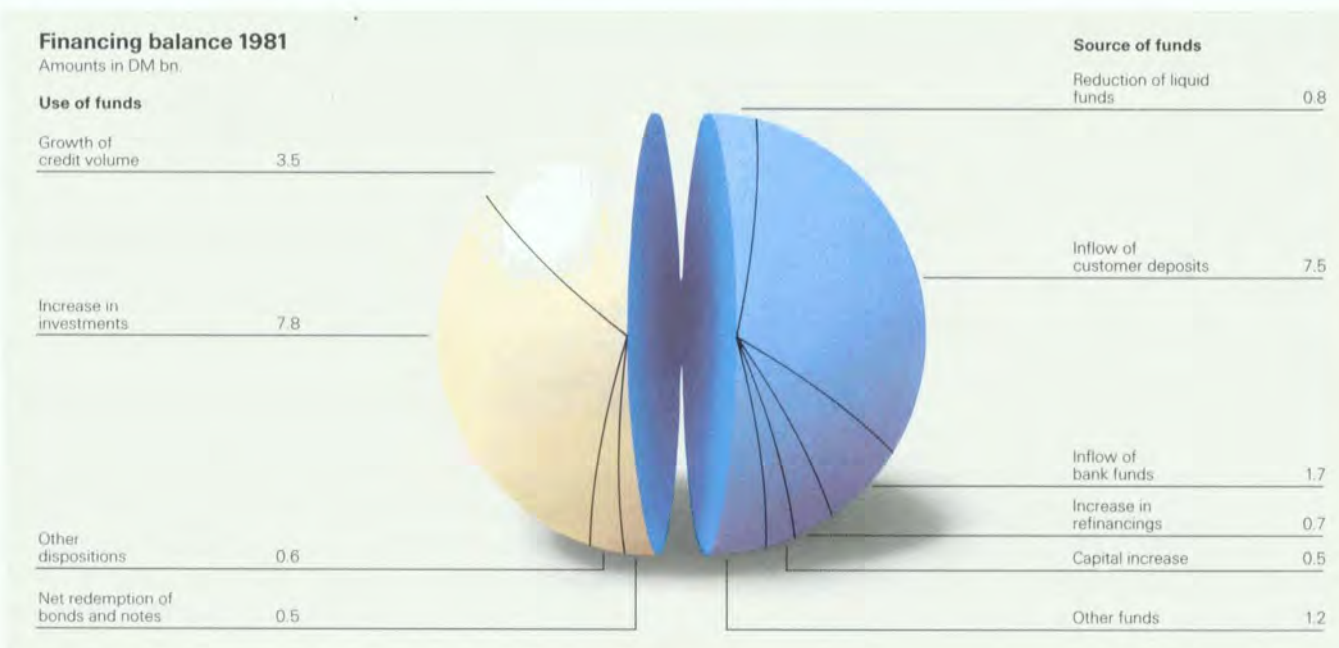
<i>Total credit extended</i>	End of 1981		End of 1980		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	31,161	45.4	26,995	41.5	+ 4,166	= 15.4
long-term (4 years or more)	24,928	36.3	25,879	39.8	- 951	= 3.7
	56,089	81.7	52,874	81.3	+ 3,215	= 6.1
Discounts	6,416	9.4	6,420	9.9	- 4	= 0.1
Lendings to banks	6,086	8.9	5,761	8.8	+ 325	= 5.6
Total credit extended	68,591	100.0	65,055	100.0	+ 3,536	= 5.4

Total credit extended

With growth of DM 3.5 bn. = 5.4%, the expansion of *total credit extended* was considerably weaker than in the previous year (DM 7.8 bn. = 13.5%). It is almost entirely attributable to the rise in cash lendings to customers (+DM 3.2 bn. = 6.1%), since, owing to the limited refinancing possibilities at the Deutsche Bundesbank, we

kept discounts at the previous year's level and lendings to banks only increased slightly.

Claims on customers rose to DM 56.1 bn. in the past year. At DM 4.2 bn. = 15.4%, there was pronounced growth in short and medium-term claims on customers. Long-term claims on customers, on the other hand, dropped by roughly DM 1 bn. = 3.7% since our customers showed



restraint in the long term consolidation of their credit requirements in the hope of a reduction in interest rates.

The rise in claims on customers was due above all to the continuing growth of our foreign credit volume (+ 17.5%), some 50% of which is now accounted for by borrowers in the host countries of our foreign branches. Standardized lending business with private customers (standardized private loans and loans in the BauKreditSystem) also continued to expand, although the rate of growth (+ 5.7%) declined once again against the previous year (+ 11.7%) owing to a drop in demand for personal loans. Our lendings in classical credit business with domestic corporate customers declined by 1.2%.

Claims on banks recorded a particularly high rate of growth (+ 30.9%) on account of increased money market business, rising by DM 8.1 bn. to DM 34.2 bn., with DM 6.8 bn. of the expansion being accounted for by funds invested for a limited period. Claims payable on demand, arising from clearing balances and call money, increased by 18.2% to DM 6.5 bn. In line with our position in international payment and money market business, 81% of claims on banks are on foreign credit institutions.

At the end of 1981, 53% of long-term claims on customers were due in less than four years or had already been sold forward to third parties; for long-term claims on banks this figure was 66%.

Funds for specific purposes from public lending programmes totalling DM 2.4 bn., which were placed at our disposal mainly by the Reconstruction Loan Corporation, were transmitted to the borrowers on the terms fixed by the lenders.

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

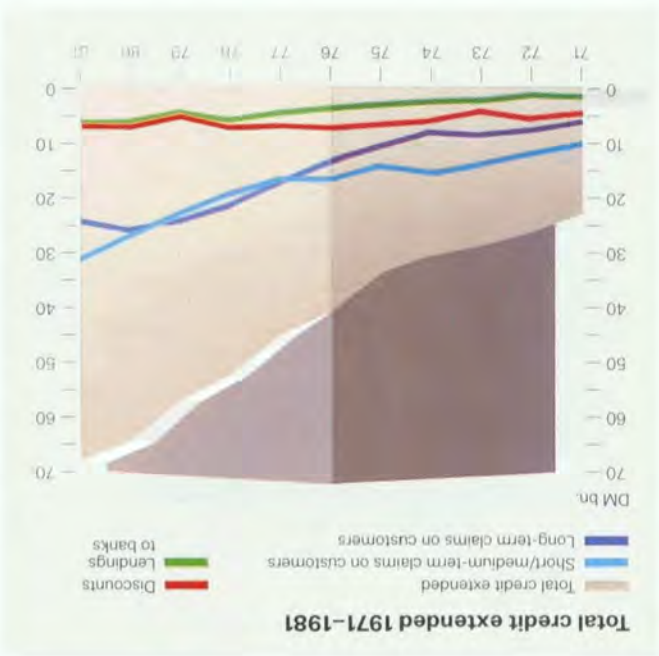
The *breakdown* of our total lendings to domestic and foreign customers by sector is based on

the system applied in the borrower statistics of Deutsche Bundesbank:

Breakdown of customer credits (claims and discounts) by sector as at year's end		
	1981	1980
Steel construction, mechanical engineering and vehicle manufacture; manufacture of office equipment, data processing equipment and systems	7.1%	7.9%
Electrical engineering, precision and optical goods; production of hardware, musical instruments, sports equipment, jewellery; photographic and film laboratories	5.0%	5.8%
Metal production and processing	3.9%	3.9%
Chemical industry, production and processing of nuclear fuels, petroleum processing	3.7%	3.7%
Leather, textile and clothing manufacture	2.7%	3.1%
Wood, paper and printing trades	2.6%	2.6%
Food industry, tobacco processing	1.8%	1.8%
Other industries	2.5%	2.7%
Manufacturing industry, total	29.3%	31.5%
Trade	13.8%	14.2%
Other business sectors and public authorities	29.9%	27.1%
Private borrowers (other than self-employed)	27.0%	27.2%
	100.0%	100.0%

As shown by the following *breakdown according to size*, credits in the middle range of more than DM 100,000 also increased further in the past year; the fall in credits up to DM 10,000 is due to the balance sheet date.

The diagram overleaf shows the development of our lending business (excl. guarantees) since 1971. In 10 years total credit extended expanded by DM 45 bn. The share of long-term claims on customers gained particularly in importance. It was only in the year under review that long-term lendings fell, since the outstanding amount of credit granted in the preceding low-interest phase was reduced in line with the repayment of long-term refinancing funds. Lending to banks in-



creased, particularly in international business. Discounts, on the other hand, lost further in importance. All the limits for large credits established in Section 13 Banking Act were again observed in the past year.

Sufficient provision was made for all discernible risks in lending business through adjustments and provisions both for individual borrowers and for country risks. A general provision in the prescribed amount was made for latent risks.

This 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 these categories and are thus not intended as business participations in accordance with the principles described above, in particular the blocks of shares listed on page 49, are shown in the balance sheet under securities or – if they are not documented in security form – under other assets.

The complete register of our subsidiaries, as associated companies and trade investments, as shown on pages 112 to 114 of this report. The

Subsidiaries, associated companies and trade investments

In addition there is an undisclosed reserve in accordance with Section 26a Banking Act.

Number of customer commitments		End of 1981		End of 1980	
up to DM 10,000	more than DM 10,000	731,883 = 62.7%	354,543 = 30.4%	797,557 = 63.8%	376,279 = 30.1%
up to DM 100,000	more than DM 100,000	74,616 = 6.4%	6,519 = 0.5%	70,056 = 5.6%	6,172 = 0.5%
up to DM 1,000,000	more than DM 1,000,000	1,167,561 = 100.0%		1,250,064 = 100.0%	

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. Business developments at selected subsidiaries, associated companies and trade investments are also reported on pages 41 f.

The book value of our *Subsidiaries, associated companies and trade investments* was DM 1,829.1 m. at year's end; holdings in banks accounted for DM 1,562.5 m. and bank holding companies DM 213.2 m.

The additions since the previous year amounting to DM 159.5 m. relate mostly to capital increases (DM 104.6 m.), as well as new companies (DM 30.6 m.), capital inpayments (DM 15.0 m.) and additional purchases (DM 9.0 m.). The disposals of DM 2.0 m. are due primarily to the sale, already completed at the turn of 1980/81, of shares in Frankfurter Bodenkreditbank AG, Frankfurt am Main. Write-downs of foreign subsidiaries, associated companies and trade investments were necessary in the amount of DM 8.9 m., partly on account of exchange rate movements.

We would like to mention the following noteworthy changes:

Capital increases

European Asian Bank AG, Hamburg
Handelsbank in Lübeck AG, Lübeck
H. Albert de Bary & Co. N.V., Amsterdam
Deutsche Bank Compagnie Financière
Luxembourg S.A., Luxembourg
HOSTRA Beteiligungsgesellschaft mbH,
Düsseldorf
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart
EDESA S.A. Holding, Luxembourg

New companies

Deutsche Bank (Canada), Toronto
Deutsche Bank Finance N.V., Curaçao

Capital inpayments

German American Capital Corp., Baltimore

Additional purchases

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

Sale

Frankfurter Bodenkreditbank AG,
Frankfurt am Main

Fixed assets

Land and buildings declined to DM 730.7 m. Of the additions totalling DM 55.5 m., DM 31.8 m. stems from new buildings and renovations and DM 23.7 m. from the acquisition of land. The book value of the sales executed in the year under review was DM 20.6 m.

Depreciation for wear and tear totalled DM 35.6 m. Furthermore DM 24.7 m. was offset in accordance with the regulations set out under Section 6b Income Tax Act – DM 17.6 m. of which from tax-privileged profits on sales in the year under review – and DM 0.7 m. from the replacements reserve.

The purchases relate primarily to the land, which we have acquired from Frankfurter Hypothekenbank AG, adjoining the bank's new building in Taunusanlage in Frankfurt am Main. This new building, which is being constructed by Deutsche Grundbesitz-Beteiligungsgesellschaft Dr. Fischer-Dieskau & Co. – Anlagefonds 1 – KG, Frankfurt am Main and will be the future location

of our Central Office, is progressing according to plan and should be ready by the end of 1984. We sold the bank's premises in Junghofstrasse 5-11, which will be vacated at that time, to Frankfurter Hypothekbank AG.

Furthermore, property no longer required in Cologne, Duisburg, Gummersbach, Koblenz and Ludwigsburg was sold. We were able to move into the new branch premises in Bensheim and Offenburg. Work commenced on enlarging the buildings in Krefeld, Reutlingen and Villingen. Premises constructed under leasing contracts for the Koblenz and Ludwigsburg Branches were completed. The bank now uses 7 leased properties with a value of DM 122.7 m.; rental costs under leasing contracts amounted to DM 12.1 m. Advance rent amounting to DM 17.5 m. was paid for two large building projects in progress in Düsseldorf and Frankfurt (Taunusanlage).

Office furniture and equipment is shown at DM 292.8 m. after additions of DM 100.3 m., depreciation of DM 83.3 m. and disposals of DM 0.1 m. Additions and depreciation include minor items worth DM 11.6 m. acquired in 1981.

Other asset items

Recovery claims on Federal and Länder authorities under Currency Reform Acts show a book value of DM 273.1 m. after the scheduled repayment of DM 11.8 m. and the assumption of DM 3.5 m. by the Deutsche Bundesbank. Equalization claims account for DM 271.7 m., recovery claims pursuant to Section 252 Equalization of Burdens Act total DM 1.4 m.

Loans on a trust basis were reduced marginally on both sides of the balance sheet and are reported at DM 227 m. These are loans transmitted for specific purposes under our name for third-party account.

The item *Other assets* contains claims and assets which have arisen outside current banking business and which do not have to be shown elsewhere on the assets side. The item primarily shows precious metal holdings, coins and medallions as well as share rights not documented by securities and which we do not regard as business participations. The book value of holdings of at least 25% in the capital of a company totalled DM 470.3 m.

Through the holding companies listed opposite we participate indirectly in holdings of at least 25% of the capital of joint stock corporations which, according to balance sheet regulations, cannot be shown under securities; only in one case does our share come to more than one quarter of the corporation's share capital.

The table includes Consortia Versicherungs-Beteiligungsgesellschaft mbH, Frankfurt am Main, founded in 1981, which holds 25% of Nürnberger Lebensversicherung AG, Nuremberg.

Through Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main, which acted on a trust basis, we participated last year in the foundation of Gesellschaft für Elektrowerte mbH, Frankfurt am Main, taking up one third of the shares. This company holds 49% of the shares of Olympia Werke AG, Wilhelmshaven, which were taken over from the capital increase.

At the turn of 1981/82, we reduced our reported holding of 33⅓% in Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich, to 25% by selling 8⅓%.

With effect from the turn of the year 1981/82, we also sold our 50% share in the holding company Komet Automobil-Beteiligungsgesellschaft mbH, Frankfurt am Main, which had been founded in 1978 in connection with the place-

Holding company	holds at least 25% of:
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich our share 33⅓% –	Metallgesellschaft AG, Frankfurt am Main
Consortia Versicherungs-Beteiligungsgesellschaft mbH, Frankfurt am Main our share 25% –	Nürnberger Lebensversicherung AG, Nuremberg
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
Gesellschaft für Elektrowerte mbH, Frankfurt am Main our share 33⅓% –	Olympia Werke AG, Wilhelmshaven
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.)
Rossmann Beteiligungsgesellschaft mbH, Frankfurt am Main our share 60% –	Didier-Werke AG, Wiesbaden

ment of shares of Mercedes-Automobil-Holding AG, Frankfurt am Main.

For details of the development of the corporations named we refer you to their annual reports.

Own shares

At the end of 1981, we held 8,797 Deutsche Bank shares of DM 50 par value (= 0.04% of our share capital), of which 2,880 were new Deutsche Bank shares. These shares were purchased at an average price of DM 263.06 for the old shares and DM 260.21 for the new shares so that they could be offered to the staff of the bank and its domestic Group companies as staff shares in accordance with Section 71 (1) 2 Joint Stock Corporation Act.

The dates of purchase were: 11. 12. 1981 77 shares; 15. 12. 1981 23 shares; 17. 12. 1981 136 shares; 18. 12. 1981 40 shares; 21. 12. 1981 1,817 shares; 22. 12. 1981 1,328 shares; 23. 12. 1981 2,136 shares; 28. 12. 1981 2,038 shares; 29. 12. 1981 36 shares; 30. 12. 1981 1,166 shares.

In May 1981, we and our domestic subsidiaries passed on the 3,040 Deutsche Bank shares of DM 50 par value shown in last year's balance sheet at an average purchase price of DM 280.50 as well as 123,436 Deutsche Bank shares of DM 50 par value purchased at an average price of DM 286.94 (= 0.50% of our share capital) as staff shares to staff and pensioners at the preferential price of DM 137.–. 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 1,943,255 Deutsche Bank shares – spread over the entire business year – of DM 50 par value each at current market prices with an average purchase price of DM 275.95 and sold them again at an average price of DM 277.05. Own shares sold in this manner in the course of the year were equivalent to 7.89% of our share capital. The average daily holding of these shares amounted to 0.08% of our share capital. The sales proceeds remained in our working funds.

The highest daily holding of our own shares to result during the past financial year from the above-mentioned purchase and sale transactions was 168,953 shares = 0.69% of our share capital.

93,565 Deutsche Bank shares with a par value of DM 50 each (= 0.38% of our share capital) were pledged to the bank and its related companies as credit security as at 31. 12. 1981.

Liabilities

Funds from outside sources

At DM 8.7 bn. (+ 9.2%), the growth in *Funds from outside sources* stemming from customers and banks as well as from bonds and notes was stronger than in the two preceding years. Customers' deposits rose by DM 7.5 bn. = 13.2%, banks' deposits by DM 1.7 bn. = 5.0%. Own bonds and notes in circulation are shown DM 0.6 bn. = 15.2% lower. Total Funds from outside sources have a balance sheet value of DM 103.5 bn.

Liabilities to banks totalled DM 35.7 bn. at the end of 1981. More than four-fifths of these liabilities were to foreign banks.

Our *Customers' deposits* (liabilities to customers) rose by DM 7.5 bn. to DM 64.7 bn. At 13.2%, the rate of growth almost doubled compared to the previous year. While *demand deposits* declined by DM 0.5 bn., *time deposits* – in particular short term time deposits – rose by DM 7.4 bn. = 31.6%. Foreign investors accounted for two-thirds of this increase.

At DM 725 m. = 3.7%, the rise in *Savings deposits* – totalling DM 20.4 bn. – was more or less at the level of the previous year, even though in the course of the year under review premium-bearing and wealth forming savings agreements totalling roughly DM 1 bn. were released, only part of which was put back on savings accounts. The growth was registered exclusively on accounts with legal periods of notice (+ 8.6% to DM 11.8 bn.), the other types of savings deposit declined marginally (– 2.4% to DM 8.6 bn.).

Total new saving in 1981 (account saving, sales of savings certificates and net purchases of secu

<i>Funds from outside sources</i>	End of 1981		End of 1980		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	8,579	8.3	7,264	7.7	+ 1,315 = 18.1	
time deposits	26,962	26.0	26,429	27.9	+ 533 = 2.0	
customers' drawings on other banks	191	0.2	323	0.3	- 132 = 41.0	
	<u>35,732</u>	<u>34.5</u>	<u>34,016</u>	<u>35.9</u>	<u>+ 1,716 = 5.0</u>	
Liabilities to customers						
payable on demand	13,691	13.2	14,233	15.0	- 542 = 3.8	
time deposits	30,654	29.6	23,296	24.6	+ 7,358 = 31.6	
savings deposits	20,353	19.7	19,628	20.7	+ 725 = 3.7	
	<u>64,698</u>	<u>62.5</u>	<u>57,157</u>	<u>60.3</u>	<u>+ 7,541 = 13.2</u>	
Bonds and notes	3,081	3.0	3,635	3.8	- 554 = 15.2	
Total funds from outside sources	<u>103,511</u>	<u>100.0</u>	<u>94,808</u>	<u>100.0</u>	<u>+ 8,703 = 9.2</u>	

rities via savings accounts) totalled DM 3.5 bn. after a rise of 12.8%; this growth was – as the ten-year survey on page 38 shows – due increasingly to savings in securities (DM 2.9 bn.).

The diagram on the right shows the development of customers' deposits over the last ten years.

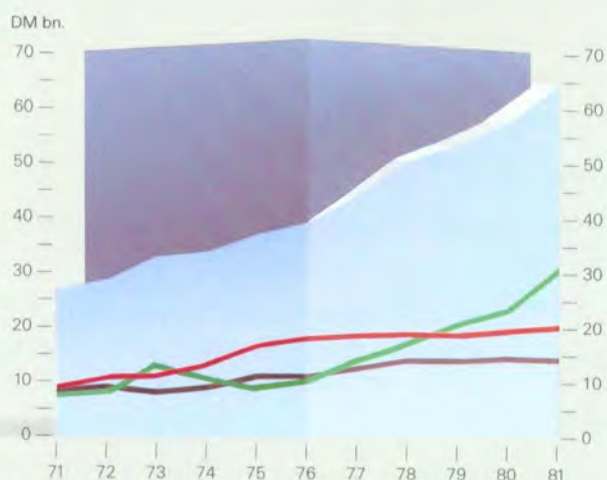
We have adjusted flexibly to the refinancing requirements of our lending business from year to year through increasing use of customers' time deposits. Customers' time deposits more or less quadrupled in this period, while savings deposits only doubled. Growth in sight deposits, on the other hand, was smaller; their share in customers' deposits declined from just under one-third to roughly one-fifth.

Our gold and silver certificates in circulation, for which we held the corresponding quantities of precious metals as cover, are included with DM 167 m. (previous year: DM 284 m.) under liabilities to customers payable on demand.

Our obligations stemming from Certificates of Deposit, issued with short and medium-term

Customers' deposits 1971–1981

■ Total customers' deposits
■ Time deposits
■ Demand deposits
■ Savings deposits



maturities to banks and non-banks by our foreign branches, increased by DM 1.2 bn. to DM 2.1 bn.; these certificates, used increasingly to refinance our foreign assets, are mainly bearer certificates, which, unlike other bonds and notes, are shown under liabilities to customers and banks on the instructions of the Federal Banking Supervisory Office.

Own *Bonds and notes* in circulation fell further to DM 3.1 bn. (previous year: DM 3.6 bn.). On account of the unchanged high level of interest rates, we only replaced part of the maturing paper with new securities. The total amount includes DM 77 m. of bearer savings certificates with a maturity of five years and a rising nominal interest rate, as well as for the first time Commercial Papers issued by foreign branches totalling DM 289 m.

After an increase of DM 0.2 bn., *Own acceptances and promissory notes* in circulation totalled DM 1.4 bn. at balance sheet date. The amount consists mainly of acceptance credits of our foreign branches and promissory notes issued by our Tokyo Branch in accordance with Japanese money market practice to finance customer credits.

Provisions

Provisions for contingent liabilities total DM 2,867 m.

DM 120 m. had to be added to *Provisions for pensions* included here, which are shown at the part value based on actuarial opinion; they now total DM 1,269 m.

Other provisions amount to DM 1,598 m. Besides provisions for possible loan losses, taxes

and other contingent liabilities, they also contain the prescribed general provision, in so far as it cannot be deducted from asset items.

Other liability items

The *Other liabilities* of DM 56.7 m. contain liabilities which have arisen outside the scope of banking business, including wage tax, church tax and social security contributions to be transferred.

Endowments and benevolent funds contained liabilities of DM 0.2 m. to the Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Frankfurt am Main, and the Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH Unterstützungskasse, Frankfurt am Main. The endowment assets of the two institutions amounted to DM 6.5 m. as at 31. 12. 1981, of which DM 6.3 m. was invested in securities.

Under *Deferred items on the liabilities side*, we show income of DM 1,252 m. already received but imputable to future reporting years, in particular discounts on long-term loans as well as deferred interest and handling fees in connection with standardized lending business.

Special items with partial reserve character

The *Special items with partial reserve character* total DM 64.6 m.

The *Reserve in accordance with the Tax Act regarding Developing Countries* declined to DM 14.4 m. after the writing back of DM 1.8 m. and marginal allocations.

The *Reserve in accordance with Section 6b Income Tax Act* of DM 7.1 m. at the end of 1980 was written back and used for depreciation on land and buildings. Of the profits accrued in the year

under review from the sale of securities and real estate, DM 50.2 m. was allocated to the reserve and DM 17.6 m. offset against purchase and construction costs for land and buildings.

The *Replacements reserve* in accordance with Paragraph 35 Income Tax Directive, shown in the previous year at DM 0.7 m., was used for its intended purpose.

Comments

Own drawings in circulation are shown at DM 73.3 m.; they are used exclusively for the financing of foreign trade in connection with transactions of our foreign branches.

Endorsement liabilities on rediscounted bills of exchange amounted to DM 3.6 bn. at the end of the year. Bills in the amount of DM 191 m. were in the process of collection outside the bank.

Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements again registered a considerable increase; they rose by DM 2.9 bn. = 16.1% to DM 21.2 bn., in particular because of guarantees issued in foreign business.

At year's end, *Commitments from the sale of assets subject to repurchase agreements* stood at DM 160 m.

Miscellaneous liabilities

Liabilities for possible calls on shares not fully paid up in private and public limited companies and other shares were recorded at DM 40.7 m.; our joint liabilities for third-party obligations pursuant to Section 24 "GmbH" Act amounted to DM 12.1 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.

Profit and Loss Account

Earnings on the volume of business

The discontinuation of lombard credit by the Deutsche Bundesbank and the introduction of the special lombard in the second half of February resulted in a further rise in the interest level in 1981. By consistently adjusting debit interest rates to the increased interest rate level for time deposits and by procuring refinancing funds strictly in accordance with requirements, the bank succeeded in improving the domestic interest margin. The foreign branches were also able to record higher margins.

The growth in the average volume of business was 7.0% after 13.7% in the previous year. The decline is attributable to the smaller expansion of total credit extended by the bank's domestic net work.

With an increase of just under 22% in both total interest income and interest expenses, earnings on the volume of business rose by 21.4%. Apart from the increased earnings stemming from the growth in volume, the improvement in the interest surplus reflects the rise in the overall interest margin from 2.59% (1980) to 2.93%.

Owing to the higher interest on bonds, current income from fixed-interest securities and Government-inscribed debt rose by DM 116.1 m. Income from other securities and from subsidiaries, associated companies and trade investments totalling DM 370.6 m. (incl. tax credits) was mostly received from shareholdings of 25% or more.

Total *Earnings on the volume of business* amounted to DM 3,402.7 m. in 1981, that is DM 599.5 m. more than in 1980. They exceeded staff and other operating expenses, which had risen to DM 2,748.9 m., by DM 653.8 m.

Earnings on the volume of business developed as follows:

	1981 DM m.	1980 DM m.	Change
Interest income from lending and money market transactions	10,495.4	8,618.4	+21.8%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments	880.9	728.9	+20.8%
Total interest income	11,376.3	9,347.3	+21.7%
Interest expenses	7,973.6	6,544.1	+21.8%
Earnings on the volume of business	3,402.7	2,803.2	+21.4%

Earnings on services

After deduction of *Commissions paid*, the bank recorded a surplus of DM 892.0 m. from *Commissions and other service charges received*, i.e. DM 85.1 m. more than in the previous year.

On account of the expansion in securities and foreign business, earnings in these sectors increased further. But as a result of the unfavourable market situation, earnings from precious metals business with customers no longer matched the good figures of the previous year. In payment business, the first full year of the standard basic charge on personal accounts introduced on July 1, 1980, resulted in higher amounts received for services rendered.

Staff and other operating expenses

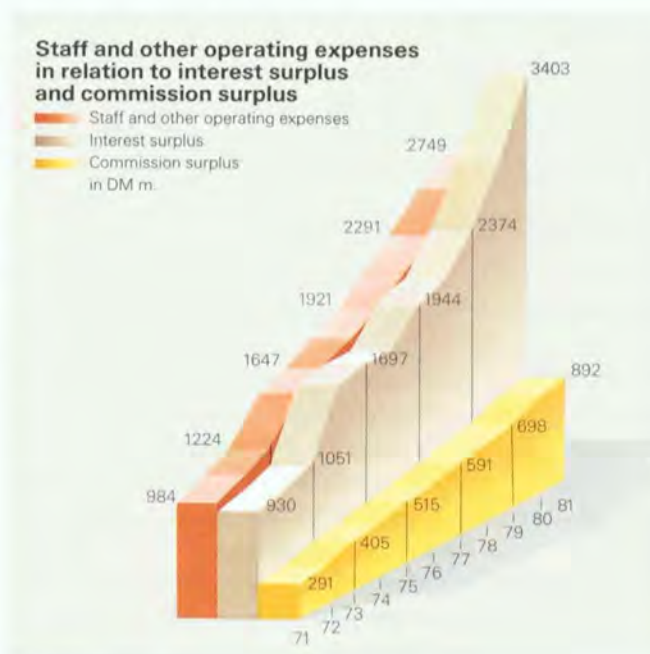
Compared with the previous year, the rate of increase in staff and other operating expenses decreased from 12.6% to 6.6%. The main reason for this was the slower rise in personnel costs and other operating expenses in the bank's domestic network. Staff and other operating expenses also dropped slightly overall at the foreign branches, mainly owing to the devaluation of the Argentinian peso. Total *Staff and other operating expenses* rose by DM 170.1 m. in 1981 (1980: + DM 288.4 m.) to DM 2,748.9 m., 77% of which was accounted for by personnel costs.

Staff expenses (salaries and wages, compulsory social security contributions, expenses for pensions and other employee benefits) totalled DM 2,106.8 m. The DM 131.0 m. increase resulted mainly from the rise of 4.8% flat (1980: + 6.8%) in agreed-scale salaries and in the corresponding adjustments to salaries not covered by the agreed scale. One of the reasons for the DM 18.5 m. increase in expenses for pensions and other employee benefits was the adjustment of current pensions to the level of prices.

Other operating expenses rose by DM 39.1 m. to DM 642.1 m. The increase is due above all to higher rents for bank premises (incl. property leased by the bank), increased prices for energy supplies and incremental expenses for business operating costs of all types. Rental expenditure for data-processing equipment, on the other hand, decreased for the first time, i. a. because previously rented equipment was purchased by the bank.

Operating result

The *Operating result*, i. e. the surplus on current business incl. own-account trading, improved by 29.7% after 28.0% in the previous year. The decisive factor behind the renewed rise in the result was interest business and here the overall interest margin which for the first time since the mid-70's returned to a tolerable level. To this can be added the gratifyingly higher contributions made by services business and own-account trading in securities as well as the smaller rise in staff and other operating expenses. It was almost possible to maintain the good earnings of the previous year in own-account trading in foreign exchange. Profits from own-account trading in precious metals, on the other hand, remained below the results in 1979/1980 owing to the unfavourable



vourable market development. Overall profits from own-account trading were roughly one-tenth below the exceptionally high level of the previous year.

Other income including income from the writing back of provisions for possible loan losses

All earnings which cannot be listed under another earnings item must be shown under *Other earnings*. These include in particular profits from own-account trading in securities, foreign exchange and precious metals, from the sale of securities and fixed assets as well as adjustments no longer needed in lending business. In the year under review, the bank made full permissible use of the possibility offered under Section 4 of the Order concerning Banks' Statements of Accounts to offset write-downs of and adjustments to claims and securities against profits and income. Other income then totalled DM 377.2 m. (1980: DM 392.5 m.).

Depreciation and adjustments

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* rose from DM 541.5 m. to DM 915.4 m. These expenses reflect the risk provision, explained on pages 34 f, in connection with our worldwide lending business. Furthermore, in observance of the minimum value principle, fixed-interest securities and shares had to be written down slightly.

Depreciation on and adjustments to land and buildings and office furniture and equipment came to DM 144.3 m., i. e. DM 35.7 m. more than in the previous year. Of this, DM 24.7 m. was special depreciation pursuant to Section 6b Income Tax Act and DM 0.7 m. stemmed from the use of the replacements reserve.

Write-downs of and adjustments to Subsidiaries, associated companies and trade investments of DM 8.9 m. relate exclusively to valuation corrections to foreign shares.

Remaining expenses

The *Other expenses* of DM 62.3 m. contain, among other things, allocations to provisions, in so far as they do not concern lending business, as well as write downs of share rights included under other assets.

Total emoluments of the Board of Managing Directors amounted to DM 12,900,025.36. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received a total of DM 3,677,910.40. A fixed payment of DM 289,980 was made to the Supervisory Board. The dividend-related emoluments of the Supervisory Board amounted to DM 900,590.21. Members of the Advisory Board received DM 447,480 and members of the Regionary Advisory Councils DM 3,190,666.

Taxes

Taxes on income and assets rose by DM 67.5 m. to DM 542.0 m. The increase is largely due to domestic income taxes.

Other taxes of DM 11.3 m. include DM 4.7 m. company tax from the 1981 capital increase.

Proposed appropriation of profits

The Profit and Loss Account closes as follows:

Income	DM	12,723,949,765
Expenses	DM	12,481,982,589
Net income for the year	DM	241,967,176
Allocation to reserve for own shares	DM	1,440,396
Distributable profit	DM	240,526,780

It will be proposed to the shareholders that a dividend of DM 10 per share of DM 50 par value, i. e. DM 240,526,780, be paid on the share capital of DM 1,232,133,900, with DM 118,000,000 worth of shares from the capital increase of April 1981 being entitled to three-quarters of the dividend. Together with the imputable corporation tax of DM 5.63 per old share, this gives total income for our domestic shareholders of DM 15.63 per DM 50 share.

Capital and reserves

On May 16, 1979 the Ordinary General Meeting had authorized the Board of Managing Directors to increase the share capital by a total of DM 200 m. with the consent of the Supervisory Board once or more than once until April 30, 1984 through the issue of new shares against cash payment, with pre-emptive rights being granted to the shareholders. This authorization was utilized in October 1979 for an amount of DM 74 m. and again in April 1981 for a further part amount of DM 118 m. A resolution of the Ordinary General Meeting of May 14, 1981 cancelled the still unutilized part of the authorization totalling DM 8 m. At the same time new authorized capital of up to DM 250 m. was created at the same conditions. The authorization expires on April 30, 1986.

Shareholders and the holders of warrants from the 4½% US Dollar Bonds with Subscription Rights of 1977/1987 issued by Deutsche Bank Compagnie Financière Luxembourg were offered the new shares from the 1981 capital increase at 1 for 10 at a price of DM 200 per DM 50 share. The respective premium of DM 354 m. as well as additional proceeds of DM 1,649,340 from the sale of the residual amount and new shares not taken up were transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act. With the capital increase we not only took account of the further growth in the volume of business but also prepared ourselves for the consolidation regulations expected in connection with the revision of the Banking Act.

DM 1,440,396 from net income for the year had to be allocated to the reserve for own shares prescribed under Section 150a Joint Stock Corporation Act, which at DM 2,293,116 then corresponded to the amount shown on the assets side of the balance sheet for own shares.

For the reasons stated on page 35, we abstained from making any additional allocation from net income for the year to other reserves (voluntary).

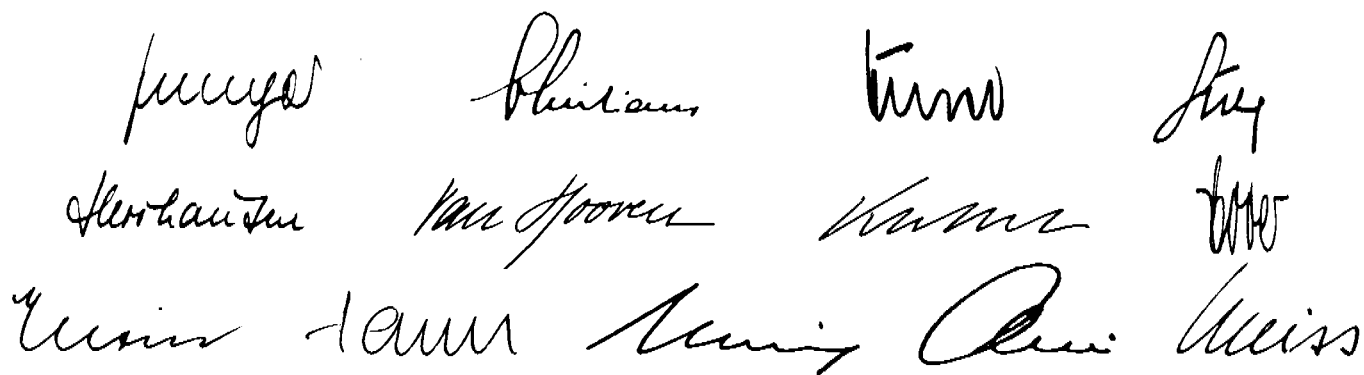
Share capital	DM	1,232,133,900
Disclosed reserves		
a) legal reserve	DM	2,084,329,141
b) reserve for own shares	DM	2,293,116
c) other reserves (voluntary)	DM	1,554,147,280
	DM	4,872,903,437

The bank's own funds were raised by DM 475 m. in 1981 and now total DM 4,872.9 m. The bank's *Own funds* are made up as follows:

Besides the conditional capital of DM 156.1 m. there is authorized capital of DM 250 m.

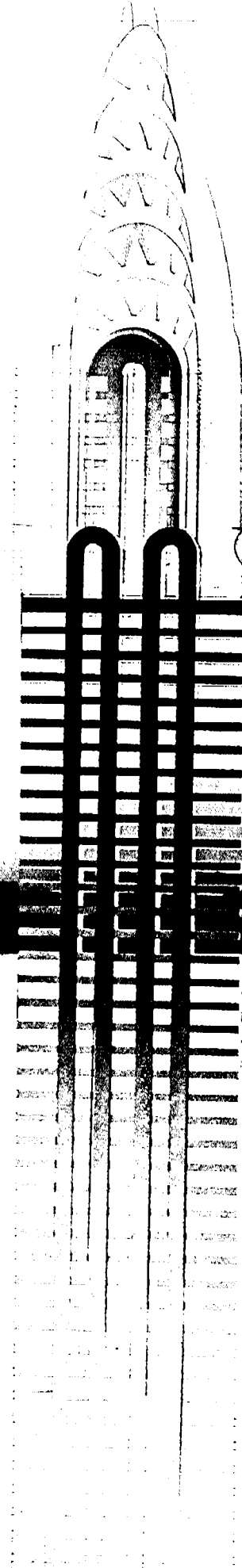
Frankfurt am Main, March 1982

The Board of Managing Directors



 The block contains eight handwritten signatures arranged in two rows of four. The signatures are in cursive and appear to be:

- Row 1: Jungs, Rheinhard, Tunn, Hey
- Row 2: Herthausen, Van Hoover, Kamm, Wier
- Row 3: Weiss, Lamm, Künig, Albrecht
- Row 4: Weiss



Stamen - the Spire

From the side
the form is
rectangular

Chapman Street
St. Louis

St. Louis

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, the matters discussed included topical basic questions of banking, in particular the subject of consolidation, lending business at home and abroad and the associated risks as well as the development of the capital markets. The cyclical and monetary 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 greater 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, 1981, 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.

Frankfurt am Main, March 30, 1982

The Supervisory Board



Chairman

Annual Balance Sheet as of December 31, 1981

**Profit and Loss Account
for the period from January 1 to December 31, 1981**

**Development of the Balance Sheet
from January 1, 1952 to December 31, 1981**

Assets

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1980 in DM 1,000
Cash on hand		421,598,788	431,614
Balance with Deutsche Bundesbank		6,194,274,598	7,008,080
Balances on postal cheque accounts		63,613,842	84,040
Cheques, matured bonds, interest and dividend coupons, items received for collection		704,735,239	590,845
Bills of exchange		2,461,831,974	2,938,803
including:			
a) rediscountable at Deutsche Bundesbank	DM 1,427,850,868		
b) own drawings	DM 241,786,248		
Claims on banks			
a) payable on demand	6,467,940,767		5,461,024
b) with original periods or periods of notice of			
ba) less than three months	9,426,014,410		3,272,926
bb) at least three months, but less than four years	14,621,149,404		13,768,485
bc) four years or more	3,730,751,749		3,662,940
		34,245,856,330	26,165,375
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	—		186,395
b) of other issuers	614,226,883		426,023
		614,226,883	612,418
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 738,215,531		
ab) of banks	DM 317,170,473		
ac) of other issuers	DM 436,687,629	1,492,073,633	2,098,621
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 1,477,796,745		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 401,427,847		
bb) of banks	DM 3,490,004,172		
bc) of other issuers	DM 1,185,162,539	5,076,594,558	4,274,920
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 3,383,448,725	6,568,668,191	6,373,541
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,921,556,477		1,879,444
b) other	327,437,995		278,183
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 1,258,894,647	2,248,994,472	2,157,627
Claims on customers with original periods or periods of notice of			
a) less than four years	31,160,996,730		26,994,733
b) four years or more	24,928,056,069		25,879,699
including:			
ba) secured by mortgages on real estate	DM 5,172,291,286	56,089,052,799	52,874,432
bb) communal loans	DM 2,169,016,035		
due in less than four years	DM 13,224,074,000		
Recovery claims on Federal and Länder authorities under Currency Reform Acts		273,054,605	288,436
Loans on a trust basis at third party risk		226,736,082	232,929
Subsidiaries, associated companies and trade investments		1,829,129,600	1,680,525
including: investments in banks	DM 1,562,487,400		
Land and buildings		730,707,100	756,816
Office furniture and equipment		292,829,000	275,866
Own shares		2,293,116	853
nominal amount	DM 439,850		
Own bonds		18,082,585	7,371
nominal amount	DM 17,763,500		
Other assets		1,471,142,817	1,760,314
Deferred items		16,625,689	6,014
Total Assets		114,473,453,710	104,245,899
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		5,089,087,145	4,583,560
b) claims arising from loans falling under Section 15 (1) 1–6 and (2) of the Banking Act, unless included under a)		1,270,927,716	1,023,291

Balance Sheet as of December 31, 1981

Liabilities

	DM	DM	DM	31. 12. 1980 in DM 1,000
Liabilities to banks				
a) payable on demand		8,579,018,546		7,263,831
b) with original periods or periods of notice of				
ba) less than three months	7,075,747,220			
bb) at least three months, but less than four years	13,718,540,663			
bc) four years or more	<u>6,168,154,697</u>	26,962,442,580		26,429,377
including: due in less than four years	DM 4,949,348,000			
c) customers' drawings on other banks		<u>190,604,684</u>		322,929
			35,732,065,810	34,016,137
Liabilities to customers				
a) payable on demand		13,690,535,101		14,232,976
b) with original periods or periods of notice of				
ba) less than three months	20,332,551,543			
bb) at least three months, but less than four years	6,752,553,128			
bc) four years or more	<u>3,568,823,655</u>	30,653,928,326		23,296,334
including: due in less than four years	DM 3,464,770,000			
c) savings deposits				
ca) subject to legal period of notice	11,780,635,491			
cb) other	<u>8,572,776,336</u>	<u>20,353,411,827</u>		19,628,177
			64,697,875,254	57,157,487
Bonds and notes with a life of				
a) up to four years		291,696,354		207,037
b) more than four years		<u>2,789,841,200</u>		3,427,924
including: maturing in less than four years	DM 2,782,656,200		3,081,537,554	3,634,961
Own acceptances and promissory notes outstanding			1,381,922,056	1,133,625
Loans on a trust basis at third party risk			226,736,083	232,929
Provisions				
a) for pensions		1,268,524,400		1,148,291
b) other		<u>1,598,304,705</u>		1,143,749
			2,866,829,105	2,292,040
Other liabilities			56,678,286	44,024
Endowments and benevolent funds				
Endowment assets		6,509,093		6,100
less investments in securities		<u>6,345,798</u>		1,510
			163,295	4,590
Deferred items			1,251,641,399	1,085,558
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		14,354,876		16,121
b) in accordance with Section 6b of the Income Tax Act		50,219,775		7,117
c) replacements reserve		<u>—</u>		669
			64,574,651	23,907
Share capital			1,232,133,900	1,114,134
Conditional capital DM 156,116,100				
Disclosed reserves				
a) legal reserve	1,728,679,801			
Allocation from capital increase	<u>355,649,340</u>	2,084,329,141		1,728,680
b) reserve for own shares	852,720			
Allocation from Net income for the year	<u>1,440,396</u>	2,293,116		853
c) other reserves (voluntary)		<u>1,554,147,280</u>		1,554,147
			3,640,769,537	3,283,680
Distributable profit			240,526,780	222,827
Total Liabilities			114,473,453,710	104,245,899
Own drawings in circulation			73,325,749	31,365
including: those discounted for borrowers' account	DM 73,325,749			
Endorsement liabilities on rediscounted bills of exchange			3,603,290,676	3,164,407
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also p. 52ff. of the Annual Report)			21,182,341,728	18,244,958
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			160,211,495	156,222
Savings premiums under the Savings Premium Act			308,329,754	298,859
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			3,590,747,753	3,807,113

Expenses

Profit and Loss Account

	DM	DM	1980 in DM 1,000
Interest and similar expenses		7,973,636,773	6,544,142
Commissions and similar service charges paid		25,004,126	24,225
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		915,431,056	541,485
Salaries and wages		1,577,706,108	1,478,325
Compulsory social security contributions		217,228,438	204,090
Expenses for pensions and other employee benefits		311,832,846	293,364
Other operating expenses		642,082,033	603,062
Depreciation of and adjustments to land and buildings and office furniture and equipment		144,300,022	108,566
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		8,911,123	5,641
Taxes			
a) on income and assets	542,022,496		474,456
b) other	<u>11,277,727</u>		<u>7,746</u>
		553,300,223	482,202
Allocations to Special items with partial reserve character		50,253,255	4,347
Other expenses		62,296,586	126,443
Net income for the year		241,967,176	342,827
Total Expenses		12,723,949,765	10,758,719

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 124,070,826 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 108%, 119%, 130%, 145% and 150% of the above amount.

Frankfurt am Main, March 2, 1982

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

<i>Burgard</i>	<i>Christians</i>	<i>Ehret</i>	<i>Guth</i>
<i>Herrhausen</i>	<i>van Hooven</i>	<i>Kleffel</i>	<i>Kopper</i>
<i>Martin</i>	<i>Zapp</i>	<i>Blessing</i>	<i>Cartellieri</i>
			<i>Weiss</i>

Income

	DM	DM	1980 in DM 1,000
Interest and similar income from lending and money market transactions . . .		10,495,443,664	8,618,432
Current income from			
a) fixed interest securities and Government-inscribed debt	510,317,433		394,179
b) other securities	266,164,015		237,602
c) subsidiaries, associated companies and trade investments	<u>104,399,067</u>		<u>97,133</u>
		880,880,515	728,914
Commissions and other service charges received		917,006,481	831,157
Other income, including income from the writing back of provisions for possible loan losses		377,178,390	392,528
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		9,248,057	8,357
Income from the writing back of provisions, unless it has to be shown under "Other income"		34,607,283	58,174
Income from the writing back of special items with partial reserve character		9,585,375	1,157
Income from the writing back of undisclosed reserves (in accordance with Section 26a of the Banking Act)		—	120,000
Total Income		12,723,949,765	10,758,719

		1980
DM	DM	DM
	241,967,176	342,826,780
—		
1,440,396		
—	1,440,396	120,000,000
	240,526,780	222,826,780

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 22, 1982

Treuverkehr AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf

Wirtschaftsprüfer

Fandrè

Wirtschaftsprüfer

Development of the Balance Sheet of Deutsche Bank AG

Amounts in DM millions –

Balance Sheet	End of	1981	1980	1979	1978	1977	1976
Assets							
Cash reserve		6,679	7,524	9,722	6,723	5,401	4,522
Bills of exchange		2,462	2,939	2,359	6,311	6,219	6,626
Claims on banks		34,246	26,165	26,261	26,433	21,988	15,973
Treasury bills and discountable Treasury notes		614	612	524	387	96	248
Bonds and notes		6,569	6,374	4,949	5,243	3,940	3,098
Securities not to be shown elsewhere		2,249	2,158	2,005	1,774	1,846	1,875
Claims on customers		56,089	52,874	47,710	40,406	34,301	30,767
short and medium term		31,161	26,995	23,326	19,281	17,120	16,903
long-term (four years or more)		24,928	25,879	24,384	21,125	17,181	13,864
Recovery claims on Federal and Länder authorities under Currency Reform Acts		273	288	306	324	343	363
Loans on a trust basis at third party risk		227	233	238	272	281	199
Subsidiaries, associated companies and trade investments		1,829	1,681	1,554	1,463	1,396	1,250
Land and buildings		731	757	759	765	742	681
Office furniture and equipment		293	276	269	266	240	225
Other assets		1,471	1,760	1,348	1,152	1,261	1,118
Remaining assets		741	605	773	611	554	416
Balance Sheet Total		114,473	104,246	98,777	92,130	78,608	67,361
Liabilities							
Liabilities to banks		35,732	34,016	32,708	30,245	23,419	19,285
including: time deposits		27,153	26,752	26,392	24,358	17,422	13,420
Liabilities to customers		64,698	57,157	53,264	50,215	44,950	39,828
including: time deposits		30,654	23,296	20,411	17,210	14,282	10,549
savings deposits		20,353	19,628	18,912	19,055	18,123	17,654
Bonds and notes		3,081	3,635	4,725	4,663	3,982	2,844
Provisions		2,867	2,292	1,959	1,673	1,453	1,298
for pensions		1,269	1,148	1,038	961	877	805
other		1,598	1,144	921	712	576	493
Share capital		1,232	1,114	1,114	1,040	960	900
Disclosed reserves		3,641	3,284	3,164	2,850	2,490	2,200
legal reserve		2,084	1,729	1,729	1,505	1,265	1,085
other reserves		1,557	1,555	1,435	1,345	1,225	1,115
Remaining liabilities		2,981	2,525	1,649	1,257	1,181	826
Distributable profit		241	223	194	187	173	180
Balance Sheet Total		114,473	104,246	98,777	92,130	78,608	67,361
Own drawings in circulation (discounted)		73	31	7	7	-	-
Endorsement liabilities		3,604	3,165	2,231	158	127	437
Business Volume		118,150	107,442	101,015	92,295	78,735	67,798

Contingent liabilities from guarantees, etc.	21,182	18,245	16,307	16,503	15,515	16,445
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Figures from the Profit and Loss Account

	for the year	1981	1980	1979	1978	1977	1976
Earnings on business volume (Interest surplus)		3,403	2,803	2,374	2,087	1,944	1,696
Earnings on services (Commission surplus)		892	807	698	655	591	535
Staff and other operating expenses		2,749	2,579	2,291	2,107	1,921	1,776
Taxes		553	482	448	423	333	293
Net income for the year		242	343	284	307	283	280
Allocations to Disclosed reserves		1	120	90	120	110	100
Distributable profit		241	223	194	187	173	180
Dividend in DM per share or in %		10.—*	10. *	9.—*	9. *	9. *	10.—
Number of staff at year's end		39,836	39,242	39,081	37,729	36,034	36,319

* plus DM 5.63 (1980–1981) 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	126**)	90	50	
101	90	25	50	40	30	70	50	25	
180	144	130	108	101	86	56	40	25	
10.—	10.—	9.—	9.—	9.	9.—	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 schema.

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
Capital increase: 1981 (1 for 10 at 400)	118,000,000.—	355,649,340.—*)	473,649,340.—
Allocation from net income 1981 because of own shares		1,440,396.—	1,440,396.—
December 31, 1981	1,232,133,900.—	3,640,769,537.39	4,872,903,437.39

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**)	1,566,940,396.—
Premium from capital increases	2,033,329,141.39
Total disclosed reserves	3,640,769,537.39

*) Including sale of residual shares

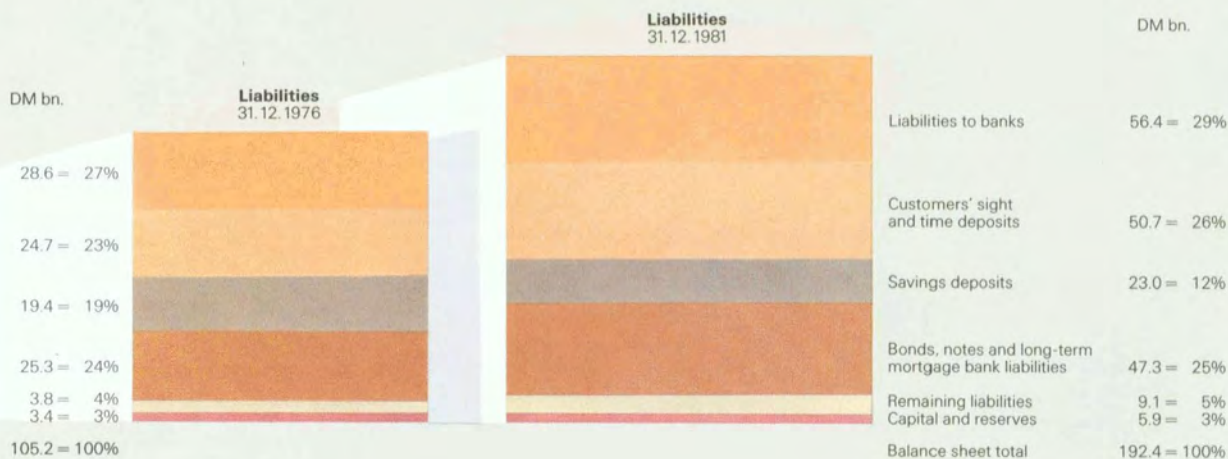
**) Allocations from the Conversion Account total DM 41,766,357.28.

Deutsche Bank AG



Report of the Group for 1981

Deutsche Bank Group
Balance sheet structure 1976 and 1981



Report of the Group for 1981

Survey

The Group's *business volume* was DM 196.4 bn. as at balance sheet date, 31. 12. 1981. It was thus DM 18.3 bn. = 10% higher than at the end of the previous year. All in all, parent company and subsidiaries grew at approximately the same pace. The *balance sheet total* rose by DM 17.8 bn. to DM 192.4 bn.

The Group employed 44,800 members of staff, 1,981 of whom were at our foreign branches and foreign subsidiaries. Deutsche Bank, with its subsidiaries, is represented throughout the world by 1,370 offices, 36 of which are abroad.

In the past five-year period 1977–1981 the Group balance sheet total expanded by DM 87.2 bn. This growth was influenced by development trends that are reflected in the changed balance sheet structure. On the assets side the share of long-term business (long-term claims on customers and long-term mortgage bank lending) rose to 40% of balance sheet total; the decline in long-term claims on customers at the parent bank in the past year is balanced out in the Group by the business of our mortgage banks.

On the liabilities side the share of savings deposits in the Group's refinancing fell from the end of 1976 by 7 percentage points to 12%, while the share of the other types of customers' deposits climbed from 23% to 26%, particularly as a result of higher time deposits, and the share of long-term funds (bonds, notes and long-term mortgage bank liabilities) also rose.

The expansion of international business led to an increase in bank-to-bank business. Claims on and liabilities to banks doubled from 1976; their share in the Group balance sheet total grew to 22% and 29% respectively.

Consolidated companies

In the consolidated annual statement of accounts as of December 31, 1981, 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-AG, Berlin – Cologne	84.1%
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 AG, Frankfurt am Main	90.1%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Handelsbank in Lübeck AG, Lübeck	58.0%
Lübecker Hypothekenbank AG, Lübeck	75 %
<i>Foreign subsidiary banks and financing companies</i>	
Deutsche Bank (Asia Credit) Ltd., Singapore	100 %
Deutsche Bank (Canada), Toronto	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%
Deutsche Bank Finance N.V., Curaçao	100 %

	Proportion of capital held by Group pursuant to § 16 Joint Stock Corp. Act
<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 %

Deutsche Bank (Canada), Toronto, and Deutsche Bank Finance N.V., Curaçao, which were established in the past year, were included in the Group statement of accounts for the first time.

The domestic Group companies listed on pages 88 and 89, 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 581 m. or only 3.0‰ 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 1.3‰ 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 1981 financial year of *Deutsche Bank Berlin AG, Berlin*, was characterized by a further improvement in balance sheet structure and earnings. Interbank business was reduced. The balance sheet total, at DM 6,214 m., was only slightly above the pre-year figure. Business volume, on the other hand, increased by DM 395 m. (+ 7.7%) to DM 5,549 m. on average for the year, and thus more strongly than in 1980.

Total credit extended grew – despite a renewed fall in lending to banks – by DM 405 m. to DM 4,157 m. The claims on customers included in this item were DM 456 m. higher at DM 3,334 m.

Funds from outside sources were shown almost unchanged at DM 5,667 m.; DM 3,696 m. (+ DM 21 m.) of this stemmed from customers' funds and DM 345 m. (+ DM 73 m.) from the bank's own bonds and notes.

The operating result increased by 69.1%. Profits from own-account trading more than covered the write-downs of the securities portfolio required owing to the application of the minimum value principle. The necessary provision was made for all discernible risks in lending business through particularly cautious valuation.

Of the net income for the year of DM 18.9 m., DM 7 m. is to be allocated to disclosed reserves and a 17% dividend is to be paid. Own funds will then amount to DM 292 m.

To make its presence more complete the bank opened three new sub-branches in Berlin; it is now represented in the city by 77 offices. At year's end the bank employed 1,851 members of staff.

Deutsche Bank AG has a 69.2% holding in the share capital of DM 30 m. of *Deutsche Bank Saar AG, Saarbrücken*. The remainder is spread among other shareholders, with 23.7% held by *Crédit Industriel d'Alsace et de Lorraine, Strasbourg*. 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 84 m. (+ 5.6%) to DM 1,570 m. Total credit extended fell to DM 876 m. (– 8.6%), funds from outside sources increased by 4.4% to DM 1,358 m. The operating result continued to show gratifying development.

Of the DM 4.0 m. net income for the year, DM 1.0 m. is to be allocated to disclosed reserves. Own funds (share capital and disclosed reserves) will then amount to DM 62 m. It is to be proposed to the General Meeting that a dividend of DM 5

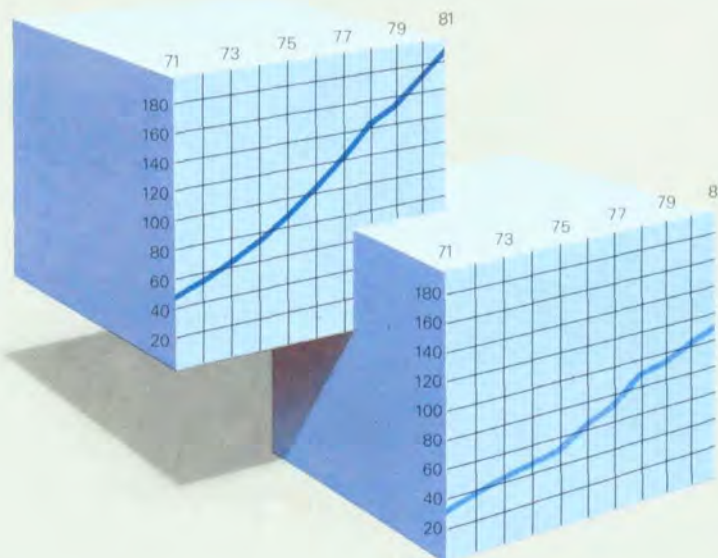
per share of DM 50 par value be distributed for the 1981 financial year.

Deutsche Bank Saar AG has rented its bank premises in Saarbrücken from Deutsche Bank AG; the site of the bank building in St. Ingbert was 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 now have a 58% holding after purchasing additional shares during the year under review, has 42 sub-branches in Hansestadt Lübeck and the

**Growth of
balance sheet total
1971–1981**

DM bn.



Deutsche Bank Group
Deutsche Bank AG

adjoining districts of Ostholstein, the Duchy of Lauenburg and Stormarn and conducts all universal banking activities. The bank celebrated its 125th anniversary during the year under review.

The balance sheet total increased by DM 68 m. (+ 3.9%) to DM 1,807 m. Claims on customers rose by DM 29 m. (+ 2.7%) to DM 1,114 m., funds from outside sources by DM 47 m. (+ 2.9%) to DM 1,659 m., including a DM 36 m. (3.0%) rise in customers' funds and bonds and notes to DM 1,228 m. The operating result showed a gratifying improvement. Greater provision was made for risks in lending business.

In May 1981 the share capital was increased by DM 4 m. through the issue of new shares of DM 50 par value at 350%. As at December 31, 1981 own funds (share capital and disclosed reserves) amounted to DM 71.8 m. For the 1981 financial year a dividend of DM 7.50 per share of DM 50 par value is again planned, the shares resulting from the capital increase being entitled to share in profits for the whole of 1981.

Mortgage banks

Deutsche Centralbodenkredit-AG, Berlin-Cologne, which was founded in 1870, 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.

Owing to the volatile development of interest rates and the very high interest rate level in 1981 mortgage commitments dropped by 23.5% compared with the previous year to DM 1,435 m. By contrast, commitments for communal loans increased to DM 1,859 m. (+ 74.5%).

Total loan commitments in 1981 therefore amounted to DM 3,294 m. (+ 12.0%). The number of new commitments was markedly lower at 8,495 (1980: 11,897).

The balance sheet total increased during the year under review by DM 2,374 m. or 13.7% to DM 19,689 m.

Of the DM 49.5 m. net income for the year DM 24.5 m. was allocated to disclosed reserves by management resolution. It is to be proposed to the General Meeting that a further DM 10.5 m. be transferred to the legal reserve. If this proposal is adopted the bank's reported own funds will total DM 477 m.

It is planned that a dividend of DM 11 per share of DM 50 par value will be distributed for the 1981 financial year on the unchanged share capital of DM 66 m.

Frankfurter Hypothekenbank Aktiengesellschaft, 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.

In 1981 total loan commitments were down to DM 3,224 m. (-12.1%), with commitments in mortgage business, including 1b mortgages, declining to DM 1,337 m. (1980: DM 2,006 m.), while commitments in communal loan business expanded to DM 1,887 m. (1980: DM 1,660 m.). The balance sheet total rose by 6.2% to DM 22,115 m. (previous year: + 10.4%).

Following the capital increase from company funds in 1981 the share capital amounts to DM 70.4 m. Besides this, there is authorized capital of DM 15 m.

Of net income for the year 1981 DM 22 m. is being allocated to disclosed reserves. The reserves are to be raised by a further DM 8 m. by resolution of the General Meeting. Reported own funds will then amount to DM 481.8 m.

It is planned to pay a dividend of DM 11 per share of DM 50 par value for the 1981 financial year.

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 Aktiengesellschaft, Lübeck, 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.

In new business the bank was not able to equal the turnover of the previous year, which had been particularly brisk. Altogether, commitments were given for DM 839 m. (1980: DM 966 m.). Mortgage loans made up DM 492 m. of this (1980: DM 892 m.). In the communal loan sector there were commitments for DM 347 m. (1980: DM 74 m.).

As at 31.12.1981 the balance sheet total was close on DM 4.3 bn. It thus increased by DM 673 m. (+19%).

The share capital is unchanged at DM 22 m. Of net income for the year 1981 DM 6 m. is being transferred to disclosed reserves. An additional DM 4 m. is to be allocated to reserves by resolution of the General Meeting. The bank's reported funds will then amount to DM 116.25 m.

It is planned to distribute a 16% dividend for the 1981 financial year.

Domestic specialized banks

Deutsche Kreditbank für Baufinanzierung AG, Cologne, operates as a specialized institution in the financing of housing construction. Its area of operation covers the Federal Territory and West Berlin. 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 addition to these short-term loans the bank also offers long-term financings such as bridging loans for building savings agreements or life assurance policies. Since apartments that are to be let for rent are being erected increasingly on a multi-party ownership basis, such financings grew in importance.

Despite the high level of interest rates lending business was much more brisk than in the preceding year, so that the bank showed gratifying development and was able to strengthen further its position in the building financing market.

The volume of new loan commitments rose by 14.7% to DM 1,548 m., with commitments in the short-term sector increasing by 19% to DM 1,114 m. In long-term business the commitment volume was 5% higher at DM 434 m. The volume of lending expanded by 17.4% to DM 1,248 m.

The balance sheet total grew by 14% to DM 3,715 m. The bank's result for the year was satisfactory. Besides distributing a dividend of DM 12 per share of DM 100 par value, it is planned to transfer DM 3 m. to disclosed reserves. Total own funds will then amount to DM 84 m.

The bank's subsidiary, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, managed its property according to plan and achieved a positive result again in 1981.

The business conducted by *Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, with its subsidiaries *Gefa-Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, comprises medium-term financing of capital and consumer goods, leasing of movables as well as hire purchase and factoring business.

The development of the different sectors varied. Lending business declined slightly, owing primarily to the weaker investment activity. In contrast to this, however, growth was recorded in balances outstanding from leasing and in receivables from consumer financing by Efgee, so that the combined balance sheet total of the Gefa Group was almost unchanged at DM 2,238 m.

In accordance with the existing profit and loss transfer agreement the DM 8.6 m. profit achieved was transferred to Deutsche Bank AG. Gefa's own funds (capital and disclosed reserves) remain unchanged at DM 85 m.

There are 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 investor and company staff funds. The number and total assets of the special funds increased further in the past financial year. At the end of 1981, the total assets of the 105

funds managed by DEGEF had risen to over DM 4.3 bn. (previous year: DM 3.6 bn.).

The company has capital of DM 8 m. The Shareholders' Meeting at the beginning of 1982 resolved to distribute as a dividend the net income for the year ended on 30.9. 81 in the amount of DM 2.6 m.

DWS Deutsche Gesellschaft für Wertpapier-sparen mbH, Frankfurt am Main, was able to maintain its leading position among the German capital investment companies in 1981, despite falling sales. The procyclical investment behaviour of investment fund savers left clear traces on total assets of DM 6.5 bn., despite a positive development in the value of DWS fund shares. Thus, at December 31, 1981, the eleven public funds managed by DWS accounted for an unchanged 27% of the total assets of the securities investment funds open to the public in the Bundesverband Deutscher Investment-Gesellschaften (BVI).

By resolution of the Shareholders' Meeting, the share capital of DWS, in which the Group has a majority holding, was raised in November 1981 by DM 2.5 m. from company funds to DM 32.0 m. After allocation of DM 7.0 m. to disclosed reserves, the total capital and reserves of DWS amount to DM 64.0 m.

Foreign subsidiaries and financing companies

Deutsche Bank (Asia Credit) Ltd. – our subsidiary in Singapore – achieved a balance sheet total of DM 2.1 bn. (converted) in its third full financial year. It concentrated mainly on international lending business and on money and foreign exchange dealing. The satisfactory result is again being used to strengthen own funds. Following the allocation of S\$ 4.0 m., own funds amount to DM 70.3 m. (converted).

The sphere of activity of *Deutsche Bank (Canada), Toronto*, which commenced operations in the past year, comprises commercial banking business, i. e. short and medium-term loan and deposits business, and related services with special emphasis on foreign trade and foreign exchange dealing.

The company's capital is Can.\$ 10 m.; including reserves of Can.\$ 5 m., own funds total Can. \$ 15 m. (equivalent to DM 28.5 m.).

The balance sheet total of *Deutsche Bank Compagnie Financière Luxembourg S. A., Luxembourg*, increased by 32% to DM 22.8 bn. in the financial year ended on 30. 9. 1981. The bulk of the growth is attributable to differences in valuation owing to the strong rise in the US dollar and D-Mark exchange rates.

The capital increase in January 1981 provided scope for further growth. It brought the bank Lux. frs. 1.05 bn. (DM 59 m.) in new funds. In addition, a subordinated loan of US\$ 60 m. was taken up which ranks as the equivalent of own funds for the calculation of the equity capital ratio.

It was once again the credit sector which stimulated the expansion of business in the year under review. Total credit extended came to DM 17.1 bn.; it continues to make up 75% of assets-side business. Although the total volume of lending grew, the bank's general policy in international lending business was, all in all, selective and restrained.

The holding in *Banque de Luxembourg S. A.* (capital: Lux. frs. 400 m.), which is active in private customer business in Luxembourg, was raised from 5% to 25%.

In the past year, too, the greater part of the funds required as refinancing for lending business was taken up from banks in the Euromarket.

The figure for customers' deposits, which registered noteworthy growth (+ 56% to Lux. frs. 29.7 bn. = DM 1.7 bn.), includes the bank's obligations under gold certificates in circulation. The appropriate precious metals holdings are maintained as cover for these certificates, which the bank has been issuing since July 1980.

The statement of accounts for the 1980/81 financial year was marked by the repeated strong improvement in earnings on the volume of business. Consequently, the bank was once again in a position to make comprehensive provision for risks. Above and beyond the formation of reserves as foreseen by law, special caution was exercised in taking account of the growing intensity of risks in international lending business.

The profit and loss account closed with a profit equivalent to DM 42.3 m. As in the past, this sum was allocated to the free reserve to strengthen the equity capital base further. Share capital and disclosed reserves now amount to Lux. frs. 8,256 m. (DM 461 m.).

Deutsche Bank (Suisse) S.A., Geneva and Zürich, commenced business activity in June 1981. The main areas are investment counselling and portfolio management services, which are being offered to international private customers.

Initial business results confirm that we were right to go into Switzerland. The share capital of Sw. frs. 30 m. is fully paid up.

DB Finance (Hong Kong) Ltd., Hong Kong, engages primarily in securities business, especially the placement of all issues in which Deutsche Bank AG is involved. It serves institutional and private investors in Hong Kong and South-East Asia. It also conducts medium and long-term credit business at local and regional level.

With share capital of HK\$ 5.0 m. net income for the year ended as at 31. 12. 1981 was HK\$ 1.5 m., all of which was transferred to disclosed reserves. Following the transfer, own funds total HK\$ 15.0 m. (converted: DM 6 m.).

DB U.K. Finance Ltd., London, was able to increase its business volume by 23.5% to DM 1,135 m. As at 31. 12. 1981 total credit extended, the bulk of which stems from Eurocredits, made up 96% of balance sheet total.

After the £ 1.4 m. net income for the year was transferred to reserves, own funds amounted to £ 9.5 m. (= DM 40.9 m.).

The financing company, *Deutsche Bank Finance N.V., Curaçao*, Netherlands Antilles, founded in the year under review, is intended to assist in the refinancing of the Deutsche Bank Group by issuing bonds.

Property management companies

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

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

Trinitas Vermögensverwaltung GmbH, Frankfurt am Main, together with its subsidiary *Tauern-*

allee 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

In accordance with Section 329 (2) Joint Stock Corporation Act the following *domestic members of the Group* have not been included in the consolidated statement owing to their small importance for the Group's assets and earnings position:

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
 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" Schiffsverkehrs-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
Jubiläumstiftung der Deutschen Ueberseeischen Bank
mbH 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
Selekta Grundstücksverwaltungsgesellschaft mbH,
Düsseldorf
Süddeutsche Bank GmbH, Frankfurt am Main
Tauernallee Grundstücksgesellschaft mbH, Berlin
Terraingesellschaft Gross-Berlin GmbH, Berlin
Transgermania Verwaltungsgesellschaft mbH, Hamburg
Franz Urbig- und Oscar Schlitter-Stiftung GmbH,
Frankfurt am Main
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, we list below related German companies that are not under the uniform management 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. 1981 were drawn up for four companies whose financial year differs from that of the remainder of the Group. The statements of our foreign com-

panies were converted at the rates valid on balance sheet date (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 the reserve arising from consolidation; it is a form of own capital.

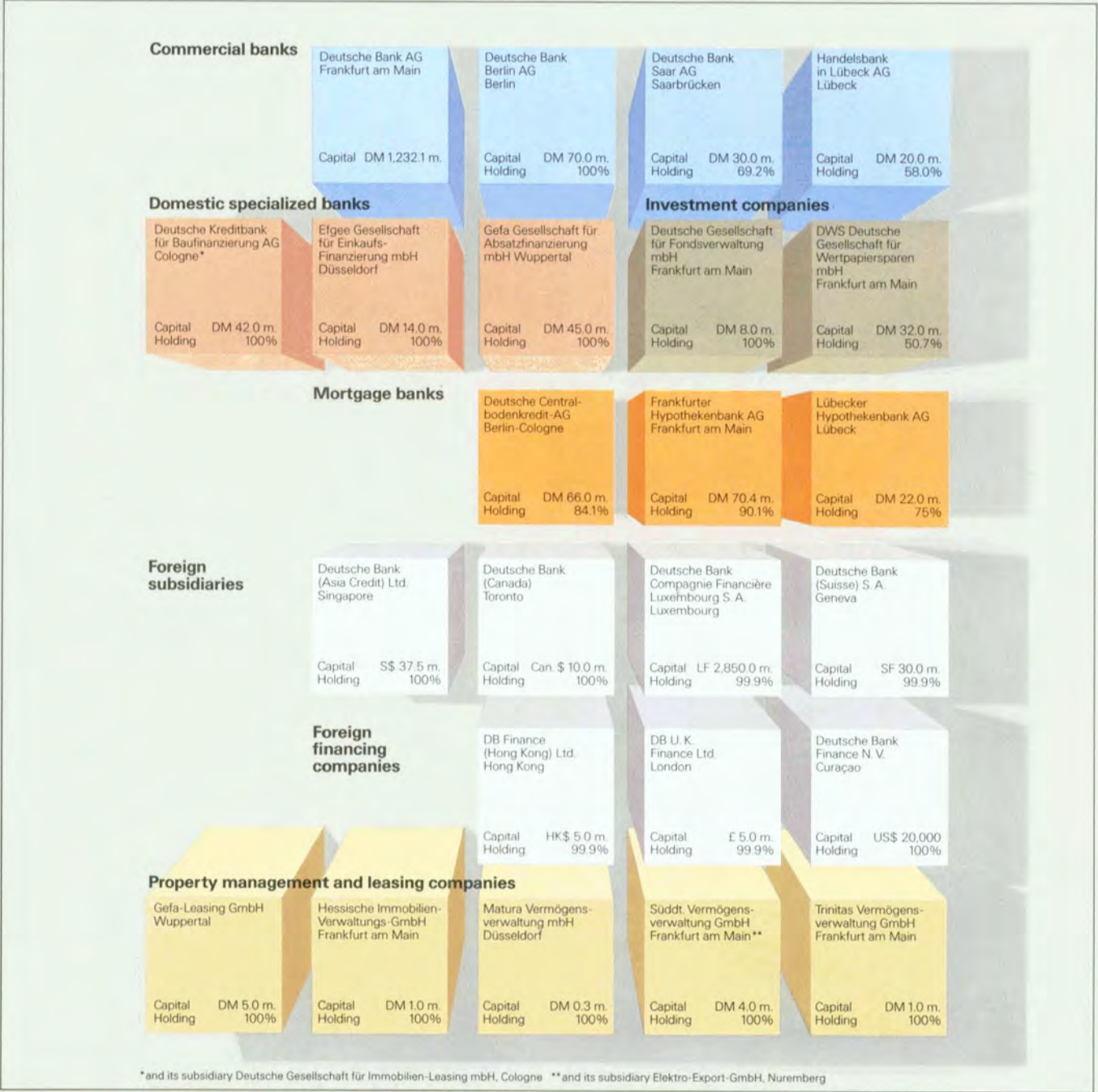
Claims and liabilities between the consolidated members of the Group were offset.

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. Owing to the property transactions between Deutsche Bank AG and Frankfurter Hypothekbank AG there were inter-company profits to be shown separately. Dividend claims against a Group company which already had to be capitalized for 1981 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 5,891 m.



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



*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 7.1 bn. at year's end (end of 1980: DM 8.0 bn.). Total *liquid assets* including items received for collection, bills of exchange rediscountable at Deutsche Bundesbank, claims on banks payable on demand, Treasury bills and Treasury notes as well as fixed-interest securities eligible for lombard advances came to DM 21.3 bn. (end of 1980: DM 22.0 bn.).

Liabilities (excl. long-term liabilities in real estate credit business) totalled DM 137.3 bn. (end of 1980: DM 125.2 bn.). *Cash liquidity* came to 5.2%, *overall liquidity* to 15.5% (previous year: 6.4% and 17.6% respectively).

Treasury bills, securities

There was only a slight increase in the Group's securities holdings. *Treasury bills and discountable Treasury notes* were valued at an almost unchanged DM 615 m.

Bonds and notes were reduced slightly by DM 43 m. to DM 6,890 m., with roughly DM 600 m. in short-term issues being replaced by paper with long-term original maturities.

Other securities, consisting almost exclusively of shares and investment certificates, increased by DM 92 m. to DM 2,265 m. Holdings of more than 10% of a company's capital, included here at DM 1,260 m., are for the most part held by the parent company.

The securities held by the consolidated companies were valued according to the minimum value principle.

Total credit extended

In 1981, *total credit extended* by the Group grew worldwide by DM 11.1 bn. to DM 138.8 bn. The rate of growth fell by about half against the previous year, but at 8.7% was markedly higher than at the parent company.

Apart from the stronger growth at our foreign subsidiaries (+14.5%) which increasingly provided our customers with Eurocredits, the decisive factor here was above all the stronger rise in loans extended by our mortgage banks.

Short and medium-term claims on customers expanded considerably by DM 6.8 bn. = 18.1%. In the past year, long-term loans were for the most part provided within the framework of the mortgage banks' possibilities for refinancing at matching maturities: *long-term lendings in real estate credit business* rose by DM 3.5 bn. = 9.2%, including a rise of DM 2.5 bn. = 13.4% in communal loans; the other credit extended by our mortgage banks increased by DM 1.0 bn. Overall roughly 40% of the expansion in Group lending was attributable to the mortgage bank sector.

Lendings to foreign borrowers increased by DM 3.0 bn. to DM 26.4 bn.; the 12.7% growth rate exceeded that of our domestic lending business, but fell far short of the high increase in the previous years.

<i>Total credit extended</i>	End of 1981		End of 1980		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	44,674	32.2	37,833	29.6	+ 6,841	= 18.1
long-term (4 years or more)	35,094	25.2	35,217	27.6	- 123	= 0.3
	<u>79,768</u>	<u>57.4</u>	<u>73,050</u>	<u>57.2</u>	<u>+ 6,718</u>	<u>= 9.2</u>
Long-term mortgage						
bank lendings	41,653	30.0	38,148	29.9	+ 3,505	= 9.2
Discounts	6,901	5.0	6,860	5.4	+ 41	= 0.6
Lendings to banks						
short and medium-term	3,398	2.5	2,876	2.2	+ 522	= 18.2
long-term (4 years or more)	7,109	5.1	6,773	5.3	+ 336	= 5.0
	<u>10,507</u>	<u>7.6</u>	<u>9,649</u>	<u>7.5</u>	<u>+ 858</u>	<u>= 8.9</u>
Total credit extended	<u>138,829</u>	<u>100.0</u>	<u>127,707</u>	<u>100.0</u>	<u>+ 11,122</u>	<u>= 8.7</u>

Fixed assets

After consolidation of the Group companies, *Subsidiaries, associated companies and trade investments* are shown at DM 602 m.; holdings in banks account for DM 298 m. of this figure.

Land and buildings have a book value of DM 839 m.; real estate worth DM 788 m. is used for banking business. *Office furniture and equipment* amounts to DM 325 m. *Leasing equipment* valued at DM 898 m. was held by the consolidated leasing companies. This figure includes DM 183 m. real estate of Deutsche Gesellschaft für Immobilien-Leasing and DM 715 m. movable leasing equipment of Gefa-Leasing.

Other asset items

Other assets declined by DM 186 m. to DM 1,676 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 DM 16 bn. to DM 177.4 bn. At + DM 7.6 bn. (=28.1%), customers' time deposits accounted for almost half of this increase. Customers' deposits payable on demand and savings deposits, on the other hand, only increased slightly (+1.1% and +3.4% respectively). Overall, customers' deposits expanded to DM 73.7 bn. Mortgage bank liabilities rose by DM

<i>Funds from outside sources</i>	End of 1981		End of 1980		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	9,121	5.1	8,294	5.1	+ 827	= 10.0
time deposits	47,113	26.6	44,440	27.6	+ 2,673	= 6.0
customers' drawings on credits opened at other institutions	193	0.1	325	0.2	- 132	= 40.7
	<u>56,427</u>	<u>31.8</u>	<u>53,059</u>	<u>32.9</u>	<u>+ 3,368</u>	<u>= 6.3</u>
Liabilities to customers						
payable on demand	15,944	9.0	15,769	9.8	+ 175	= 1.1
time deposits	34,730	19.6	27,102	16.8	+ 7,628	= 28.1
savings deposits	22,997	12.9	22,243	13.8	+ 754	= 3.4
	<u>73,671</u>	<u>41.5</u>	<u>65,114</u>	<u>40.4</u>	<u>+ 8,557</u>	<u>= 13.1</u>
Bonds and notes issued by commercial banks	4,199	2.4	4,595	2.8	- 396	= 8.6
Long-term mortgage bank liabilities	43,074	24.3	38,597	23.9	+ 4,477	= 11.6
	<u>47,273</u>	<u>26.7</u>	<u>43,192</u>	<u>26.7</u>	<u>+ 4,081</u>	<u>= 9.4</u>
Total funds from outside sources	<u>177,371</u>	<u>100.0</u>	<u>161,365</u>	<u>100.0</u>	<u>+16,006</u>	<u>= 9.9</u>

4.5 bn. to DM 43.1 bn.; of the items included here (bonds issued, delivery obligations, long-term loans taken up) communal bonds in circulation increased particularly, by 20.7% to DM 20.5 bn.

Liabilities to banks rose to DM 56.4 bn. (+6.3%), above all as a result of providing our foreign branches and foreign subsidiaries with financing funds.

The circulation of *bonds and notes* of the commercial banks decreased to DM 4.2 bn. (previous year: DM 4.6 bn.) owing to further redemptions.

Other liability items

A total of DM 507 m. was allocated to *provisions*; at year's end they came to DM 3,418 m.

Provisions for pensions were brought into line with the higher part value based on actuarial opinion by adding DM 134 m. to give a total of DM 1,446 m. *Other provisions*—this item includes primarily provisions for risks arising from lending

and securities business, tax provisions and the general provision for rights of recourse which cannot be offset against assets—were increased by DM 373 m., particularly within the framework of our increased provision for risks.

Special items with partial reserve character totalled DM 65 m. The increase is mainly due to the transfer of tax-privileged profits on the sale of land and buildings, allocated to the reserve in accordance with Section 6b Income Tax Act.

Comments and other liabilities

Endorsement liabilities on rediscounted bills and own drawings totalled almost DM 4 bn. (+14.3%) at year's end.

Liabilities from guarantees and letters of credit rose by 14.7% to DM 21.5 bn.

At year's end there were *Commitments from the sale of assets subject to repurchase agreements* totalling DM 160 m.

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 41 m. Furthermore *joint liabilities* pursuant to Section 24 "GmbH" Act amounted to DM 12 m.

In connection with Group member banks' holdings 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 fulfil 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 2,744 m., which are included under liabilities to customers and banks, and which were, for the most part, provided by the Reconstruction Loan Corporation, were passed on to the borrowers on the conditions stipulated by the lenders. In connection with Berlin order financings, securities in the amount of DM 4 m. were pledged. Loans taken up amounting to DM 51 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

The Group interest surplus increased by DM 700 m. = 20.4% to DM 4.1 bn. With 11% growth in average business volume, the interest margin widened further by 0.17 percentage points.

	1981 DM m.	1980 DM m.	Change
Interest income from lending and money market transactions	14,257	11,132	+ 28.1%
Interest income in the mortgage bank business	3,075	2,621	+ 17.3%
Current income from securities etc.	988	823	+ 20.0%
Total interest income	<u>18,320</u>	<u>14,576</u>	<u>+ 25.7%</u>
Interest and similar expenses	11,210	8,674	+ 29.2%
Interest expenses in the mortgage bank business	2,983	2,474	+ 20.6%
Total interest expenses	<u>14,193</u>	<u>11,148</u>	<u>+ 27.3%</u>
Earnings on the volume of business	<u>4,127</u>	<u>3,428</u>	<u>+ 20.4%</u>

Not included in the interest surplus are non-recurrent expenses and income in the mortgage banks' issue and loan business. On account of the exceptional interest rate situation, the surplus here increased to DM 71 m.

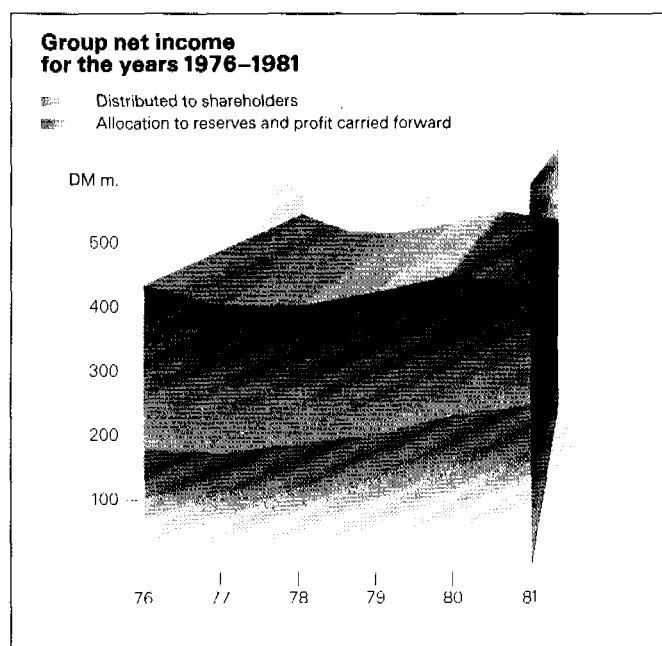
Earnings on services

Commissions and other service charges received rose by 10.7% to DM 1,028 m. After deducting DM 32 m. in commissions paid, the surplus on services comes to DM 996 m. (+ 11.7%).

Staff and other operating expenses

Group *Staff expenses* rose by DM 150 m. = 6.7% to DM 2,390 m.

Other operating expenses increased by 7.6% to DM 746 m. *Staff and other operating expenses* reached a total of DM 3,136 m.; at 6.9%, the rate of increase was substantially lower than in the previous year (+ 12.1%).



Operating result

The Group's *operating result* – surplus on current business (including own-account trading) – rose by 31.3% (previous year: 24.6%). The decisive factor here was the improved result turned in by our domestic commercial banks, but the better result of our foreign subsidiaries also made a contribution. The operating result at our mortgage banks was up 7%.

Other income and expenses

After offsetting income with write-downs of and adjustments to claims and securities permissible under Section 4 of the Order concerning Banks' Statements of Accounts, *Other income* came to DM 890 m. (previous year: DM 730 m.).

In the statements of accounts of the consolidated companies, further provisions, reflected in the DM 542 m. increase in *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* to DM 1,192 m., were made for the risks in lending business.

At DM 428 m., *Depreciation of and adjustments to fixed assets* were DM 83 m. higher than in the previous year. The increase was particularly due to special depreciation in accordance with Section 6b Income Tax Act.

Taxes

Tax expenses totalled DM 818 m. *Taxes on income and assets* rose by DM 79 m. to DM 804 m.; this includes the 20% additional cor-

poration tax relating to subsidiaries' profits to be distributed to the parent company in 1982. Not yet included, however, are DM 3.6 m. additional expenses pursuant to Section 170 (2) Joint Stock Corporation Act arising from one subsidiary's proposals for the appropriation of profits.

Profit, capital and reserves

With income of DM 20,500 m. and expenses of DM 20,088 m. the Group profit and loss account closes with *Net income for the year* of DM 412.3 m. Taking into account DM 67.4 m. profit brought forward from the previous year and after allocation of DM 83.8 m. to disclosed reserves and deduction of DM 15.4 m. profit attributable to external minority interests, this leaves consolidated profit of DM 380.5 m. (previous year: DM 293.4 m.).

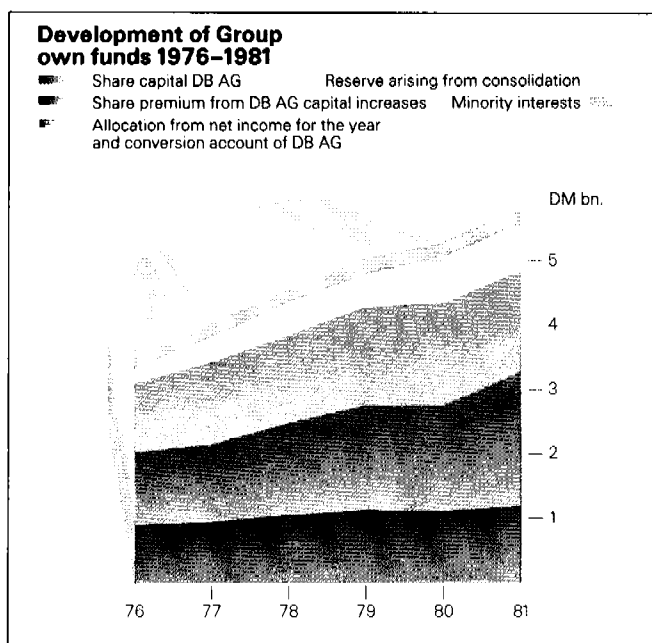
According to the profit appropriation proposals, a total of DM 249.6 m. (previous year: DM 231.7 m.) of this profit is to be distributed to the shareholders of the parent company and to subsidiaries' shareholders not belonging to the Group.

The *Reserve arising from consolidation* of DM 764.8 m. stems from the offsetting of the book values of subsidiaries, associated companies and trade investments against the respective portion of the subsidiaries' capital and reserves; the assets-side item included here and arising from the consolidation of a subsidiary decreased by DM 6.0 m. to DM 2.8 m. owing to an allocation to reserves. The increase of DM 32.5 m. in the reserve arising from consolidation is the balance of proportionate allocations to reserves at subsidiaries and of the difference arising from the current

cy conversion of the statements of accounts of foreign consolidated companies.

The *Minority interests* of DM 267.4 m. include a minority portion of profits not yet distributed amounting to DM 14.5 m.; in respect of DM 252.9 m. this item therefore has the character of own funds.

Total *Group own funds* amounted to DM 5,890.6 m. at the end of 1981. Including a subordinated loan of US\$ 60 m. (converted: DM 135 m.) taken up by our subsidiary in Luxembourg, we have own funds of more than DM 6 bn. at our disposal.



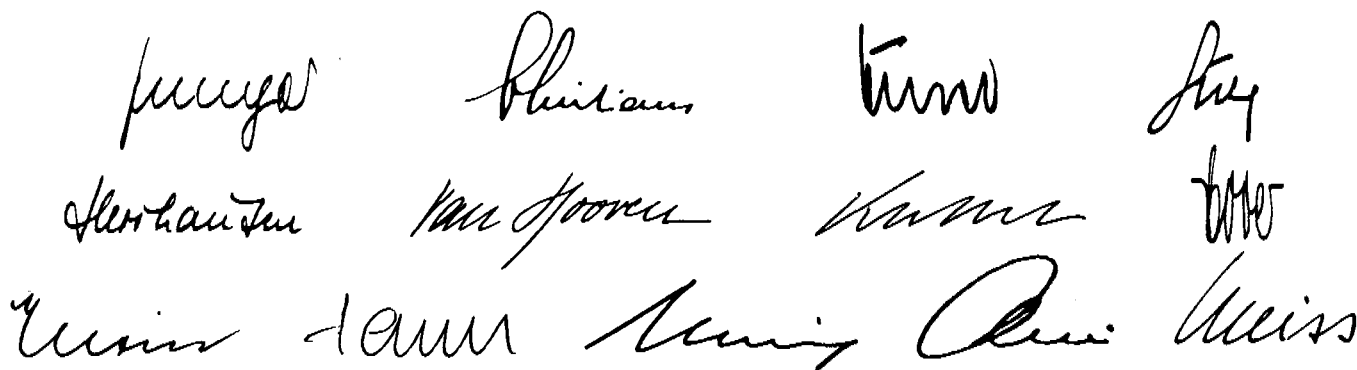
	31. 12. 1981 DM m.	31. 12. 1980 DM m.
Share capital of Deutsche Bank AG	1,232.1	1,114.1
Disclosed reserves of Deutsche Bank AG	3,640.8	3,283.7
Reserve arising from consolidation	764.8	732.3
Minority interests	252.9	235.1
Total	<u>5,890.6</u>	<u>5,365.2</u>

Owing to resolutions of subsidiaries' General Meetings a further DM 22.5 m. of the consolidated profit is to be allocated to disclosed reserves.

At Deutsche Bank AG there is also conditional capital from Subscription Rights of DM 156.1 m. and authorized capital of DM 250 m.

Frankfurt am Main, March 1982

The Board of Managing Directors



 The image shows eight handwritten signatures in cursive script, arranged in two rows of four. The signatures are:

- Row 1: Jürgen, Christian, Hans, Jörg
- Row 2: Hermann, Hans-Joachim, Hans, Hans
- Row 3: Hans-Joachim, Hans, Hans, Hans
- Row 4: Hans, Hans, Hans, Hans

Consolidated Balance Sheet as of December 31, 1981

**Consolidated Profit and Loss Account
for the period from January 1 to December 31, 1981**

Assets

Deutsche Bank Aktiengesellschaft

	in DM 1,000	in DM 1,000	31. 12. 1980 in DM 1,000
Cash on hand		487,505	496,216
Balance with Deutsche Bundesbank		6,579,599	7,415,678
Balances on postal cheque accounts		71,165	94,216
Cheques, matured bonds, interest and dividend coupons, items received for collection		705,366	618,583
Bills of exchange		2,620,388	3,075,130
including:			
a) rediscountable at Deutsche Bundesbank DM 1,427,590,000			
b) own drawings DM 271,839,000			
Claims on banks			
a) payable on demand	6,875,844		5,788,364
b) with original periods or periods of notice of			
ba) less than three months	10,436,277		4,120,627
bb) at least three months, but less than four years	17,845,425		16,867,122
bc) four years or more	<u>7,150,614</u>		<u>6,772,717</u>
including:		42,308,160	33,548,830
used as cover in mortgage bank business DM 74,446,000			
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	884		187,327
b) of other issuers	<u>614,281</u>		<u>426,023</u>
		615,165	613,350
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments DM 823,987,000			
ab) of banks DM 430,146,000			
ac) of other issuers <u>DM 485,419,000</u>	1,739,552		2,423,121
including:			
eligible as collateral for Deutsche Bundesbank advances DM 1,644,965,000			
used as cover in mortgage bank business DM 41,358,000			
b) with a life of more than four years			
ba) of the Federal and Länder Governments DM 874,958,000			
bb) of banks DM 2,622,657,000			
bc) of other issuers <u>DM 1,652,722,000</u>	<u>5,150,337</u>		<u>4,509,847</u>
including:		6,889,889	6,932,968
eligible as collateral for Deutsche Bundesbank advances DM 2,892,738,000			
used as cover in mortgage bank business DM 228,358,000			
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	1,936,911		1,894,291
b) other	<u>328,472</u>		<u>279,414</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 1,259,856,000		2,265,383	2,173,705
Carried forward		62,542,620	54,968,676

Consolidated Balance Sheet as of December 31, 1981

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1980 in DM 1,000
Liabilities to banks				
a) payable on demand		9,121,704		8,294,120
b) with original periods or periods of notice of				
ba) less than three months	14,158,667			
bb) at least three months, but less than four years	27,960,619			
bc) four years or more	<u>4,993,503</u>	47,112,789		44,439,908
including: due in less than four years DM 3,414,763,000				
c) customers' drawings on other banks		<u>192,605</u>		324,621
			56,427,098	53,058,649
Liabilities to customers				
a) payable on demand		15,943,782		15,768,964
b) with original periods or periods of notice of				
ba) less than three months	22,332,565			
bb) at least three months, but less than four years	8,462,346			
bc) four years or more	<u>3,934,871</u>	34,729,782		27,101,854
including: due in less than four years DM 3,747,746,000				
c) savings deposits				
ca) subject to legal period of notice	13,533,326			
cb) other	<u>9,464,337</u>	<u>22,997,663</u>		22,243,222
			73,671,227	65,114,040
Bonds and notes with a life of				
a) up to four years		375,083		247,169
b) more than four years		<u>3,824,142</u>		4,348,690
including: maturing in less than four years DM 3,503,949,000			4,199,225	4,595,859
Bonds issued by mortgage banks				
a) mortgage bonds		18,084,606		16,852,771
including:				
registered bonds DM 4,574,268,000				
b) communal bonds		20,546,483		17,020,695
including:				
registered bonds DM 5,433,323,000				
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		1,267,485		867,253
including:				
registered bonds DM 11,500,000				
d) bonds drawn and called for redemption		<u>126,427</u>		52,871
including:			40,025,001	34,793,590
maturing or to be taken back in less than four years DM 20,979,059,000				
further:				
registered mortgage bonds given to lender as security for loans taken up DM 520,204,000				
and registered communal bonds DM 758,283,000				
Bonds to be delivered				
			200,459	1,141,776
Carried forward			174,523,010	158,703,914

Assets

Consolidated Balance Sheet

	in DM 1,000	in DM 1,000	31. 12. 1980 in DM 1,000
Brought forward		62,542,620	54,968,676
Claims on customers with original periods or periods of notice of			
a) less than four years	44,673,927		37,832,699
including:			
used as cover in mortgage bank business	DM 2,211,697,000		
b) four years or more	<u>35,094,371</u>		<u>35,217,521</u>
including:		79,768,298	73,050,220
ba) secured by mortgages on real estate	DM 5,841,265,000		
bb) communal loans	DM 4,194,366,000		
due in less than four years	DM 17,176,481,000		
Mortgage bank lendings with original periods of four years or more			
a) mortgages	19,964,377		19,074,998
used as cover	DM 18,080,548,000		
b) communal loans	20,895,634		18,430,157
used as cover	DM 19,997,263,000		
c) other	<u>43,591</u>		<u>43,235</u>
including: to banks	DM 3,558,788,000	40,903,602	37,548,390
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	684,882		533,620
b) interest due after October 31, 1981 and on January 2, 1982	64,008		65,489
c) interest arrears	<u>—</u>		<u>—</u>
		748,890	599,109
Recovery claims on Federal and Länder authorities under Currency Reform Acts		349,500	370,378
including:			
used as cover in mortgage bank business	DM 45,300,000		
Loans on a trust basis at third party risk		1,924,423	1,727,075
Subsidiaries, associated companies and trade investments		602,323	646,774
including: investments in banks	DM 297,510,000		
Land and buildings		838,684	867,888
including: taken over in mortgage business	DM 12,582,000		
Office furniture and equipment		324,799	305,517
Leasing equipment			
a) land and buildings	183,185		185,333
b) movables	<u>714,884</u>		<u>679,522</u>
		898,069	864,855
Own shares		2,293	853
nominal amount	DM 440,000		
Bonds and notes issued by consolidated companies		1,808,457	1,723,903
nominal amount	DM 1,847,248,000		
	US\$ 468,000		
Other assets		1,676,144	1,862,281
Deferred items		24,951	57,837
Total Assets		192,413,053	174,593,756
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		490,044	646,668
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a)		1,428,942	1,157,110

as of December 31, 1981

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1980 in DM 1,000
Brought forward			174,523,010	158,703,914
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		672,484		752,811
b) other		<u>760,464</u>		804,555
including:			1,432,948	1,557,366
with partial liability	DM 299,000			
due in less than four years	DM 966,784,000			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		1,066,187		815,918
b) interest due (including interest due on January 2, 1982)		<u>349,201</u>		288,143
Own acceptances and promissory notes outstanding			1,415,388	1,104,061
Loans on a trust basis at third party risk			1,446,344	1,184,123
Provisions			1,924,423	1,727,075
a) for pensions		1,446,414		1,311,996
b) other		<u>1,971,283</u>		1,598,863
Other liabilities			3,417,697	2,910,859
Endowments and benevolent funds			106,006	178,229
Endowment assets		6,509		6,100
less investments in securities		<u>6,346</u>		1,510
			163	4,590
Deferred items				
a) in accordance with Section 25 of the Mortgage Bank Act		253,225		214,775
b) other		<u>1,543,630</u>		1,308,580
			1,796,855	1,523,355
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		14,355		16,121
b) in accordance with Section 8b of the Income Tax Act		50,220		9,329
c) replacements reserve		<u>-</u>		669
			64,575	26,119
Share capital			1,232,134	1,114,134
Conditional capital DM 156,116,100				
Disclosed reserves				
a) legal reserve		2,084,329		1,728,680
b) reserve for own shares		2,293		853
c) other reserves (voluntary)		<u>1,554,147</u>		1,554,147
			3,640,769	3,283,680
Reserve arising from consolidation			764,769	732,272
Minority interests			267,423	250,563
including: from profit	DM 14,461,000			
Consolidated profit			380,549	293,416
Total Liabilities			192,413,053	174,593,756
Own drawings in circulation			73,456	31,365
including: those discounted for borrowers' account	DM 73,456,000			
Endorsement liabilities on rediscounted bills of exchange			3,902,275	3,445,649
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			21,469,735	18,717,429
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			160,211	166,036
Savings premiums under the Savings Premium Act			344,485	334,071
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			67,562	58,129

Expenses

Consolidated Profit and Loss Account

	in DM 1,000	in DM 1,000	1980 in DM 1,000
Interest and similar expenses		11,209,588	8,674,579
Interest expenses in the mortgage bank business for			
a) mortgage bonds	1,257,100		1,119,757
b) communal bonds	1,455,517		1,147,781
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	79,099		43,267
d) loans taken up	<u>190,842</u>		<u>162,916</u>
		2,982,558	2,473,721
Commissions and similar service charges paid		32,391	37,184
Non-recurrent expenses in the mortgage banks' issue and loan business		139,953	112,050
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		1,192,139	650,173
Salaries and wages		1,797,824	1,682,044
Compulsory social security contributions		246,700	230,824
Expenses for pensions and other employee benefits		344,775	325,993
Other operating expenses		746,278	693,659
Depreciation of and adjustments to land and buildings and office furniture and equipment		428,029	344,837
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		9,590	5,641
Taxes			
a) on income and assets	803,661		724,235
b) other	<u>14,512</u>		<u>11,161</u>
		818,173	735,396
Expenses from assumption of loss		2,481	—
Allocations to Special items with partial reserve character		50,253	4,347
Other expenses		87,621	149,947
Net income for the year		412,326	457,165
Total Expenses		20,500,679	16,577,560

Net income for the year

Profit brought forward from the previous year

Allocations to Disclosed reserves

 a) Deutsche Bank Aktiengesellschaft

 b) consolidated companies

Profit attributable to minority interests

Consolidated profit

Frankfurt am Main, March 16, 1982

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

<i>Burgard</i>	<i>Christians</i>	<i>Ehret</i>	<i>Guth</i>
<i>Herrhausen</i>	<i>van Hooven</i>	<i>Kleffel</i>	<i>Kopper</i>
<i>Mertin</i>	<i>Zapp</i>	<i>Blessing</i>	<i>Cartellieri Weiss</i>

Income

	in DM 1,000	1980 in DM 1,000
	412,326	457,165
	<u>67,411</u>	<u>72,018</u>
	479,737	529,183
1,440		120,000
<u>82,340</u>		<u>99,373</u>
	<u>83,780</u>	<u>219,373</u>
	395,957	309,810
	<u>15,408</u>	<u>18,394</u>
	<u>380,549</u>	<u>293,416</u>

Wirtschaftsprüfer

Development of the Consolidated Balance Sheet 1968–1981

Development of the Balance Sheet of Deutsche Bank Group

– Amounts in DM millions –

	End of	1981	1980	1979	1978	1977
Consolidated Balance Sheet						
Assets						
Cash reserve		7,138	8,006	10,199	7,184	5,813
Bills of exchange		2,620	3,076	2,535	6,486	6,624
Claims on banks		42,308	33,549	31,776	30,237	26,772
Treasury bills and discountable Treasury notes		615	813	549	449	152
Bonds and notes		6,890	6,933	5,928	6,566	4,759
Securities not to be shown elsewhere		2,265	2,174	2,020	1,795	1,857
Claims on customers		79,768	73,050	63,427	54,913	48,521
short and medium-term		44,674	37,833	32,086	27,151	24,268
long-term (4 years or more)		35,094	35,217	31,341	27,762	22,253
Long-term mortgage bank lendings		41,653	38,148	33,995	31,117	24,768
Recovery claims on Federal and Länder authorities under Currency Reform Acts		350	370	402	443	451
Loans on a trust basis at third party risk		1,924	1,727	1,378	1,225	1,146
Subsidiaries, associated companies and trade investments		602	647	619	604	596
Land and buildings		839	868	872	879	843
Office furniture and equipment		325	306	300	294	266
Leasing equipment		898	865	801	825	752
Bonds and notes issued by consolidated companies		1,809	1,724	995	1,038	973
Other assets		1,676	1,882	1,475	1,339	1,362
Remaining assets		733	677	814	680	596
Balance Sheet Total		192,413	174,594	158,085	146,054	124,243
Liabilities						
Liabilities to banks		56,427	53,059	46,561	42,778	35,771
including: time deposits		47,305	44,785	39,862	36,546	29,796
Liabilities to customers		73,671	65,114	59,887	55,965	49,508
including: time deposits		34,730	27,102	22,889	19,185	15,955
savings deposits		22,998	22,243	21,475	21,544	19,972
Commercial bank bonds		4,199	4,595	5,554	5,410	4,283
Long-term mortgage bank liabilities		43,074	38,597	35,081	32,219	26,183
Provisions		3,417	2,911	2,619	2,198	1,842
for pensions		1,446	1,312	1,185	1,097	989
other		1,971	1,599	1,434	1,101	853
Group own funds		5,891	5,365	5,056	4,573	4,003
Share capital		1,232	1,114	1,114	1,040	960
Disclosed reserves		3,641	3,284	3,164	2,851	2,490
Reserve arising from consolidation		765	732	565	474	404
Minority interests (excl. from profits)		253	235	213	208	149
Remaining liabilities		5,353	4,660	3,248	2,630	2,358
Consolidated profit		381	293	279	281	295
Balance Sheet Total		192,413	174,594	158,085	146,054	124,243
Own drawings in circulation (discounted)		74	31	7	7	3
Endorsement liabilities		3,902	3,446	2,492	345	254
Business Volume		196,389	178,071	160,584	146,406	124,500
Contingent liabilities from guarantees, etc.		21,470	18,717	16,357	16,809	14,888

Figures from the Consolidated Profit and Loss Account

	for the year	1981	1980	1979	1978	1977
Earnings on business volume (Interest surplus)		4,127	3,428	2,923	2,667	2,445
Earnings on services (Commission surplus)		996	892	785	754	852
Staff and other operating expenses		3,136	2,933	2,617	2,414	2,153
Taxes		818	735	665	657	532
Net income for the year		412	457	427	408	408
Number of staff at year's end		44,800	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	488							-
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	5,802	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	128	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
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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	20.0 m.	58.0%
Allianz Kapitalanlage GmbH, Stuttgart	DM	3.0 m.	8.0%	Industriebank von Japan (Deutschland) Aktiengesellschaft - The Industrial Bank of Japan (Germany)			
Deutsche Bank Berlin AG, Berlin	DM	70.0 m.	100.0%	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.	84.1%	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	DM	250.0 m.	6.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	DM	8.0 m.	100.0%	Lombardkasse Aktien- gesellschaft, Berlin			
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	DM	32.0 m.	47.3%	Frankfurt am Main	DM	6.0 m.	16.9%
Deutsche Grundbesitz-Invest- mentgesellschaft mbH, Cologne	DM	6.0 m.	37.5%	Privatdiskont-Aktiengesell- schaft, Frankfurt am Main	DM	5.0 m.	14.2%
Deutsche Kreditbank für Bau- finanzierung Aktien- gesellschaft, Cologne	DM	42.0 m.	100.0%	Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Kiel	DM	35.0 m.	29.0%
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	DM	35.0 m.	25.5%	Süddeutsche Bank GmbH, Frankfurt am Main	DM	3.0 m.	100.0%
Deutsche Schiffspfandbrief- bank Aktiengesellschaft, Berlin-Bremen	DM	1.0 m.	25.3%	Foreign banks			
Deutsche Vermögens- bildungsgesellschaft mbH, Bad Homburg v.d.H.	DM	1.0 m.	60.0%	AEA Development Corporation, Makati, Metro Manila, Philippines	Phil. pes.	50.0 m.	5.4%
European Asian Bank Aktien- gesellschaft, Hamburg	DM	147.0 m.	14.3%	Al-Bank Al-Saudi Al-Atami Ltd., London	f	50.0 m.	5.0%
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main	DM	70.4 m.	90.1%	Banco Bradesco de Investimen- to, S.A., São Paulo	Cr. \$	5,525.7 m.	5.0%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	45.0 m.	100.0%	Banco Comercial Transatlanti- co, Barcelona	Ptas.	1,452.0 m.	29.5%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt am Main	DM	1.0 m.	26.4%	Banco de Desarrollo del Para- guay S.A. (COMIDES), Asunción, Paraguay	Gs.	321.4 m.	2.4%
				Banco del Desarrollo Econó- mico Español S.A., Madrid	Ptas.	929.8 m.	1.8%
				Banco de Montevideo, Montevideo, Uruguay	Ur. pes.	25.0 m.	44.0%
				Banco Exterior Deutschland S.A., Madrid	Ptas.	165.0 m.	15.0%
				Banque Commerciale Congo- laïse, Brazzaville, Congo	CIA francs	2,000.0 m.	3.1%

		Capital	Our holding
Banque Commerciale du Maroc, Casablanca, Morocco	Dirham	60.8 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 guil.	25.0 m.	50.0%
Corporación Financiera Colombiana, Bogotá, Colombia	Col. pesos	353.9 m.	0.2%
Deutsche Bank (Asia Credit) Ltd., Singapore	S\$	37.5 m.	100.0%
Deutsche Bank (Canada), Toronto, Canada	Can.\$	10.0 m.	100.0%
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	2,850.0 m.	99.9%
Deutsche Bank Finance N.V., Curaçao, N.A.	US\$	0.02 m.	100.0%
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	£	18.0 m.	13.7%
The Industrial Credit and Investment Corporation of India Ltd., Bombay, India	Ind. rupees	270.0 m.	1.5%
Iran Overseas Investment Corporation Ltd., London	£	8.0 m.	6.3%

	Capital	Our holding
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%
National Investment Bank for Industrial Development S.A., Athens	Drachmae 944.0 m.	4.9%
The Pakistan Industrial Credit and Investment Corporation Ltd., Karachi, Pakistan	Pak. rupees 91.6 m.	4.8%
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%
Teollistamistrahasto 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 Beteiligungsgesellschaft 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 1.0 m.	37.5%
Deutsche Grundbesitz-Anlagegesellschaft mbH u. Co., Löwenstein Palais of HG, Frankfurt am Main	DM 3.2 m.	6.2%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt am Main	DM 30.0 m.	14.0%
Erste Sicherheitenreuehand 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 51.2 m.	33.3%
Matura Vermögensverwaltung mbH, Düsseldorf	DM 0.3 m.	100.0%
Nordwestdeutscher Wohnungsbau-träger GmbH, Braunschweig	DM 0.2 m.	100.0%
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	DM 29.3 m.	50.0%
Sicherheiten-Reuehand G&H, Düsseldorf	DM 0.1 m.	33.3%

	Capital	Our holding
Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	DM 4.0 m.	100.0%
Immas Vermögensverwaltung GmbH, Frankfurt am Main	DM 1.0 m.	100.0%
Other foreign enterprises		
Adela Investment Company S.A., Luxembourg	US\$ 92.2 m.	1.6%
Atlantic Capital Corporation, New York	US\$ 0.1 m.	100.0%
Compañía de Mandatos Inmobiliarios y Financiera S.A., Buenos Aires, Argentina	Arg. pes. 500.0 m.	99.3%
EDESA Societe Anonyme Holding, Luxembourg	US\$ 16.0 m.	6.3%
European Arab Holding S.A., Luxembourg	Lux. francs 2,200.0 m.	5.7%
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.	100.0%
IMOBAL Imobiliária e Administradora Ltda., São Paulo, Brazil	Cr\$ 44.0 m.	100.0%
Intermax 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\$ 48.1 m.	0.5%
SIFIDA Investment Company S.A., Luxembourg	US\$ 18.0 m.	0.6%
Society for Worldwide Interbank Financial Telecommunication SWIFT, Brussels	Belg. francs 119.3 m.	1.8%

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

10¼%, 10¼%, 10% and 9% bond issues of the Bundesrepublik Deutschland of 1981
 10¼%, 10¼% and 9% bond issues of the Deutsche Bundesbahn of 1981
 10¼%, 10¼% and 10% bond issues of the Deutsche Bundespost of 1981
 10% bond issue of the Reconstruction Loan Corporation of 1981
 11.5%, 11.25%, 11%, 10.5%, 10%, 9.5%, 9.25%, 9%, 8.5%, 8.25%, 8% and 7.75% mortgage, communal and annuity bond issues of the Deutsche Siedlungs- und Landesrentenbank Issues 170, 171, 176–188, 192–200, Series 58, 59, 61, 63

Other domestic bond issues, mortgage and communal bonds

Deutsche Hypothekenbank
 (Actien-Gesellschaft)

Convertible and option bonds of foreign issuers

denominated in Deutsche Mark:

Mitsubishi Heavy Industries, Ltd.

denominated in foreign currencies:

Ajinomoto Co., Inc.
 Dainippon Ink and Chemicals, Incorporated
 Daiwa Securities Co. Ltd.
 Fuji Electric Co., Ltd.
 Fujitsu Fanuc Ltd.
 Fujitsu Limited
 Hitachi Credit Corporation
 Hospital Corporation of America Finance N.V.
 Mitsubishi Electric Corporation
 Northwest International Finance N.V. and Northwest International Finance B.V.
 Sanyo Electric Co., Ltd.
 Sumitomo Metal Industries, Ltd.
 Victor Company of Japan, Limited
 Wang Laboratories (N.A.) N.V.

Bonds of foreign issuers

denominated in Deutsche Mark

Ardal og Sunndal Verk A.S.
 Asiatische Entwicklungsbank
 Australien
 Belgelectric Finance B.V.
 EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale
 Europäische Gemeinschaft für Kohle und Stahl
 Europäische Investitionsbank
 Europäische Wirtschaftsgemeinschaft
 Hypothekenbank und Finanzverwaltung des Königreichs Dänemark
 Inter-Amerikanische Entwicklungsbank
 Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)
 Irland
 Vereinigte Mexikanische Staaten
 Neuseeland
 Oesterreichische Kontrollbank Aktiengesellschaft
 Renault Acceptance B.V.
 Svenska Handelsbanken
 Aktiebolaget Svensk Exportkredit
 Republik Venezuela

denominated in foreign currencies

Abitibi Price Inc.
 AGA AB
 Alcoa of Australia Limited
 Amoco (UK) Exploration Company
 Anheuser-Busch Overseas Capital N.V.
 APS Finance Company N.V.
 Armco Overseas Finance N.V.
 Asiatische Entwicklungsbank
 Australien
 Bank of Montreal
 Bank of Montreal Mortgage Corporation
 Bank of Nova Scotia
 Bank of Tokyo (Curacao) Holding N.V.
 Banque Française du Commerce Extérieur
 Banque Nationale de Paris
 Bergen Bank
 British Columbia Hydro and Power Authority
 Canadian National Railway Company
 Canadian Utilities Limited
 Christiania Bank og Kredit Kasse
 Citicorp Overseas Finance Corporation Limited
 Cities Service Overseas Finance N.V.
 Du Pont Canada Inc.

Du Pont Overseas Capital N.V.
 A/S Eksportfinans
 Eldorado Nuclear Limited
 Europäische Investitionsbank
 Europäische Wirtschaftsgemeinschaft
 Federal Business Development Bank
 Finnish Export Credit Corporation
 Ford Credit Overseas Finance N.V.
 Ford Overseas Finance N.V.
 Genfinance N.V.
 GMAC Overseas Finance Corporation N.V.
 Hospital Corporation of America Finance N.V.
 Household Finance International N.V.
 The Industrial Bank of Japan Finance Company N.V.
 Industrias Peñoles S.A. de C.V.
 Inter-Amerikanische Entwicklungsbank
 Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)
 Japan Air Lines Company, Ltd.
 Korea Development Bank
 Loyds Eurofinance N.V.
 Merrill Lynch Overseas Capital N.V.
 Midland International Financial Services B.V.
 Nationale Nederlanden N.V.
 Nordic International Finance B.V.
 Nordiska Investeringsbanken
 Den norske Creditbank
 Nova, An Alberta Corporation
 Province of Nova Scotia
 Ontario Hydro
 PEMEX Petróleos Mexicanos
 PopsiCo Capital Corporation N.V.
 Privatbanken
 RCA Overseas Finance N.V. and RCA Overseas Finance B.V.
 Royal Trustco Limited
 Sanwa International Finance Limited
 Province of Saskatchewan
 Königreich Schweden
 Shell Canada Limited
 Simpsons-Sears Acceptance Company Limited
 Société Générale
 Solvay & Cie
 Standard Chartered Finance B.V.
 TELMEX Teléfonos de México S.A.
 Tenneco International N.V.
 Texas Eastern Finance N.V.
 The Toronto Dominion Bank
 Transcanada Pipelines Limited

Iribune Company Overseas N.V.
 Trizec Corporation Ltd.
 Walt Disney Productions International
 Finance N.V.
 Wells Fargo International Financing
 Corporation N.V.
 City of Winnipeg

Domestic shares

Adl Aktiengesellschaft
 ALEXANDERWERK
 AKTIENGLIEDSCHAFT
 Allgemeine Rentenanstalt Lebens- und
 Rentenversicherungs Aktiengesellschaft
 Badische Gas- und Elektrizitätsversorgung
 Aktiengesellschaft
 BASF Aktiengesellschaft
 Bayer Aktiengesellschaft
 BERGMANN ELEKTRICITÄTS WERKE
 Aktiengesellschaft
 H. Berthold Aktiengesellschaft
 Bibliographisches Institut
 Aktiengesellschaft
 Braunschweigische Maschinenbauanstalt
 Aktiengesellschaft
 Concordia-Chemie Aktiengesellschaft
 CONTIGAS Deutsche
 Energie Aktiengesellschaft
 Daimler-Benz Aktiengesellschaft
 Friedrich Deckel Aktiengesellschaft
 Deutsche IFXACO Aktiengesellschaft
 Dyckerhoff & Widmann Aktiengesellschaft

Dyckerhoff Zementwerke
 Aktiengesellschaft
 Gelsenwasser Aktiengesellschaft
 Arn.-Georg Aktiengesellschaft
 Grünzweig + Hartmann und Glaslaser
 Aktiengesellschaft
 HAG GF Aktiengesellschaft
 HEILIT + WOERNER
 BAU Aktiengesellschaft
 Herlitz Aktiengesellschaft
 HOCHTIEF Aktiengesellschaft vorm. Gebr.
 Hoffmann
 Philipp Holzmann Aktiengesellschaft
 Hutschenruther Aktiengesellschaft
 Industrie-Werke Karlsruhe Augsburg
 Aktiengesellschaft
 Isar-Amperwerke Aktiengesellschaft
 KARSTADT Aktiengesellschaft
 G. Kromschroder Aktiengesellschaft
 LEFFERS AKTIENGESSELLSCHAFT
 Leonische Drahtwerke Aktiengesellschaft
 Main-Kraftwerke Aktiengesellschaft
 Mannesmann Aktiengesellschaft
 Mauser-Waldeck Aktiengesellschaft
 Mercedes-Automobil-Holding
 Aktiengesellschaft
 Motoren-Werke Mannheim
 Aktiengesellschaft vorm. Benz Abt. stat.
 Motorenbau
 Muhle Rünigen Aktiengesellschaft
 Neckermann Versand Aktiengesellschaft
 Nixdorf Computer Aktiengesellschaft
 O & K Orenstein & Koppel
 Aktiengesellschaft
 G.M. Pfaff Aktiengesellschaft

Platzwerke Aktiengesellschaft
 PHB Weserhütte Aktiengesellschaft
 Privat-Brauerei Isenbeck Aktiengesellschaft
 Rütgerswerke Aktiengesellschaft
 Salamander Aktiengesellschaft
 Schoeller-Ertorf Aktiengesellschaft
 SICURITAS Bremer Allgemeine
 Versicherungs Aktiengesellschaft
 Siemens Aktiengesellschaft
 Süddeutsche Zucker Aktiengesellschaft
 Thüringer Gas Aktiengesellschaft
 VEBA Aktiengesellschaft
 Vereinigte Aachen-Berlinische
 Versicherung Aktiengesellschaft
 C.J. Vogel Draht- und Kabelwerke
 Aktiengesellschaft

Foreign shares

ARICO America Real Estate Investment
 Company
 Banco de Bilbao Sociedad Anónima
 Dart & Kraft, Inc.
 De Beers Consolidated Mines Limited
 Foseco Minsep Ltd.
 Marudai Food Co., Ltd.
 The Mexico Fund, Inc.
 The Nikko Securities Co., Ltd.
 The Nomura Securities Co., Ltd.
 Ing. C. Olivetti & C., S.p.A.
 Sanwa Bank Ltd.
 Sempont Aktiengesellschaft
 Sumitomo Electric Industries, Ltd.
 Yamaichi Securities Company, Limited

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Kronberg/Is.

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Vossloh Werke GmbH, Werdohl

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

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

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

Alfred Belling
of Maschinenfabrik Stahlkontor Weser
Lenze KG, Hameln

Karl-Erhard Richtberg
Partner, Karl Richtberg KG,
Bingen (Rhein)

We shall always remember them with respect and gratitude.

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with 1 sub-branch
Achim (Bz Bremen)
Ahaus
Ahlen (Westf)
Ahrensburg (Holst)
Albstadt
with 1 sub-branch
Alfeld (Leine)
Alsdorf (Rheinl)
Alsfeld (Oberhess)
Allena (Westf)
Altenkirchen (Westerw)
Alzey
Amberg
Andernach
Ansbach
Arnsberg
with 1 sub-branch
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Asperg
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Bad Honnef
Bad Iburg
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Bad Lauterberg
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Bergisch Gladbach
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Bergneustadt
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with 1 sub-branch
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Bremen
with 14 sub-branches
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Burgdorf (Han)
Burscheid (Rhein)
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Cuxhaven
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Darmstadt
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Deggendorf
Deidesheim
Delmenhorst
Detmold
Dietzenbach
Dillenburg
Dinslaken (Niederrhein)
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Dormagen (Niederrhein)
Dorsten
Dortmund
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Dreieich
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Düren (Rheinl)
with 1 sub-branch
Düsseldorf
with 31 sub-branches
Düsseldorf-Benrath
with 1 sub-branch
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with 23 sub-branches
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Elmshorn
Elten
Eltville
Fmden
Fmmendingen
Emmerich
Fmsdetten
Engelskirchen
Ennepetal
with 1 sub-branch
Erkelenz

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Erlangen
Eschborn
Eschwege
Eschweiler
Espelkamp
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Esslingen (Neckar)
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Euskirchen
Futin
Fellbach (Württ)
Flensburg
with 3 sub-branches
Forchheim
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with 25 sub-branches
and 1 paying office
Frankfurt (Main) Höchst
Frechen
Freiburg (Breisgau)
with 6 sub-branches
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Freudenberg (Kr Siegen)
Friedberg (Hess)
Friedrichshafen
Fürstenfeldbruck
Fürth (Bay)
with 1 sub-branch
Fulda
with 1 sub-branch
Gaggenau (Murgtal)
Garmisch-Partenkirchen
Geesthacht
Geislingen (Steige)
with 1 sub-branch
Geldern
Gelsenkirchen
with 5 sub-branches
Gengenbach
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with 1 sub-branch
Görlingen (Württ)
Germaring
Gernsbach (Murgtal)
Gersthofen
Geske (Westf)
Gövelsberg
Grongen (Brenz)
Giessen
Gifhorn
with 1 sub-branch

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with 1 sub branch	Herne	Königsbrunn	Ludwigshafen (Rhein)
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Göppingen	Herten (Westf)	Konstanz	Lübeck
with 1 sub branch	Herzberg (Harz)	with 2 sub branches	with 5 sub branches
Göttingen	Herzogenrath	Konz u/Trier	Ludenscheid
with 1 sub branch	with 1 sub-branch	Korbach	Lüneburg
Goslar	Heusenstamm	Kornwestheim (Württ)	with 1 sub branch
with 1 sub branch	Hilden	Korschenbroich	Lünen
Grefrath	with 1 sub branch	Krefeld	with 1 sub-branch
Grenzach-Wyhlen	Hildesheim	with 7 sub branches	Mainz
Greven (Westf)	with 2 sub branches	Krefeld-Uerdingen	with 4 sub branches
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Griesheim ü/Darmstadt	Höhr Grenzhäuser	Kreuztal (Kr Siegen)	with 17 sub branches
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Grünwald	Hückelhoven	Laasphe	Mari (Kr Recklinghausen)
Günzburg	Hückeswagen	Laatzen	Mayen
Gütersloh	Hürth (Bz Cologne)	Lage (Lippe)	Mockenheim (Rheinl)
with 1 sub branch	Husum (Nordsee)	Lahnstein	Meerbusch
Gummersbach	Ibbenbüren	Lahr (Schwarzw)	with 1 sub branch
Haan (Rheinl)	Idar-Oberstein	Landau (Pfalz)	Meinerzhagen (Westf)
Hagen (Westf)	with 1 sub-branch	Landsberg (Lech)	Melle
with 8 sub branches	Ingelheim (Rhein)	Landshut	Memmingen
Haiger	Ingolstadt (Donau)	Landstuhl	Menden (Sauerl)
Halle (Westf)	with 3 sub branches	Langen (Hess)	Meppen
Hamburg	Iserlohn	Langenfeld (Rheinl)	Mettmann
with 44 sub branches	with 1 sub-branch	Längenhausen (Hlan)	Metzingen (Württ)
Hamburg Altona	Itzehoe	with 1 sub branch	Miltenberg
Hamburg Bergedorf	Jever	Lauenburg	Minden (Westf)
Hamburg Harburg	Julich	Lauf a d Pegnitz	Mönchengladbach
Hameln	Kaarst	Lauterbach (Hess)	with 8 sub branches
Hamm (Westf)	Kaiserslautern	Leer (Ostfriesl)	Mönchengladbach-Rheydt
with 3 sub branches	with 1 sub branch	Leichlingen (Rheinl)	Moers
Hanau	Kamp-Lintfort	Leintelden	with 2 sub branches
Hann Münden	Karlsruhe	Lemgo	Monheim (Rheinl)
Hanover	with 6 sub branches	Lengerich (Westf)	Montabaur
with 18 sub branches	Kassel	Lennestadt	Mosbach (Baden)
Harsewinkel	with 5 sub branches	Leonberg (Württ)	Muhlacker (Württ)
Haslach (Kinzigtal)	Kehl	Leutkirch	Mühlendorf (Inn)
Hattingen (Ruhr)	Kempen (Niederrhein)	Leverkusen	Mühlheim (Main)
Heidelberg	Kompten (Allgäu)	with 2 sub branches	Mülheim (Ruhr)
with 4 sub branches	Korpen	Leverkusen Opladen	with 2 sub branches
Heidenheim (Brenz)	Kovelaer	Limburg	Müllheim (Baden)
Heilbronn (Neckar)	Kiel	Limburgerhof	Münster (Westf)
with 1 sub branch	with 7 sub branches	Lindau (Bodensee)	with 8 sub branches
Heiligenhaus (Düsseldorf)	Kirspe (Westf)	Lingen	Munich
Helmstedt	Kirchheim unter Teck	Lippstadt	with 46 sub branches
Hemer	Kleve (Niederrhein)	Löhne (Westf)	Münster
Hennel (Sieg)	with 1 sub branch	Lörrach	Nagold
Heppenheim		with 1 sub branch	Neckarsulm
Herborn (Dillkr)		Lohne (Oldb)	

Nettetal
 with 1 sub-branch
 Neuburg (Donau)
 Neuenrade
 Neu-Isenburg
 Neumarkt (Oberpf.)
 Neumünster
 Neunkirchen (Kr. Siegen)
 Neuss
 with 4 sub-branches
 Neustadt (b. Coburg)
 Neustadt (Weinstr.)
 Neu-Ulm
 Neuwied
 with 1 sub-branch
 Nienburg (Weser)
 Nördlingen
 Norden
 Norderney
 Norderstedt
 Nordhorn
 Northheim
 Nürtingen
 Nürnberg
 with 14 sub-branches
 Oberhausen (Rheinl.)
 with 9 sub-branches
 Oberkirch (Baden)
 Obertshausen
 Oberursel (Taunus)
 Ohringen
 Olde
 Oerlinghausen
 Offenbach (Main)
 with 2 sub-branches
 Offenburg (Baden)
 Oldenburg (Oldbg.)
 with 1 sub-branch
 Olpe (Westf.)
 Osnabrück
 with 4 sub-branches
 Osterholz-Scharmbeck
 Osterode (Harz)
 Otterbrunn
 Paderborn
 Papenburg
 Peine
 Plön
 Plön
 with 3 sub-branches
 Pfullingen (Württ.)
 Pinneberg
 Pirmasens
 with 1 sub-branch
 Planegg

Plettenberg
 Plochingen
 Quakenbrück
 Radevormwald
 Radolfzell
 Rastatt
 Ratingen
 with 3 sub-branches
 Raunheim
 Ravensburg
 with 1 sub-branch
 Recklinghausen
 Regensburg
 with 4 sub-branches
 Reinbek (Bz. Hamburg)
 Remagen
 Remscheid
 with 5 sub-branches
 Rendsburg
 Reutlingen
 with 1 sub-branch
 Rheda-Wiedenbrück
 Rheinbach
 Rheinberg (Rheinl.)
 Rheine (Westf.)
 with 2 sub-branches
 Rheinfelden (Baden)
 Rinteln (Weser)
 Rodgau
 Rosenheim (Bay.)
 Rottenburg
 Rottweil
 Rüsselsheim (Hess.)
 with 1 sub-branch
 Salzgitter-Bad
 with 2 sub-branches
 Salzgitter-Lebenstedt
 with 1 sub-branch
 Salzgitter-Watenstedt
 St. Georgen (Schwarzw.)
 Schmallenberg (Sauerl.)
 Schopfheim
 Schorndorf (Württ.)
 Schüttorf
 Schwäbisch Gmünd
 with 1 sub-branch
 Schwäbisch Hall
 Schweinfurt
 Schwelm
 Schwerte (Ruhr)
 Schwetzingen
 Seesen
 Siegburg

Siegen
 with 4 sub-branches
 Sindelfingen
 Singen (l. Hohentwiel)
 Soest
 Solingen
 with 4 sub-branches
 Soltau
 Sonthofen
 Spaichingen
 Spence
 Speyer
 Sprockhövel (Westf.)
 Stade
 Stadthagen
 Stadtlohn
 Starnberg
 Steinfurt
 with 1 sub-branch
 Stolberg (Rheinl.)
 Straubing
 Stuttgart
 with 13 sub-branches
 Stuttgart-Bad Cannstatt
 Sundern (Sauerl.)
 Taunusstein
 Titisee-Neustadt
 Tonisvorst
 Traben-Trarbach
 Triberg (Schwarzw.)
 Trier
 with 1 sub-branch
 Troisdorf
 Tübingen
 with 1 sub-branch
 Tuttingen
 Übach-Palenberg
 Überlingen (Bodensee)
 Uelzen
 Ulm (Donau)
 with 1 sub-branch
 Unna
 Vechta
 Velbert (Rheinl.)
 with 1 sub-branch
 Verden (Aller)
 Verl
 Viernheim (Hess.)
 Viersen
 with 3 sub-branches
 VS-Schwenningen
 VS-Villingen
 Voerde
 Vohburg

Vreden (Westf.)
 Waiblingen
 Waldbröl
 Waldkirch (Breisgau)
 Waldshut
 Waltrop
 Wangen (Allgäu)
 Warendorf
 Wedel (l. Holst.)
 Weener (Ems)
 Wegberg
 Wehr (Baden)
 Weiden (Opf.)
 Weil (Rhein)
 Weilheim
 Weingarten (Württ.)
 Weinheim (Bergstr.)
 with 1 sub-branch
 Weisenthurm
 Werdohl
 Werl (Westf.)
 Wermelskirchen
 Werne
 Wesel (Niederrhein)
 with 1 sub-branch
 Wesseling (Bz. Cologne)
 Westerland
 Wetzlar
 Wiesbaden
 with 6 sub-branches
 Wiesloch
 Wilhelmshaven
 Willich (Bz. Düsseldorf)
 with 1 sub-branch
 Wipperfurth
 Wissen (Sieg)
 Witten
 with 2 sub-branches
 Wittlich
 Wörth am Rhein
 Wolfenbüttel
 Wolfsburg
 with 4 sub-branches
 Worms
 Würfrath
 Würselen (Kr. Aachen)
 Würzburg
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 with 16 sub-branches
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 Zell (Mosel)
 Zirndorf
 Zwickbrücken

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Saarbrücken
18 offices

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Lübeck
43 offices

Subsidiary: Lübecker Hypothekenbank AG,
Lübeck
10 offices

Deutsche Centralbodenkredit-Aktiengesellschaft,
Berlin–Cologne
10 offices

Frankfurter Hypothekenbank Aktiengesellschaft,
Frankfurt am Main
11 offices

Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft,
Cologne
16 offices, 8 representative offices

GEFA Gesellschaft für Absatzfinanzierung mbH,
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Subsidiary: GEFA-Leasing GmbH,
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United Kingdom
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European American Banking Corporation, New York



Peter Paul, born in Strolitz in 1943, has lived and worked in Ireland since 1974. Training: 1965–1966 studied at the University for Fine Arts in Berlin. 1966–1969 studied at the University for Fine Arts in Hamburg. Teaching post: 1969–1974 tutor in free graphic art and graphic techniques at the Hamburg University for Fine Arts. Cooperation with visiting lecturers Allen Jones and David Hockney. 1976 guest at the Deutsche Akademie, Villa Massimo, Rome. Peter Paul's work has become known through numerous exhibitions at home and abroad.

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