

Deutsche Bank at a glance

Deutsche Bank AG	1983	1982
	DM m.	DM m.
Business volume	122,800	120,100
Balance sheet total	117,800	115,500
Funds from outside sources	104,200	103,100
Total credit extended	72,800	69,900
Capital and reserves	5,518	5,374
Earnings on business volume	4,134	3,799
Earnings on services	1,075	942
Staff and other operating expenses	3,165	2,941
Taxes	940	757
Net income for the year	469	302
Allocations to disclosed reserves	150	4
Total dividend payment	325	298
Dividend per share of DM 50	DM 12	DM 11
Shareholders	240,000	240,000
Staff	40,570	40,325
Customers (excl. banks)	5.31 m.	5.34 m.
Offices	1,157	1,152

Group	1983	1982
	DM m.	DM m.
Business volume	215,700	204,100
Balance sheet total	210,200	199,200
Funds from outside sources	193,000	183,600
Total credit extended	159,100	144,900
Capital and reserves	6,772	6,492
Earnings on business volume	5,358	4,703
Earnings on services	1,257	1,020
Staff and other operating expenses	3,771	3,400
Taxes	1,238	977
Net income for the year	654	343
Staff	47,256	45,618
Customers (excl. banks)	6.34 m.	6.34 m.
Offices	1,407	1,378

Report for the Year 1983

Deutsche Bank AG



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Honorary President

Hermann J. Abs, Frankfurt am Main

Supervisory Board

Franz Heinrich Ulrich, Düsseldorf, *Chairman*

Konrad Reeb, Munich*, *Deputy Chairman*
Deutsche Bank AG

Hermann Brandt, Hamburg* (until May 18, 1983)
Chairman of Deutsche Angestellten Gewerkschaft

Professor Dr. J.R.M. van den Brink, Amsterdam
(until May 18, 1983)
Deputy Chairman of the Supervisory Board of AKZO N.V.

Dr. Hans Feith, Frankfurt am Main

Hagen Findeisen, Hamburg* (from May 18, 1983)
Deutsche Bank AG

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

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

Gerd Hirsbrunner, Berlin* (from May 18, 1983)
Deutsche Bank Berlin AG

H. F. van den Hoven, Rotterdam (from May 18, 1983)
Chairman of the Board of Unilever N.V.

Erich Kehder, Pforzheim* (until May 18, 1983)
Deutsche Bank AG

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

Axel Kohl, Frankfurt am Main* (until May 18, 1983)
Deutsche Bank AG

Karlheinz Krippendorf, Cologne* (from May 18, 1983)
Deutsche Bank AG

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

Karl Messing, Düsseldorf*
Deutsche Bank AG

Josef Pfaff, Cologne*
Deutsche Bank AG

Dipl.-Ing. Dr. Ing. E.h. Bernhard Plettner,
Munich (from May 18, 1983)
Chairman of the Supervisory Board of Siemens AG

Gerhard Renner, Hamburg* (from May 18, 1983)
Head of the National Section for Banks and Savings Banks in
the National Executive of Deutsche
Angestellten-Gewerkschaft

Irene Rodermund, Salzgitter*
Deutsche Bank AG

Marion Schardt, Essen* (until May 18, 1983)
Deutsche Bank AG

Lorenz Schwegler, Düsseldorf* (from May 18, 1983)
Member of the Main Executive Committee of Gewerkschaft
Handel, Banken und Versicherungen

Dr. Peter von Siemens, Munich (until May 18, 1983)
Member of the Council of Honorary Chairmen
of the Supervisory Board of Siemens AG

Heinz Vietheer, Otterndorf* (until May 18, 1983)

Dipl. Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne*
Deutsche Bank AG

Hannelore Winter, Düsseldorf
Housewife

* elected by the staff

Advisory Board

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

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

Dr. rer. nat. Hans Albers,
Ludwigshafen (Rhein) (from May 18, 1983)
Chairman of the Board of Managing Directors of BASF AG

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

Dr. Horst Brandt, Bremen (until May 18, 1983)
Managing Director of Brauerei Beck GmbH & Co.

Professor Dipl.-Ing. Werner Breitschwerdt,
Stuttgart (from January 25, 1984)
Chairman of the Board of Managing Directors of
Daimler-Benz AG

Roger Fauroux, Paris La Défense
Président Directeur Général de la Compagnie
de Saint Gobain

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

Dr. Carl H. Hahn, Wolfsburg (from May 18, 1983)
Chairman of the Board of Managing Directors of
Volkswagenwerk AG

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Düsseldorf
Chairman of the Supervisory Board
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Industrie Aktien und Anlagen AG

Dr.-Ing. Günther Klätte, Essen
Member of the Board of Managing Directors of
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Düsseldorf (from January 1, 1984)

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

Reinhard Mohn, Gütersloh
Chairman of the Supervisory Board of
Bertelsmann AG

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

Dr. Egon Overbeck, Düsseldorf
Member of the Supervisory Board of Mannesmann AG

Dr. Gerhard Prinz, Stuttgart (died October 29, 1983)
Chairman of the Board of Managing Directors of
Daimler-Benz AG

Professor Dr. rer. nat. Matthias Seefelder,
Ludwigshafen (Rhein) (until May 18, 1983)
Chairman of the Supervisory Board of BASF AG

Casimir Prinz Wittgenstein, Frankfurt am Main

Board of Managing Directors

Werner Blessing

Horst Burgard

Ulrich Cartellieri

F. Wilhelm Christians

Robert Ehret

Wilfried Guth

Alfred Herrhausen

Eckart van Hooven

Hilmar Kopper

Klaus Mertin

Ulrich Weiss

Herbert Zapp

Executive Vice Presidents Senior Vice Presidents

Executive Vice Presidents

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Dr. Hanns Kippenberger
Christoph Könniker
Heinrich Kunz
Christian L. Vontz
Dr. Winfried Werner
Dr. Karl Friedrich Woeste

Chief Economist
Dr. Franz-Josef Trouvain

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Dr. Klaus Albrecht
Reinhold Bandomir
Peter Beitel
Dr. Helmut Bendig
Claus-Werner Bertram
Helmut von der Bey
Erich Bindert
Dr. Dieter Bökenkamp
Dr. Dieter Boschert
Michael von Brentano
Dr. Rolf-Ernst Breuer
Hans Buskase
Ulrich Cutik
Dr. Jürgen Delbrück
Robert Dörner
Dr. Michael Endres
Dr. Hans-Peter Ferslev
Hans Joachim Funck
Dr. Klaus Gaertner
Josef Gerhard
Dr. Peter Grasnack
Rudolf Habicht
Dr. Frank Heintzeler
Dr. Ulrich Hoppe
Henning Jess
Dr. Klaus Juncker
Hans Joachim Kesper
Gerhard Koenig
Paul Körtgen
Dr. Klaus Kohler
Dr. Siegfried Kümpel
Gisela Kurtz
Peter Laube
Klaus Leukert
Horst Liefeth

Dr. Klaus Liske
Dr. Theo Loevenich
Hermann Marx
Dr. Hans Otto Mehl
Günter Meissner
Karl Miesel
Dr. Niels Minners
Dr. Martin Murtfeld
Günter Olt
Axel Osenberg
Michael Osterwind
Werner Römer
Dr. Peter Rösler
Hans Rosentalski
Wilhelm Schlaus
Dr. Hans Walter Schlöter
Dr. Karl Schneiders
Dr. Werner Schwilling
Günter Sonnenburg
Dr. Hans-Dieter Spanier
Heinz Starzinski
Dr. Ernst Taubner
Erhard Ullrich
Gerd Volkemer
Walther Weber
Dr. Olaf Wegner
Johann Wieland
Claus Wreth

Executive Vice Presidents and Senior Vice Presidents at the Regional Head Branches

Bielefeld
Ernst Cremer
Dr. Lothar Gruss
Lothar Zelz

Bremen
Dr. Roland Bollstedt
Peter Hartmann

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

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

Essen
Dr. Theodor E. Pietzcker
Alfred Steffen
Karl Ernst Thiemann
Dr. Wolfgang Tillmann

Frankfurt
Carl-Ludwig von Boehm-Bezing
Dr. Bernhard Klaus Dott
Karlheinz Pfeffer
Dr. Hugo Graf von Walderdorff

Freiburg
Dr. Günther Dietzel
Dr. Hans-Peter Hirner

Hamburg
Dr. Hanns Kippenberger
Christoph Könneker
Dr. Hans-Dieter Bartels
Dr. Harald P. Burchard
Heinrich Garbe
Günther Hoops
Christoph Woermann

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

Mainz
Dr. Jan Hiemisch
Karl-Heinrich Scherer

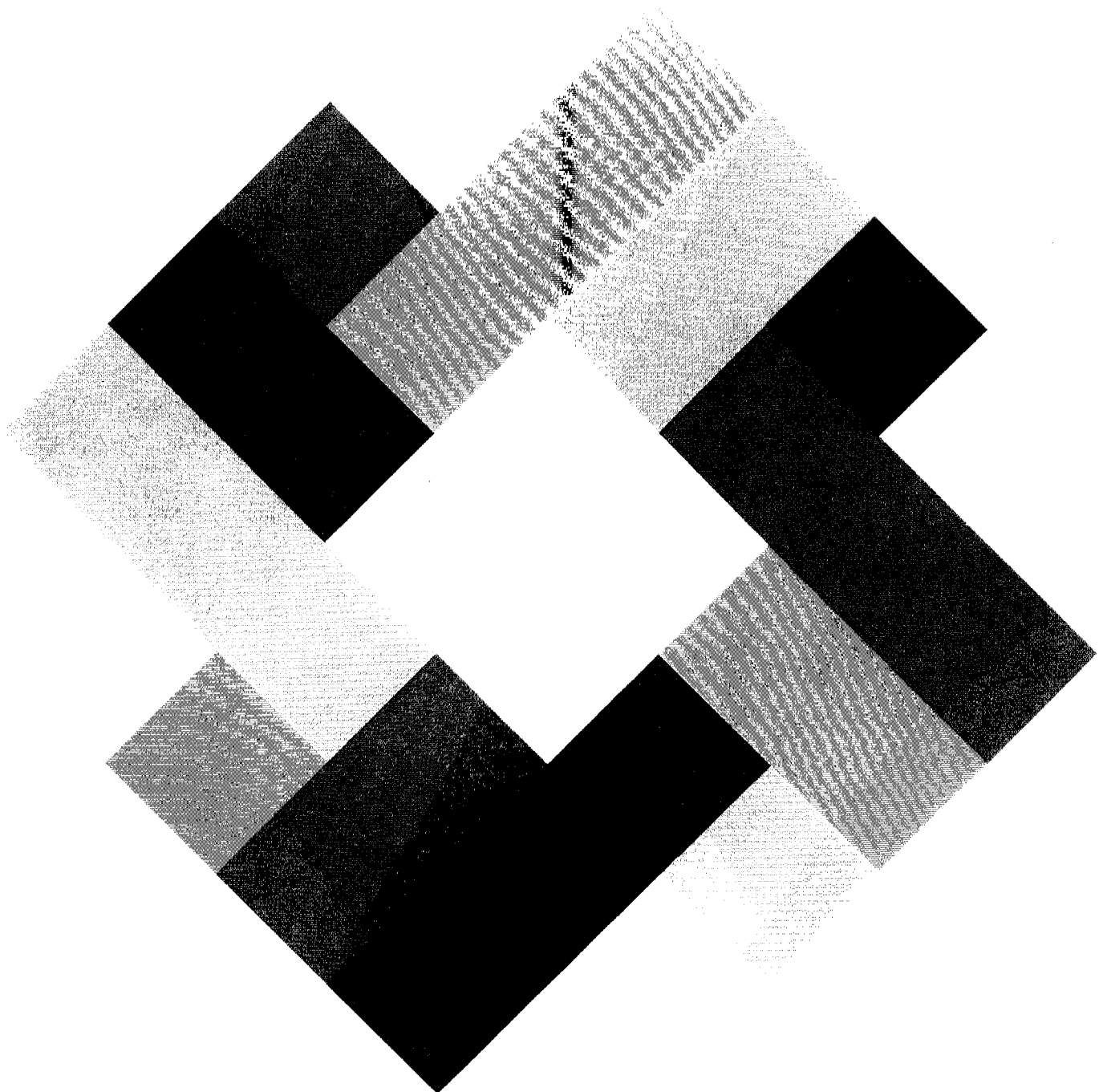
Mannheim
Karlheinz Albrecht
Dr. Fritz Lamb
Karlheinz Reiter
Gerd Schmitz-Morkramer

Munich
Dr. Siegfried Gropper
Dr. Hans-Peter Binder
Dr. Hans-Joachim Schniewind
Dr. Hans Sedlmayr
Hans Siegburg

Stuttgart
Hellmut Ballé
Gerhard Burk
Norbert Elsen
Georg Krupp
Dr. Nikolaus Kunkel

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

Report of the Board of Managing Directors



We, ourselves, are the state

Excessive demands on the state have become a major problem in many countries of the western world.

In the Federal Republic of Germany, too, such a trend emerged after the first two post-war decades – a trend towards growing state influence. Hardly a single facet of our private and social life was excluded. The state ceased to be just the guarantor of freedom, obliged to protect its citizens externally against territorial encroachment and internally through its system of law. It no longer just administered public affairs: in fact, it had been steadily widening the meaning of “public”. It had also become the guarantor of welfare, a role which went beyond its previous duties and which it was not prepared for. It took responsibility for constantly rising incomes, social security in all circumstances, full employment and for continuously improving the quality of life. It was supposed to be there for everything and anything that the individual could not do, thought he could not do – or did not want to do. It had to guarantee welfare now and provide for the future, and this in a paternalistic sense in that it almost became responsible for the happiness of each individual citizen. This development went even further than Adolph Wagner predicted more than a century ago in his “Law of the growing proliferation of public sector, particularly government, activities”. It permeated areas that had previously been considered no concern of the state, areas where individuals had had to fight their own battles. The state was now expected to fight them for us. It was to ensure that our decisions on career and in our private lives could be seen through to the end. If life was “unfair” and things went wrong, it was to provide compensation so that we could live on as if nothing had happened, in circumstances matching our expectations.

This development had a democratic foundation, for the majority of the population had supported it. For over a decade demands on the state grew steadily in more and more areas. The state’s representatives could almost be sure that their promises of additional material and legal benefits for everyone would be accepted and would help win elections. The popular mandate which every democratic political and social system requires to make government possible was easy to obtain as long as the consensus of the people centred uncritically on more prosperity and more state assistance.

At the beginning of the 80's, this trend apparently came to a halt – and not just in the Federal Republic. Many citizens recognized the close relationship between benefits and controls inherent in state assistance¹⁾. The modern welfare state does far more than just protect rights: it has become the supervisor state, the state of red tape and administrative procedure. The reason why is that it offers its citizens goods and services which, despite social and legal criteria determining eligibility, can in many cases be exploited and abused. No legal provision and no body of law is so comprehensive or so detailed that it can do justice to every individual case¹⁾. So, as time goes by, the more the state gives, the more it has to control. The indissoluble link between help and influence makes itself increasingly felt.

There is a further, inevitable point, pungently described by Günter Schmölders in his latest book "The End of the Welfare State"²⁾. It could be summed up as: "The pounds and pence strike back". All goods and services provided by the state have to be paid for. The entire social system is weighed down by a massive financial burden and a ponderous bureaucracy which still cannot prevent injustice and a kind of re-feudalization as one group gains advantages over other groups with the help of the state¹⁾. The moment comes when people realize that "welfare is becoming a scourge" and that state generosity has a price they all have to pay. The idea of the state as antipole, as a separate entity transcending society, turns out to be mistaken. State competence for everything inevitably leads to state omnipotence and arrogance, the cost of which is continuous erosion of the individual's financial and legal independence. The freedom, dignity and prosperity of the individual are not lost at one blow, but are gradually whittled away. The secularized salvation we expect from the state is ultimately a demand on ourselves, for the state has no "horn of plenty" from which it can hand out more than we put in. State benefits are always redistributed benefits. 70% of tax-paying households are simultaneously recipients of official transfer payments. We are constantly transacting with ourselves. Moreover, owing to the complex interrelationships between benefits and contributions in the modern welfare state, we are losing track of who ultimately gives and who receives. But everyone bears part of the burden.

Even more important is this:

The notional separation of citizen and state weakens the sense of identification which makes human community possible in the first place. Immanuel Kant stated long ago that the association of many to form a democratic community for its own sake and as an end in itself, not simply as a means to an end, was a body of a superior order³). For the citizen, identification is only possible with a "polity" of this kind. If it is absent, people opt out, turn away, protest or just give up. For many others the state becomes an alien institution, in no way connected to them, on which they can simply unload all individual and collective difficulties. When in doubt, leave it to the state.

Kennedy's words "... ask not what your country can do for you; ask what you can do for your country" were a call for reappraisal and reorientation: politicians today must strike this note, the lack of personal involvement in the relationship between citizen and state must be corrected and the state must again become the "community of all" – the sum of all individualities, not a collective.

We must find our way back to the "polity", as Immanuel Kant understood it:

- where prime responsibility lies, not with the state, but with the individual. This kind of society attaches great importance to self help and cooperative effort. Individual initiative and personal responsibility come before immediate appeals to the community which is only approached when its assistance "helps people to help themselves" or when, in view of the risks involved, the demands on the individual are genuinely too great. In such cases the community must help and, if need be, generously;*
- where contributions and benefits are justly apportioned. Leaving aside cases of obvious social need, the principle "to each according to his performance", i. e. entitlement to a claim on the community depends on one's contributions to the community, is fundamental to every free citizen's sense of personal dignity;*

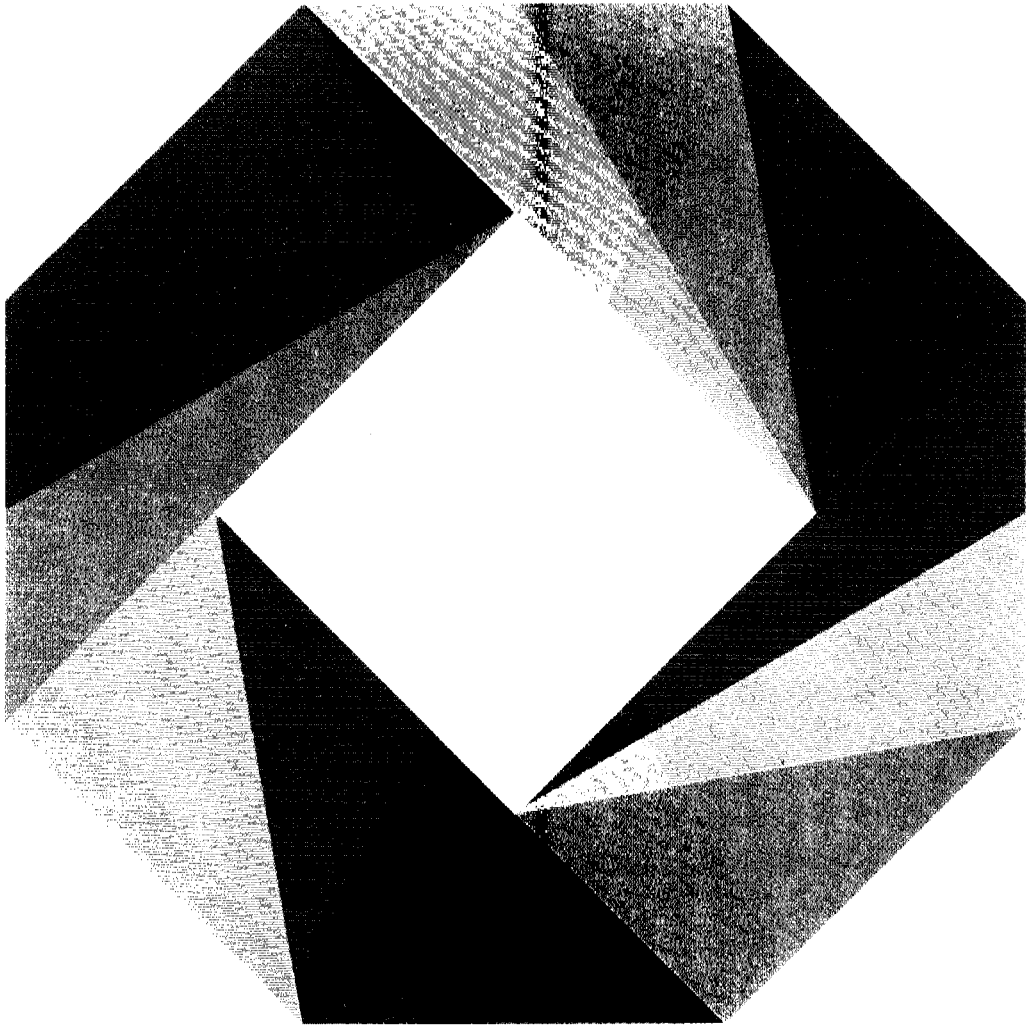
- where solidarity provides a balance to the isolation of the individual which our modern way of living entails. The rules and systems which govern our modern society force people into categories, as consumers, passengers, motorists, taxpayers, voters, tenants, employees, employers etc. They are never involved as whole people, only in a more or less useful function. Outside this function the individual withdraws into his private sphere and thereby remains cut off not only from the state, but also from his fellow citizens in the community. These relationships must be strengthened again to form real ties between us and those around us in a society which we all constitute;
- where citizens are united by a sense of identity with the community. This is the question of civic spirit: whether and how far we are prepared to support our community, whether we truly participate in the various fields of politics, education and culture, health and social services, business, the environment, law and security. Without this participation our democracy ceases to be a democracy and is reduced to an instrument of control in the service of changing factions and power structures. Citizens are not only citizens of the state – they are the state.

We, ourselves, are the state.

¹⁾ Peter Koslowski in: Chancen und Grenzen des Sozialstaats. Tübingen 1983, p. 2–/

²⁾ Günter Schmölders: Der Wohlfahrtsstaat am Ende. Munich 1983

³⁾ Immanuel Kant, Über den Gemeinspruch, in: Kants Gesammelte Schriften, Akademie-Ausgabe, Volume VIII, Berlin 1912/23.



General Economic Situation

Business activity picks up

The overall economic situation in the Federal Republic of Germany improved markedly in 1983. Real GNP expanded again for the first time after two years of recession; it was 1.3% up on the previous year. The rate of price rise slackened. The current account showed a surplus of DM 10 bn. for the year as a whole. Unemployment increased to an average of 2.26 m. for the year, but from autumn initial signs of improvement were visible here too.

Unlike in earlier cyclical upturns, the stimuli this time came from the domestic side. Investment in machinery and equipment grew, construction activity increased, and private consumption rose unexpectedly. Exports on the other hand, which have traditionally precipitated economic upturns, were lower in real terms than the pre-year results because of the difficult world economic situation.

Recovery through market forces

It is gratifying that the recovery in 1983 stemmed mainly from market forces. The effect of fiscal policy on macroeconomic demand was, in purely quantitative terms, restrictive. But at the same time it was the energetic efforts to consolidate public finances which helped to strengthen confidence in the soundness and reliability of economic policy and to bring about a more optimistic assessment of the situation and outlook; and in this way they supported economic activity. This experience shows that the effect of fiscal policy measures is not entirely, and under certain circumstances not even mainly, the product of purely quantitative financial factors, but rather

that qualitative implications, too, can at times be decisive.

Growing confidence among consumers . . .

A more positive assessment of the future on the part of households was the main reason why private consumption rose more strongly than disposable incomes. This expansion was encouraged by the fact that substantially more premium-bearing savings deposits matured than in the previous years. In addition, more consumer loans were taken up owing not least to the lower level of interest rates. The saving ratio fell to 13%, the lowest figure for six years. Together with the declining inflation rate, this prepared the ground for growth in consumption of one percent in real terms; in the two preceding years private consumption had contracted.

Lower interest rates helped to bring about a marked increase in building permits and building orders in the residential and commercial construction sectors. By contrast, contracting for public construction projects remained slack because of the difficult financial situation, especially of local authorities. Total construction rose by 0.9% in real terms.

. . . and investors

The strongest turnaround in 1983 was in investment. Whereas in 1982 companies had invested close on 6.4% less in machinery and equipment in real terms, during the reporting year there was growth of 6.1%. This was no doubt partly connected with the expiry of the investment bonus. However, we believe that it also reflects growing confidence among companies, based on improved fundamental conditions for private investment.

Industrial capacity utilization rose steadily and at the end of 1983 was some 80.7%, five percentage points higher than a year earlier. Unit labour costs decreased slightly, and interest costs were generally lower than in 1982.

Earnings still not sufficiently improved

The easing cost pressure permitted an initial, tangible increase in company earnings, which in the preceding years had contracted sharply. But the situation still varies greatly from company to company and from sector to sector, and the business sector as a whole is still far short of the level of profitability companies need in order to remain ahead in the research and application of new technologies and to ensure their competitiveness over the long term. A further strengthening of corporate earnings is, in particular, necessary to permit a correction of capital and financing structures and to secure an adequate supply of equity funds from outside.

First modest improvements on the labour market

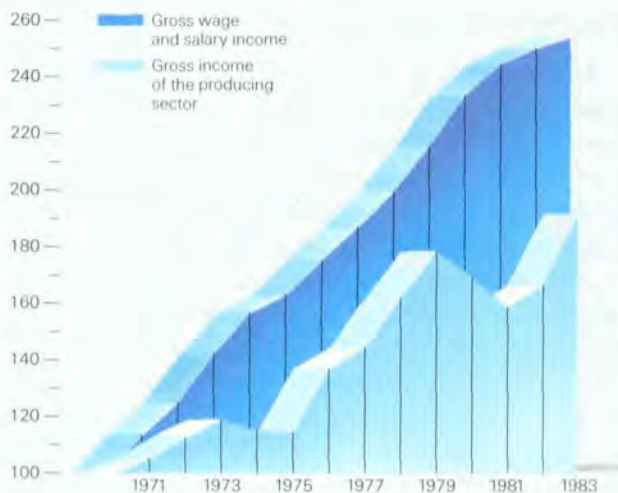
The overall situation on the labour market during the year under review was still depressing. But here too there were modest improvements. Over the year the number of workers on short time dropped by 600,000. The reduction of the industrial labour force came to a standstill in the second half of the year. In the last four months the seasonally-adjusted number of unemployed decreased by almost 100,000. The number of young people without work was lower in December than a year earlier; one major contributory factor was that business and industry provided

44,000 additional apprenticeships in 1983. Nevertheless, the total number of unemployed, averaged over the year, was still 425,000 higher than in 1982.

If the current economic policy is resolutely pursued and new strains are avoided in the field of labour costs, there are indications that, despite continuing growth of the potential labour force, the worst phase of unemployment is behind us. We do not share the fears that unemployment will continue to rise relentlessly and dramatically, any more than we share the pessimism about growth not infrequently heard today.

Moreover, the relationship between growth and unemployment is not pre-determined and unchangeable for all time. Demand for labour depends not least on how expensive that labour

Wages and corporate earnings
Index: 1970 = 100



is. If wage costs can be lowered in relative terms then, even if growth rates are modest, there is a possibility that unemployment may be reduced.

Shortening working time: problematic

Conversely, everything that has the effect of increasing labour costs has repercussions on employment. Demands that working time be shortened must therefore be assessed by their effects on costs. Instead of an improvement on the labour market there would be a deterioration if the shortening of working time were to precipitate cost increases that had to be countered through rationalization measures in order to maintain competitiveness. The introduction of the 35-hour week at full pay would be the most expensive method of cutting working time. It would create new bottlenecks instead of new jobs, encourage illicit work on the side and secondary occupations and would, not least, be a blow to smaller firms.

Certainly, present working time arrangements should be reviewed to seek out any untapped employment reserves. But rigid global schemes definitely hold less promise than a careful search in each sector and in each firm for suitable pragmatic answers which take account of the wishes of the people working there and at the same time do not impair performance and competitiveness. Consideration ought to be given, in particular, to more flexible working hours. Companies should offer them wherever their operations permit. A relaxation of the rigid Shop Closing-time Act would also provide scope for creating additional jobs, especially part-time jobs. Finally, voluntary arrangements for early retirement can also be a practicable form of compromise if they can be financed without putting major additional strains

on the company and, considering the renewed change in the demographic trend expected in the coming decade, do not impede future growth. The arrangement resolved by the Federal Government at least takes this last aspect into account by being limited to a specific period.

But even if these possibilities are used, they can only be expected to bring partial relief for the labour market as a whole. Ultimately, existing jobs can be secured and new ones created only through more investment and growth. If we are to master the problem of unemployment, we need strong and efficient innovative companies. If the international competitiveness of the economy were weakened, the problem of unemployment would become insurmountable, for one quarter of all jobs in the Federal Republic are dependent on export business.

Use of technical progress vital

Besides the future development of costs, the research and application of the latest technologies will be of decisive importance. As a high-cost country, poor in natural resources, the Federal Republic must accept the challenge of technological change in order to maintain existing market positions and to open up new markets.

It is up to companies to show flexibility, willingness to embark on new ventures and enthusiasm for innovation in developing new products and production procedures and establishing them on the market. It is the responsibility of the government – and of the social partners – to remove restrictions on creativity, to render conditions more conducive to high risk investments, to encourage promising developments and to facilitate adjustment to changing parameters.

The ability to keep pace with the leading nations in technological progress does not depend solely on the available intellectual and financial resources, but also on the psychological environment. In the Federal Republic it is absolutely essential that awareness and appreciation of the need for technological progress be enhanced. The informative work to be undertaken here must start at school.

Hostility towards technology, which has unfortunately grown in recent years, is rooted to a large extent in fears that the new developments will have negative repercussions on the environment and the labour market. We must therefore aim to reduce or eliminate the assumed or real opposition between the requirements of the economy and of ecology. Technological progress does indeed sometimes bring new threats to the environment; but at the same time it creates the means of controlling and limiting these dangers. Similarly, new technologies cause redundancy in some areas, but they also provide new opportunities for employment and existing jobs are made more secure. All in all, we must never lose sight of the fact that we would sooner or later lose our ability to compete, and hence radically worsen the situation on our labour market, if we rejected the use of new technologies instead of applying them to the full.

Welcome reduction in public deficit

The cash deficits of the Federal, regional and local authorities, which had reached almost DM 80 bn. two years ago, were reduced to DM 53 bn. in the year under review. This made the Federal Republic the only major industrial country, apart from Japan, which was able to reduce its public-sector borrowing in 1983.

Spending by the Federal, regional and local authorities increased by only 2% because of saving on consumption expenditure and cuts in capital spending. The greater part of the expansion was due to the rise in interest payments (approximately 15%); without this item public expenditure would have risen only marginally in 1983. Revenues of the Federal, regional and local authorities grew by 5% owing to, among other factors, improved business activity and the increase in VAT at mid-year. At DM 11 bn., profits transferred by the Bundesbank were roughly as high as in the previous year.

But even the present level of public deficits is still too high. The deficit's structural component, which is not affected by cyclical influences, was probably still over DM 40 bn. in 1983. It is therefore a positive sign that new borrowing is to be reduced again in 1984.

Economies and cuts not an end in themselves

For all the reduction required in public deficits, the impression must not be allowed to take root that, for the new economic policy, economies and cuts are ends in themselves. It must remain clear that the efforts undertaken to consolidate public finances are only one important element of a policy whose real aim is less state influence, a lighter tax burden for the citizen too, and hence greater scope for the individual.

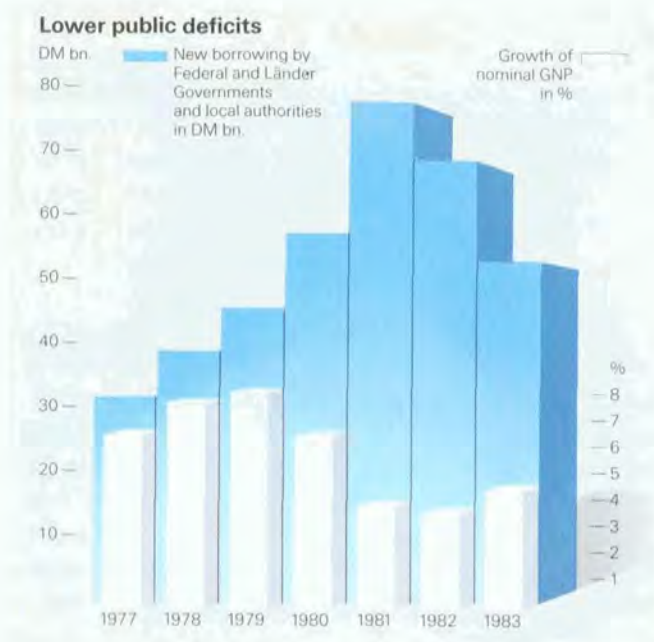
The tax relief granted to companies in the form of cuts in non-profit related taxes is an important step in the right direction. There is still much to be done especially as regards the main policy tenet that achievement should again pay more. In particular, a general tax reform deserves high priority as soon as public finances permit. It

should aim mainly to rectify the income tax scale so as to reduce, above all, the tax burden on middle income brackets. Besides this, non-profit-related taxes should be reduced and further changes made in the depreciation allowances in order to reduce the disadvantages of German business and industry in international competition.

Finally, subsidies, which in 1983 added up to some DM 80 bn., are important in this connection. It is unsatisfactory that there is currently still no indication as to how they might be reduced. Continuous subsidies falsify the market situation, distort competition and, besides all the economic damage, they foster a subsidy mentality on the part of recipients which is difficult to eradicate. We know there is no patent remedy. Above

all it has become apparent that, given German industry's close involvement in world trade and given the distortion of international competitive conditions through the perennial subsidy race, the scope available at national level for reducing subsidies is in many cases limited. It is therefore a matter of the utmost urgency that a united effort be made at European, and at international, level, i. e. by involving GATT, to combat protectionism and subsidized competition. The basis must be an agreement not, under any circumstances, to go beyond the present degree of protectionism.

With regard to strengthening market forces and fostering growth, increased privatization of public-sector services and companies is also to be desired. In both instances it takes pressure off state finances and sets a good example. We therefore welcome the partial privatization of VEB-BA and the announcement of further steps in this direction.



Declining trade surplus . . .

At roughly DM 10 bn. in 1983, the current account surplus of the Federal Republic was slightly higher than in the previous year.

The export surplus decreased by a total of DM 9.2 bn. to DM 42 bn. This reflects, above all, the fact that economic development was more favourable in the Federal Republic than in many of its partner countries. Parallel to domestic demand, German imports rose by 3.7%. Exports expanded by only 1.1% because of the adjustment measures of many trading partners, the fall in the oil countries' revenues and the difficult balance of payments and debt problems in East European states and Third World countries. But exports picked up in the second half of the year.

... but improvements in invisibles

The traditional deficit in external services and transfer payments contracted in 1983 for the first time in five years. The improvement stems largely from the swing in the balance of investment income; in the year under review a surplus of DM 4.1 bn. was achieved in this sector after a deficit of DM 2.2 bn. in 1982.

At DM 24.2 bn., German net spending on foreign travel in 1983 was DM 1.8 bn. lower than in the previous year. The Federal Republic's net contribution to the budget of the European Communities, which had almost quadrupled in the period 1978/82, was smaller in 1983 than in the previous year.

Slower price increase

The rate of price increase slackened at all levels in 1983. Consumer prices increased by 3.0% (previous year: 5.3%), industrial producer prices by 1.5% (previous year: 5.8%) and construction prices by 2.0% (previous year: 3.3%).

The main reasons for the lower price rises were the fact that average import prices were down from the 1982 level, despite the D-Mark devaluation, because crude oil and other basic fuels were cheaper, and that unit labour costs in the economy as a whole edged up only marginally. In view of the tough competitive situation it was not possible in some cases to pass on immediately to consumers the mid-year increase in VAT. Finally, the relatively slight rise in food prices (1.7%) also had a positive influence on the price climate.

The repercussions on rents that had been feared in the wake of the liberalization of tenancy

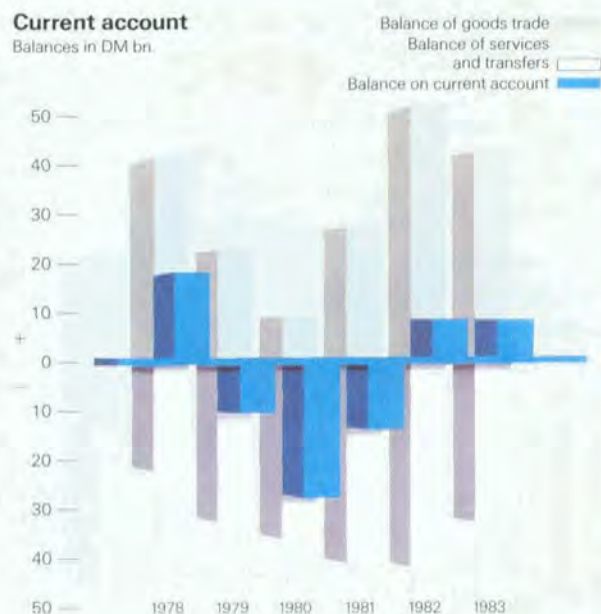
law did not materialize. Rents for privately financed housing, which were most directly affected, rose 4.1% in 1983, and thus scarcely any faster than on average in recent years. It was only in the state-subsidized housing sector that rents were raised more strongly (6.3%).

Prudent central bank policy

In 1983 monetary policy was confronted with persistently high, and at times even rising, interest rates in the United States, a US dollar that was becoming increasingly strong and money stock growth that was appreciably above the target corridor in the early months of the year. The Bundesbank succeeded, mainly through flexible

Current account

Balances in DM bn.



use of open market policy measures, in reducing market liquidity, curtailing money stock growth, and hence in calmly and resolutely maintaining its stability policy line even in a difficult period without endangering the economic recovery.

Given the favourable development of prices and the balance on current account, the Bundesbank lowered the discount rate from 5% to 4% and the lombard rate from 6% to 5% in March. The raising of the lombard rate again in September from 5% to 5½% was intended to help bring money stock growth back onto the target course. Market interest rates had already risen since spring in the wake of the international uptrend in rates led by the U.S.A.

The continuing high level of interest rates in the Federal Republic did not prevent the cyclical recovery in the period under review, but it certainly curbed the pace. So with regard to the strength and durability of the upswing, lower interest rates would definitely be desirable. But the prospects here are still uncertain in view of the existing international dependences. It is therefore all the more important that the pre-conditions for lower interest rates be improved from the domestic side through appropriate stability policy efforts on the part of the government, the social partners and the Bundesbank.

Bond market: foreign purchases buoyant

The downward movement in interest rates on the German bond market, which had started in October 1981, came to a halt in spring at an average new issue yield of 7.3% (3.9 percentage points below the previous high). Later, in connection with the development on the US capital markets, interest rates began to rise again with fluctuations; at year's end they stood at 8.3%. The

increase was less pronounced at the longer end of the market than on short-term paper; the curbing of inflation and the consolidation of public finances obviously had a positive effect on investors' longer term expectations.

The uncertainty surrounding interest rates at times did not impair the supply of funds on the market. The gross volume of new issues floated by domestic issuers rose by DM 15 bn. to DM 227 bn., net borrowing on the market by DM 13 bn. to DM 88 bn. With stock warrant issues, German industrial companies reappeared as issuers of bonds on a larger scale for the first time after a long absence.

Almost half of net sales of fixed interest securities during the period under review were to non-banks (previous year: 44%). Foreign investors bought German bonds worth about DM 11 bn. net; that is by far the largest amount of foreign purchases ever recorded in one year.

Total private cross-border transactions in securities – fixed-interest paper and shares – closed with a surplus (DM 3 bn.) in the reporting year, for the first time since 1979. After capital exports of DM 4 bn. on balance in the first four months, the Federal Republic recorded an inflow of DM 7 bn. from May to December. The decisive factors behind this turnaround were the improved cyclical prospects in the Federal Republic and the positive exchange rate expectations of foreign investors.

Year of the share

Like the other international stock markets, the German share market was in prime condition in 1983. The price level rose by 36% over the year and at the close was 60% up from the start of the current stock market cycle in mid-August 1982.

The largest increases were in the prices of automobiles and electricals, and of the shares of the large chemical companies. The share index of the Federal Statistical Office reached a post-war record at year's end.

Characteristic of the generally brighter background to the market was that private investors were much more interested in buying shares. In the first half of the year 2.0% of households' total monetary capital formation was in shares, compared with 0.3% on average in the preceding ten years. The proportion of shares in total turnover in domestic securities on German stock exchanges rose from 37% on average for the years 1980 to 1982 to 55%.

The development of quotations and the good response to new issues in this favourable market

situation attracted not only new investors; twelve companies were also introduced to the stock exchange. While the placement volume of DM 350 m. was modest in comparison with the total amount of newly issued listed shares (DM 3.5 bn. as in the previous year), the important point was that a start was made.

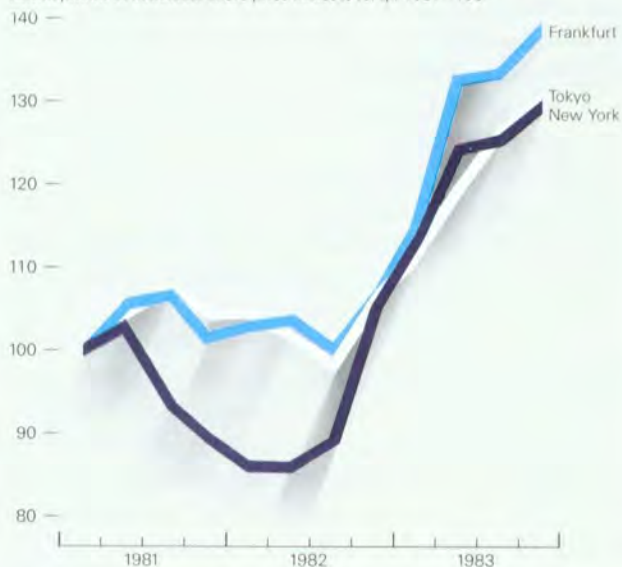
One gratifying, but not unproblematic, aspect of new placements is the heavy oversubscription resulting from the simple fact of their being new and the inherent narrowness of the market. It led in some cases to exaggerated price gains immediately after the introduction, and, for the investor, this entails the risk of a disappointing price reaction.

The progress made in mobilizing risk capital should be used to improve the conditions for growth of our economy and to strengthen its innovative potential. Above all, more companies should be introduced to the stock exchange. To help relatively small and medium-sized firms which cannot meet the strict requirements for admission to the stock exchange, it would be a step in the right direction if, based on the idea of creating a parallel market which is now being widely discussed, the regulated unofficial market were modified. It is also still important that the supply of equity funds to firms which are unable to issue shares should be improved. Here it is necessary, among other things, to develop capital market instruments which enable the market to assess the value of the capital stock and hence make trading possible. Finally, more venture capital than hitherto should be made available via venture capital funds for the foundation of new companies in growth industries.

To master these tasks, it will take imagination, initiative and courage on the part of all involved. We are prepared to make our contribution.

World stock markets climbing

Development of individual share price indices, 1st qtr. 1981=100



Brisk issuing business on the Eurocapital market

Despite the rising tendency in interest rates and more attractive share markets, the Eurobond market achieved a new issuing record. The volume of international bonds issued in Europe came to close on US\$ 65 bn. in 1983 (1982: US\$ 59 bn.). The share of dollar bonds in total new issues, at 57%, was lower than in the previous year (63%), while Swiss francs and D-Marks were more strongly represented with shares of 21% (18%) and over 10% (9%) respectively. Owing to the rising dollar exchange rates, the shift in the relative weights of the principal issuing currencies is understated in this comparison. With substantial amounts available from redemptions and with

growing interest among international investors, the new issue volume of international DM bonds was increased in 1983 by more than 30% to DM 17 bn., the highest figure ever recorded in one year.

In the course of the year, new issues of floating rate notes gained in importance. The main participants in this market are banks, which, as issuers, use the proceeds for funding or which purchase the paper for investment purposes. In view of the favourable climate on the share markets, there was an increase in new convertible bonds and stock warrant issues.

A large portion of the funds raised on the Eurocapital market – almost 40%, after a third in the previous year – went to borrowers from European countries, with France in first place. A share of 17% of the total volume went to international organizations and the same proportion to Japanese issuers, which almost doubled their market share chiefly through bond issues in Swiss francs. On the other hand, the share of American borrowers, which had had particularly heavy recourse to the Eurobond market in 1982, halved to close on 13%.

International bond issues

New issues in Europe
(including private placements)
by origin of borrower

Europe
North America
Japan
Australia
Developing countries
International organizations
Others



Recovery in world economic activity

In 1983, after three years of recession, a recovery process got under way in the world economy. It was apparent in the majority of industrial nations. There were substantial differences, however, in the degree of cyclical improvement. While a broad upswing materialized above all in the U.S.A. and Canada and the already considerable rate of expansion in Japan received new impulses from again increasing export activity, the acceleration of growth in Europe was only modest, to begin with. Apart from the United Kingdom and the Federal Republic of Germany, the Scandinavian countries also experienced an upturn. In France

and Italy, however, still inadequate progress with stabilization impeded the cyclical recovery.

Real national product in the industrial countries, which had contracted slightly in the previous year, expanded by about 2% in 1983. The growth was not sufficient, however, to bring about a turn-round on the labour market everywhere. With differences from country to country in the development of employment, the stream of new job-seekers coming on to the market caused the overall unemployment rate to rise again slightly. On the other hand, further progress was made in the fight against inflation. In the industrial nations the rate of consumer price rise sank to a good 5% on average in the year under review (1982: close on 8%); inflation rates as low as this had last been recorded at the beginning of the 70's. In quite a number of countries, however, particularly in Latin America, inflation was still at dangerous levels.

Improvement in developing countries' balances on current account

International trade, which had contracted by roughly 2% in real terms in 1982, expanded again (by roughly 2%) in the year under review. The changes in the balances of payments were largely determined by the country-to-country differences in business activity, exchange rate movements and the effects of the debt crisis.

The current account deficit of the non-OPEC developing countries continued to fall. At about US\$ 40 bn. in total (after a good US\$ 70 bn. in 1982 and more than US\$ 90 bn. in 1981) this deficit again came close to its level at the beginning of the second oil price hike. Factors at work here were the improvements in the world economic environment, in particular the lower level of inter-

est rates compared with the previous year, the fall in oil prices and an improvement in sales opportunities on the markets of the industrial nations.

Above all, many developing countries – as in the previous year – deliberately refrained from expanding or again reduced their imports of goods as a part of adjustment programmes. In the Latin American countries, spending on imports, which had already contracted by roughly a quarter in 1982, was reduced once again by an estimated 25%. There was a corresponding improvement in the foreign trade and payments balances of the individual countries. In Brazil the deficit on current account was reduced in 1983 from US\$ 16 bn. to US\$ 7 bn. Mexico achieved a surplus on current account of US\$ 5 bn. after a deficit of almost US\$ 3 bn. in the previous year. Other countries, too, like Argentina and Chile, succeeded in reducing their deficits.

The combined balance on current account of the OPEC states closed in the year under review with a deficit higher by US\$ 10 bn. at roughly US\$ 25 bn. The deterioration was therefore not so strong as in the preceding two years which, taken together, had produced a swing of about US\$ 120 bn. on current account. This time, the member countries reacted to the persistent fall in oil revenues with a marked reduction in their imports of goods and services.

In 1983 the industrial nations recorded a fall of roughly US\$ 5 bn., compared with the previous year, in their deficit on current account which came to some US\$ 20 bn. On the one hand, there was a more or less clear improvement in the majority of countries. In Japan, hesitant import demand and higher exports led to a massive surplus of US\$ 21 bn. Weak imports at the same time as rising exports determined the foreign trade and payments development in two other countries: in Italy the balance on current account was probably

in surplus again for the first time in three years (by an estimated US\$ 1 bn.) and the deficit in the French balance on current account contracted to roughly one third (about US\$ 4 bn). On the other hand, there was a deterioration in the foreign trade and payments performance of countries where the cyclical recovery was already well advanced. In the U.S.A. the growing demand for imports that accompanied the upswing, the decline in export activity connected not least with the strong dollar and lower net income from services and transfers produced a strong rise in the deficit to US\$ 41 bn. In the United Kingdom higher visible imports and almost stagnating exports caused the previous year's substantial surplus to decrease to roughly US\$ 3 bn.

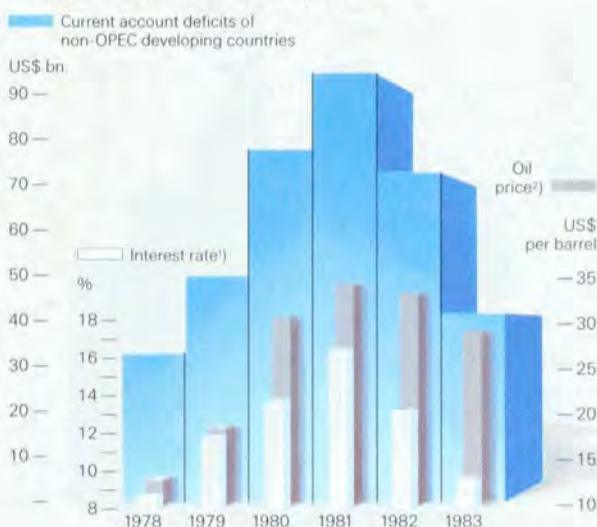
International banking business subdued

Events on the international credit markets were determined to a large extent by the balance of payments difficulties and rescheduling requirements of an increasing number of countries. The company and country risks already accrued and discernible in the future, as well as the prospect of stricter supervision induced banks to exercise greater restraint in international business and also to review their interbank relationships.

The expansion of international banking business weakened further. According to surveys by the Bank for International Settlements (BIS), the banks in North America, Europe and Japan as well as the offshore branches of US banks increased their foreign claims by US\$ 45 bn. in the first three-quarters of 1983 on a net basis (i.e. excluding double-counting for interbank business in the reporting area) and at constant exchange rates, that was only 60% of the corresponding pre-year figure. More than half of the growth in banks' foreign engagements during the reporting period was due to lendings to borrowers in Europe, North America and Japan and also partly reflects the involuntary provision of support credits to developing countries with weak payments balances.

The liquidity situation on the Euromarket remained relaxed on the whole, with deposit interest rates for important Eurocurrencies firming slightly. It was noteworthy that the American banks, which in each of the preceding three years had been net suppliers of liquidity to the market on a considerable scale and had thereby contributed to financing international lending business, became net external borrowers in the reporting period. In the second and third quarter they recorded a net inflow of foreign money of almost US\$ 15 bn. The OPEC states as a group, since

Falling deficits of developing countries



¹⁾ Three-month Eurodollars, LIBOR ²⁾ OPEC's official crude oil selling price (annual averages)

1982 the largest net borrower on the market, raised their deposits again slightly in the third quarter for the first time since mid-1981. The main source of the inflow of funds into the international banking system in the period under review was non-banks from the industrial nations and, after mid-year, banks outside the U.S.A.

Fewer longer-term Eurocredits

The market volume of medium and long-term Eurocredits in 1983, at close on US\$ 74 bn., was a quarter down on the previous year and – for the first time since 1977 – lower than the proceeds from new issues of international bonds.

Of the longer-term Eurocredits granted in the reporting year about a fifth (a good US\$ 14 bn.) was contracted outside regular market relationships in connection with rescheduling agreements and IMF programmes for countries in weak payments situations. The fact that all larger debtor groups were affected equally by the weakening in lending activity, i. e. that their respective market shares remained almost unchanged on the previous year, must be seen against this background.

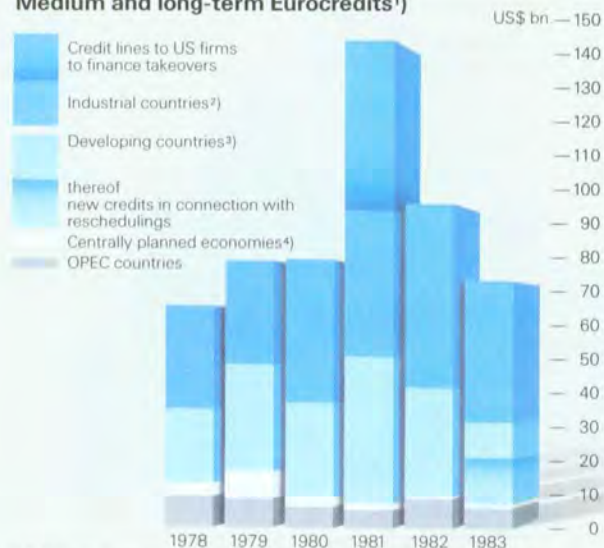
The generally still preferred borrowers from the industrial nations, which accounted for 58% of market volume, reduced their borrowings by US\$ 14 bn. to US\$ 42 bn. The reason for this lay in the reduction in the current account deficits of a number of European countries, the improved cash flow at many companies and borrowers' greater recourse to relatively cheap bond financing.

Developing countries (excluding OPEC) received US\$ 24 bn. in the year under review or a third of new medium and long-term Eurocredits (1982: US\$ 31 bn.). More than half of the amount (US\$ 13.6 bn.) was attributable to "organized"

support credits for Latin American debtor countries. The developing countries in the Asian-Pacific area, on the other hand, raised longer-term Eurocredits for close on US\$ 7 bn. in the market in 1983 and were thereby able to more or less maintain their share in total market volume on the strength of their own standing. The OPEC countries were granted Eurocredits for US\$ 6 bn. (previous year US\$ 8 bn.), centrally planned economies for US\$ 1 bn.

The differentiation of spreads according to borrower and country risk, a trend observable for some time, continued in 1983.

Medium and long-term Eurocredits¹⁾



¹⁾ Publicised new credits with a lifetime of more than one year, generally granted by bank syndicates ²⁾ OECD countries, Yugoslavia and South Africa ³⁾ Non-OPEC, non-European developing countries ⁴⁾ CMEA countries and People's Rep. of China

International debt: successful crisis management . . .

The circle of countries beset by international payment and debt service problems widened again, as already indicated, with the emphasis on Latin America and Africa. At the beginning of 1984 more than 50 countries of the Third World and in Eastern Europe had agreed or applied for reschedulings or had failed to fulfil their external commitments as due. They accounted for more than 50% of the external indebtedness of all non-industrial countries, which totalled a good US\$ 850 bn.

At the same time, however, the initial doubts about the market's resistance and efficiency have given way to a more confident assessment. The international financial system has so far stood the test in the field of crisis management. Disturbing effects of the liquidity problems of big debtor countries on the system as a whole have been averted through flexible cooperation between governments and central banks, the International Monetary Fund (IMF) and the commercial banks. A positive point is that the bridging loans granted by the Bank for International Settlements to several particularly beleaguered debtor countries had been repaid in full by the end of 1983.

The banks have shown great solidarity in their participation in the financial support operations. The formal rescheduling and funding agreements with respect to matured debts to banks totalled more than US\$ 60 bn. in the first ten months of 1983. Over and above that, the banks provided longer-term new credits for a good US\$ 14 bn. in the year under review, as already mentioned, for ten rescheduling countries in order to close un-avoidable gaps in their payments balances and thereby safeguard financially the stabilization programmes agreed with the IMF. In 1984 the banks

will provide the two biggest debtor countries, Brazil and Mexico, with further fresh money amounting to US\$ 6.5 bn. and US\$ 3.8 bn. respectively in a "second round".

. . . but arduous consolidation process

The aim of the common efforts of the rescheduling countries, banks and official creditors at the national and international level is to restore the independent debt service capability of these countries and thus their creditworthiness on the market. The necessary adjustment process has got under way in most over-indebted countries. In 1983 they succeeded in part in substantially improving their external balance of payments on current account (cf. p. 28 f. of this report). On the other hand, it cannot be overlooked that the internal stabilization targets and measures agreed with the IMF come very close in a number of cases to the limits of what is politically and socially tolerable.

From today's point of view there is little doubt that the road to independent borrowing capability on the market – and that means to an appropriate relationship between the level of debt and economic strength – will be very difficult and arduous for individual countries. So it will be some time before the international debt problems are finally resolved. The over-indebted countries of the Third World, which are gradually steering on to a course of moderate growth after an often extremely restrictive initial stabilization phase, will continue to be dependent, at least for the time being, on more or less substantial financial aid.

IMF funding assured for the moment

A key role in the financial and economic policy framework supporting the necessary consolida-

tion processes in the debtor countries is played by the International Monetary Fund. At the end of 1983 standby and "extended" credit agreements between the Fund and 43 developing countries with weak payments balances were in force with a total amount of 23 bn. Special Drawing Rights (= US\$ 24 bn.). The financial preconditions for a continuation of the Fund's increased obligations were fulfilled in time towards the end of the reporting year: when the US Congress had given its approval, obtained with difficulty, the way was clear for a strengthening of IMF funds through an increase in total quotas from 61 bn. SDR to 90 bn. SDR. The funds available under the General Arrangements to Borrow (GAB) were raised from 6.4 bn. SDR to 17 bn. SDR and their availability for IMF credits, linked with conditions, was extended to countries outside the Group of Ten and Switzerland. Finally, western central banks together with Saudi Arabia granted the Fund credits totalling 6 bn. SDR.

Without further support from the banks it will not be possible to lead the over-indebted countries of the Third World, already proceeding down the path of adjustment and financing, out of the present crisis. For the banks to continue their contribution in the form of reschedulings and new liquidity seems sensible and appropriate as long as the economic recovery of the debtor countries is making visible progress and there are prospects of their market standing being restored. There should as far as possible be a falling tendency in the additional support needed by these countries in the form of liquid funds. At any rate, though, the commitments of the banks in relation to their capital and reserves as well as to their adjustment and provision requirements must remain within acceptable limits.

More flexible support for debtor countries

The transition from crisis management with a primarily short-term orientation to a phase of consolidation would make a more flexible handling of financial support for debtor countries seem advisable even if this could, at first sight, be regarded as a complication. For one thing, it must be made as easy as possible for the numerous creditor banks with their extremely divergent engagements and decision making processes as well as their different supervisory regulations to continue, in solidarity, with their absolutely essential participation in the provision of new liquidity. Here, the deferral of interest payments seems more acceptable to a number of banks than the granting of more new credits.

Secondly, the joint support measures of the banks, official entities and international institutions must be more closely adjusted to the situations and requirements in the individual debtor countries. Possibilities here are longer periods of grace and repayment terms for maturities up for rescheduling, perhaps also for new credits; the agreements reached with larger debtor countries around the turn of the year already point in this direction. In difficult problem cases, finally, a lasting stabilization effect could be more easily obtained by the agreement of support measures for a long or period of perhaps two or three years than with the one-year arrangements practised hitherto.

Market-oriented solution to the debt crisis as joint task

A heavy strain on the debtor countries is the high interest burden, in particular from dollar credits which form the main component of the bank debts of the newly industrializing and developing countries. The banks could give the debtors a certain degree of respite by reducing spreads and charges within the framework of rescheduling or new credit agreements, as practised in various instances since autumn 1983; there is much to be said for gearing spreads to the progress made by rescheduling countries in the consolidation process.

The urgently needed real relief for the debtor countries on the interest service side must, however, come from the market. The economic policy of the industrial nations is also of decisive importance for the necessary increase in these countries' export revenues. Its aim should be to bring about monetary relaxation by reducing the excessive budget deficits, to secure economic growth and to open up the markets to newly industrializing and developing countries. As the debtor countries' own contribution to the consolidation process, besides greater export efforts, a confidence-building economic and stabilization policy is necessary that will keep capital in the domestic sector and attract private foreign funds from sources other than banks.

The prospects for such a largely market-oriented solution to the debt crisis via trade and private capital flows have improved with the recovery in world business activity. Whether it can be achieved on a broad front with the help of the present therapy or whether other, more politically-oriented solutions will prove to be necessary in individual cases is still uncertain as things stand today. But there is no doubt that a solution to the

debt problems which is in line with and does not overburden the market, which guarantees the essential subsequent supply of credit to the countries concerned and which leaves the finely-meshed network of trade and financing flows intact is in the interest of all involved and justifies their strong common effort.

Unexpected dollar strength

On the foreign exchange markets the US dollar continued to strengthen, with fluctuations, in 1983; the previously strongly depressed yen experienced a sharp upward correction against the background of higher Japanese current account surpluses. The persistent and, judging by traditional standards, exaggerated dollar strength was supported by high US interest rates with inflation consistently lower. The dynamic cyclical upturn in the U.S.A. as well as world political tension and uncertainty played their parts in ensuring that the rapidly growing deficit in the American balance on current account could be financed by corresponding net capital inflows at exchange rates which were tending to rise. A particularly important role was played here by the strong turnaround in the balance of cross-border transactions of US banks.

After strengthening in the first quarter of 1983 the D-Mark tended to weaken. This was connected with the relatively low D Mark interest rates, but also with domestic political and economic factors which outweighed at times on the markets the generally favourable development of the economic fundamentals. In mid-December the US dollar reached its highest level against the D-Mark since the beginning of 1974 at DM 2.77. Within a year the D-Mark had fallen close on 13% against the US currency. There were also clear

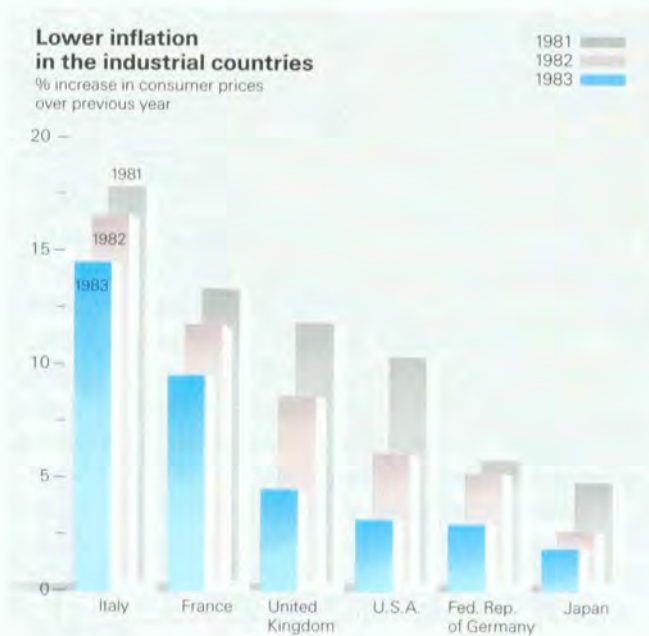
falls against the Japanese yen (14%), the Canadian dollar (12%) and the Swiss franc (5%). Thanks to its revaluation in the European Monetary System the weighted external value of the D-Mark still rose by 1.5% in 1983.

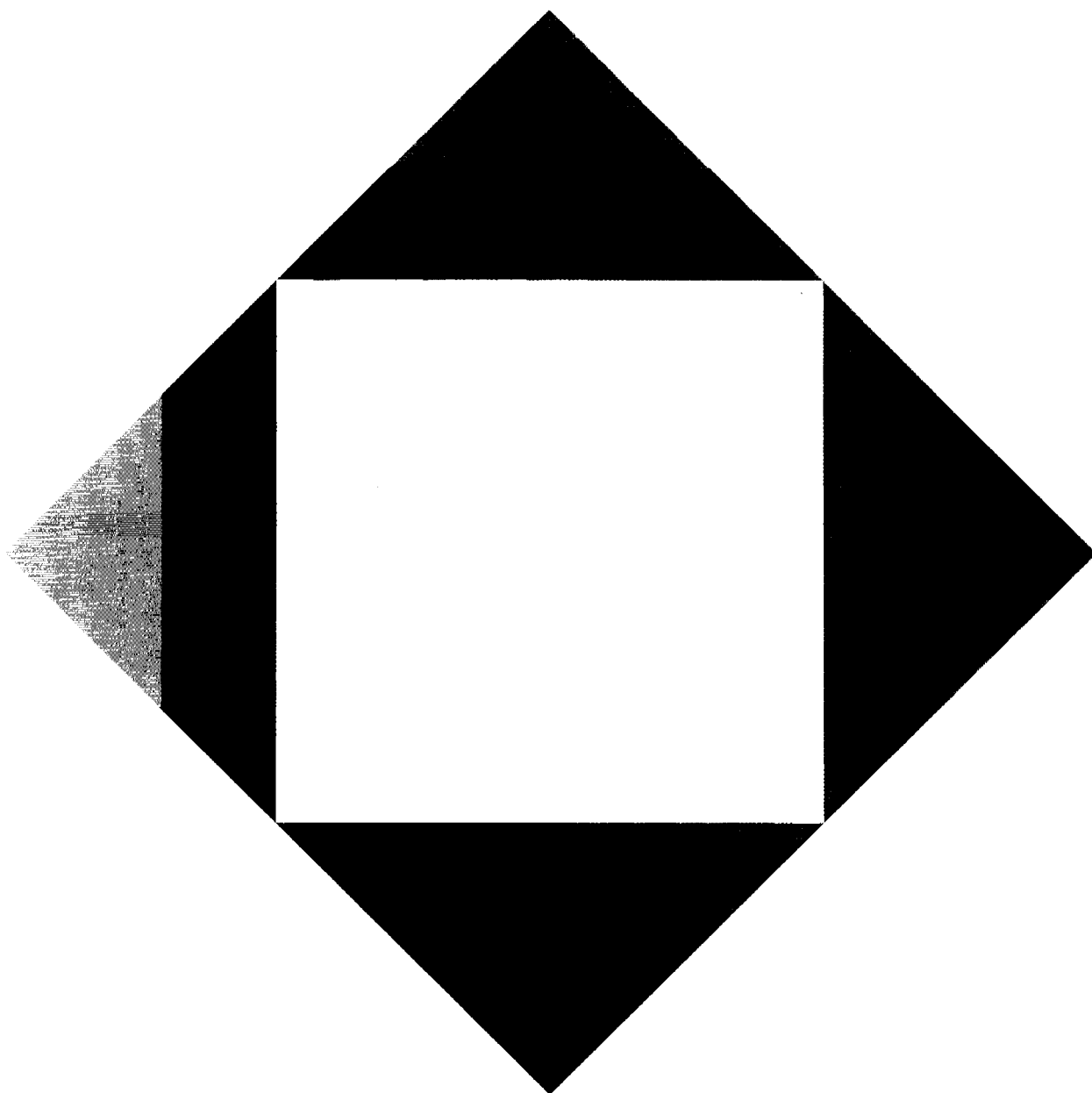
New central rates in the EMS

In the European Monetary System (EMS) the bilateral central rates were adjusted on March 21, 1983 after a long phase of considerable tensions. The D-Mark was revalued against all partner currencies in this comprehensive realignment, by a good 8% against both the French franc and the Italian lira. In the period that followed, the rise in

DM market rates remained, as a whole, below the agreed adjustments to the central rates. It was not until August/September that the D-Mark finally rose from the lower limit into the middle sector of the new exchange rate band, at year's end it was an average 4.7% higher against the EMS currencies than 12 months before.

The tension-free development of the system since the realignment in March 1983 was favoured by the generously measured adjustment of the central rates, the pronounced interest rate differences between the partner countries and the D-Mark's weak tendency against the US dollar. At the same time the EMS countries with weak payments balances markedly improved their external economic positions. This applies in particular to France where the new parity of the franc was safeguarded by a tough domestic economic retrenchment programme and a support credit from the European Community in the amount of 4 bn. ECU (= roughly DM 9 bn.).





Development of the Group and Deutsche Bank AG

A. Business policy, overall development and result

Result improved again . . .

In the 1983 financial year we continued to pursue our earnings-oriented policy throughout the Group. While growth of overall business volume was weak, we made selective use of the opportunities available (above all in the building financing sector) for profitable expansion of total lending. At the same time we stepped up our efforts to strengthen and extend our bank's market position through innovative service offerings. As in the past, funding was obtained with due consideration to cost and was steered flexibly in line with the opportunities for use in assets-side business. The favourable state of stock markets throughout the world benefited our activities in securities business, which were again expanded.

In this way we achieved another gratifying rise in the operating result, based on the high level of earnings in the previous year. In making provision for the risks in national and international business we adhered to the valuation standards applied in the preceding years.

We propose to the General Meeting that the dividend be increased to DM 12 per DM 50 share. We are therefore adhering to our principle of enabling shareholders to participate appropriately through the distributed dividends in the available profit. At the same time, this accords with our conception of a flexible dividend policy.

. . . and capital base strengthened to secure future business possibilities

Our earnings position also makes it easier for us to strengthen further our company's capital

base. We have therefore transferred DM 150 m. from net income for the year to disclosed reserves after withdrawals of DM 6.3 m. in respect of own shares. To have sufficient scope in future, too, to make use of business possibilities in the Group under the tighter regulations on capital and reserves expected in the Banking Act, we shall also increase our share capital by a nominal DM 113 m. from the authorized capital created by the General Meeting in 1983. The new shares will be offered to shareholders at the end of April 1984 in the ratio of 1 for 12 at DM 250 per DM 50 share.

Group business volume rises to DM 216 bn.

The business volume of Deutsche Bank Group rose 5.7% to DM 216 bn. during the reporting period. The increase was hence again substantially lower than the longer-term average, which had been approximately 15% p.a. during the phase of Group expansion from 1970 to 1982.

Three-quarters of the 1983 increase was due to consolidation of European Asian Bank AG, Hamburg, for the first time. Eurabank, of which we now hold 60%, reported business volume of DM 8.6 bn. at the end of the year.

The increase was hence again substantially lower than the longer-term average, which had been approximately 15% p.a. during the phase of Group expansion from 1970 to 1982.

Three-quarters of the 1983 increase was due to consolidation of European Asian Bank AG, Hamburg, for the first time. Eurabank, of which we now hold 60%, reported business volume of DM 8.6 bn. at the end of the year.

At the parent bank business volume grew 2.2%, at our other domestic commercial banks 6.9% and at the mortgage banks 6.2%. The international subsidiary banks and financing companies show

substantially larger expansion (40.7%); this is, however, largely due to the inclusion of Eurasbank and the strong revaluation of the US dollar.

Enhanced presence at home and abroad

The number of offices of Deutsche Bank Group rose by 29 during the period under review to 1,407 (1,341 at home, 66 abroad). Here again the inclusion of Eurasbank in the Group was a major factor. Eurasbank, which can look back on a tradition in Asia spanning almost 100 years, operates in 16 countries with 29 offices, subsidiaries and representative offices, including a 50% share in the Australian merchant bank European Asian of Australia Ltd., Sydney, and a share in P. T. Euras Buana Leasing Indonesia, Jakarta. This makes Eurasbank one of the best-represented European banks in the Asian-Pacific region.

At home we opened six offices and closed one. An important aim of our domestic branch policy is to tailor the range of services more and more closely to the respective market requirements, to intensify our customer counselling and service, and to make better use of the market's potential.

New technologies are being applied wherever they help to cut costs and/or improve the service to customers. To enable our customers to withdraw cash outside business hours as well, the first cash dispensers were installed in 1983. The number will be raised in the current year.

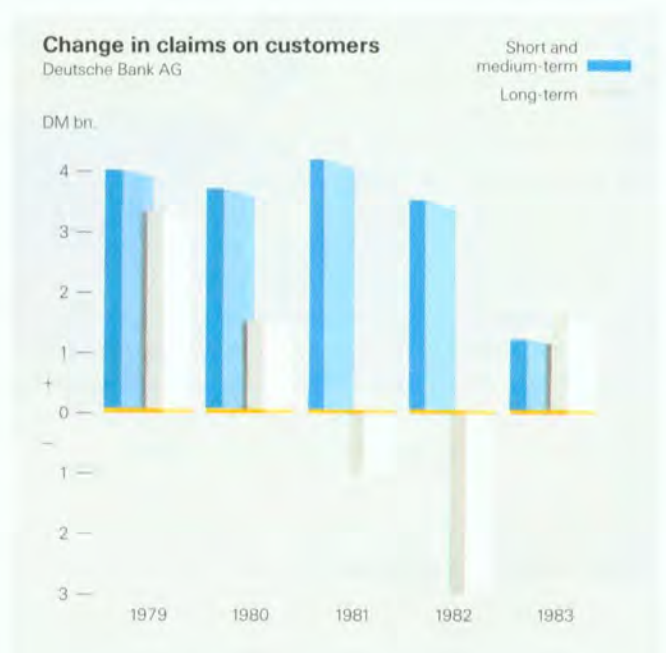
Business volume of Deutsche Bank AG up markedly at year's end

At the end of the year the business volume of Deutsche Bank AG amounted to DM 122.8 bn. The increase during the year under review (2.2%)

was due primarily to livelier lending business at year's end. In view of the risks on the financial markets we reduced our short-term interbank business during the reporting period, at the same time carefully and continuously monitoring all addresses.

Close on half of the expansion in the business volume at Deutsche Bank AG was attributable to the foreign branches, all of which performed successfully.

As in 1982 balance sheet total grew more slowly than business volume, for in the year under review we presented more bills of exchange to the Bundesbank for rediscounting. The endorsement liabilities of Deutsche Bank AG amounted to DM 5.0 bn. at the end of the year (previous year: DM 4.5 bn.).



After five years more long-term credits again

Lending business was sluggish at first during the reporting period and picked up only in the last few weeks of the year. On 31. 12. 1983 total credit extended (discounts, claims on customers, lendings to banks) was 4.2% above the pre-year level at DM 72.8 bn. The increase was therefore substantially larger than in 1982 (1.9%).

Discounts rose 7.8% in 1983 to DM 7.3 bn., claims on customers 5.0% to DM 59.4 bn. Lendings to banks decreased on the other hand by 6.9% to DM 6.1 bn.

The increase in lending business in 1983 was largely in the building financing sector. Here Deutsche Bank AG registered a rise of DM 2.6 bn. to DM 16.1 bn.

During the reporting period, for the first time in five years, long-term credits rose more strongly than short and medium-term lendings. The maturity structure of our claims on customers, which had swung sharply in favour of short and medium-term lendings in the preceding years, therefore shifted back in the direction of long-term claims. At the end of the year the ratio of short and medium-term to long-term claims on customers was 60:40. The pattern of new credit commitments – in 1983 54% were classified as long-term – suggests that the proportion of long-term claims on customers will grow further.

Profit-oriented funding

In 1983, too, taking advantage of the possibilities offered on national and international markets, we steered our funding operations with the aim of minimizing the cost of funds. It was again evident that our practice of refinancing at optimal cost on a long-term basis is essential in order to maintain competitiveness and earning power.

At year's end Deutsche Bank AG had funds from outside sources amounting to DM 104.2 bn. That was 1.0% more than a year previously.

Customers' deposits rose 2.1% to DM 64.4 bn. We were able to finance our claims on customers without recourse to banks' deposits. There was above-average growth in demand deposits (6.6%); at DM 16.4 bn. they make up one quarter of all customers' deposits. Our time deposits from customers increased by 1.9%. Savings deposits stagnated, not least because our customers invested savings in securities.

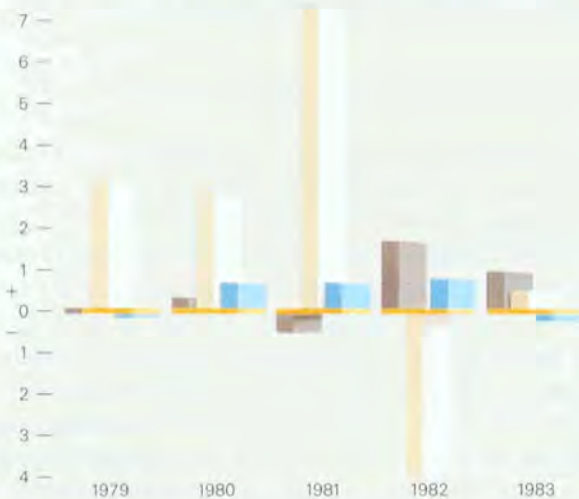
Own bonds and notes in circulation came to DM 1.5 bn. at year's end. In the past five years we have reduced these funds by a total of DM 3.1 bn.

Change in customers' deposits

Deutsche Bank AG

DM bn.

Demand deposits
Time deposits
Savings deposits



Renewed growth of Group operating result

The operating result of Deutsche Bank Group (surplus from current business including own-account trading) rose 17.1% during the reporting period. The growth stems mainly from the parent bank's result. But the operating result of the other domestic commercial banks also increased by 20.4%, that of our mortgage banks by 14.3%, of our international subsidiary banks and financing companies – largely owing to the consolidation of Eurasbank – by 63.9%, and of the specialized banks and other companies by 40%.

10.4% earnings growth at Deutsche Bank AG

In the year under review the parent bank achieved 10.4% growth in its operating result. This was substantially higher than the expansion of average business volume (1.2%). The percentage ratio of operating result to average business volume therefore also improved accordingly.

The rise in the operating result is due above all to the increase in the interest surplus and the growth of earnings on securities business.

Interest margin slightly higher at first

Earnings on the volume of business (interest surplus) expanded 8.8% to DM 4.1 bn. in the reporting year. The slight rise in the interest margin in the first half and the growth of average business volume contributed to this development.

One important factor with a positive effect on the interest margin (1983: 3.32%) was the block of fixed-rate lending, dating from the time when interest rates were higher, for which financing was obtained at lower rates during the reporting year. The margin will probably come under pressure in future as these lendings diminish.

The rising proportion of demand deposits and our efforts to cover our other funding requirements at lower cost also helped to widen the margin.

We reduced the rates in lending business a number of times during the year – in line with the intentions behind the cut in the discount rate on March 18, 1983.

Commission surplus more than one billion

The commission surplus on services increased 14.2% in the reporting year, rising to more than one billion D-Marks. This was primarily due to the additional income from securities business, especially from share dealing on a commission basis.

The proportion of total staff and other operating expenses covered by the commission surplus – a measure of the contribution the cost intensive services sector makes towards paying these expenses – improved from 32% in 1982 to 34%. Within the services sector, payment business remained in deficit. But by applying modern technologies (greater use of communications media, more automatic reading equipment instead of conventional data recording, expanded computer capacity), we are endeavouring to make our operational procedures more cost-effective.

Successful own-account trading in securities

In own-account trading as a whole (securities, foreign exchange and precious metals) the unusually good result of the previous year was even surpassed. The result achieved in securities trading on own account was particularly gratifying. Besides the traditionally profitable business in fixed-interest securities, full advantage was taken of the opportunities afforded by price developments on the share markets at home and abroad.

The decentralized organization of our securities business stood us in good stead here.

The result produced by foreign exchange dealing on own account was above that for the previous year and was therefore an all-time record. By contrast, profits from precious metals trading on own account declined because of the unfavourable situation on these markets.

Rise in costs somewhat higher than in previous year

At 7.6% the rise in staff and other operating expenses was somewhat higher in the reporting year than in the previous year (7.0%). The main reason was that a higher allocation had to be made to the provisions for pensions owing to the

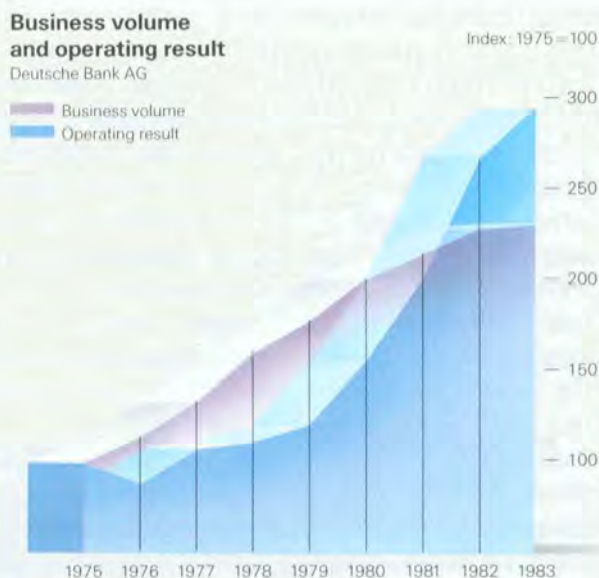
changed basis for the actuarial valuation of pension benefits. We did not make use of the possibility of spreading this incremental expenditure over several years.

Staff expenses (salaries and wages, compulsory social security contributions, expenses for pensions and other employee benefits) again made up more than three-quarters of staff and other operating expenses. They increased by 8.3% in 1983 (previous year: 5.9%).

At Deutsche Bank AG other operating expenses rose 5.4% in the reporting year, i.e. by considerably less than in the previous year (10.4%), even though there was pressure from special factors. Almost half of the increase stemmed from the special payment required by the Bundesverband deutscher Banken in connection with the aid of the Deposit Insurance Fund in the case of Schröder, Münchmeyer, Hengst & Co. In addition there were the effects of increased postal charges, incremental expenditure on maintenance and operating costs and on rents for our bank premises and technical equipment. We also allocated more funds for the intensification of customer advertising in 1983.

Again high provision for risk

The risks on the national and international credit markets remained high during the year under review. At home, close on 12,000 firms became insolvent and, even if general business activity improves, the possibility of further defaults in future cannot be ruled out. Risks elsewhere, and especially in building financing business, may well tend to rise. In the international debt situation, outlined above, no fundamental improvements in the risk element of bank credits are yet discernible. The solvency of many countries remains seriously threatened.



We therefore consider it necessary, for the fourth year in succession, to accord priority to provision for risk in the annual statement of accounts. We have exercised our usual caution in valuing the risks and have formed appropriate adjustments and provisions. In the year under review the greater part of the provision for risk was in the international sector. The permissible limits to cautious valuation were observed in all cases. Within the Group, provision is made for country risks according to uniform valuation standards.

In valuing all securities holdings we again applied the minimum value principle. Minor write-downs were required.

After permissible offsetting with profits from own-account trading in securities, write-downs of and adjustments to claims and securities, as well as transfers to provisions for possible loan losses are shown at DM 826 m. in the profit and loss account of Deutsche Bank AG. In the past four years taken together the amount offset totals approximately DM 3.4 bn.

B. Individual business sectors

1. Domestic corporate customers: business up in the course of the year

Our domestic corporate customers' demand for credit was sluggish at first in the period under review, but picked up towards the end of the year. Cash advances by Deutsche Bank AG to domestic companies were 7.3% up on the pre year level at year's end, discounts were 7.9% higher.

Customers' interest in longer-term lendings has grown again. Part of these were funds taken up to consolidate short-term loans obtained while interest rates were high.

In 1983, adapting to the increased need for long-term funds, we offered small and medium-sized firms both our Small Business Loans and a special credit programme with longer fixed-interest periods. These funds were in heavy demand. As in the preceding years we also arranged reduced-rate credits under public promotion plans of the Federal and Länder Governments.

The volume of guarantees provided by Deutsche Bank AG remained almost unchanged in the year under review; the greater part relates to our customers' foreign trade.

The selective expansion of business relations with our domestic corporate customers is also evidenced by the fact that companies' deposits increased by DM 0.9 bn. to DM 14.7 bn. Particularly gratifying was the DM 1.0 bn. rise in demand deposits to DM 7.9 bn. This reflects the greater in-

volvement of Deutsche Bank AG in the settlement of payments for our internationally oriented corporate customers.

Better corporate service

In addition to our credit range, we also offered our customers leasing, factoring and forfaiting services on a larger scale in 1983. We have a wide range of these types of financing available in the Group, with the Gefa Group, and through the close cooperation with Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH; this enables us to work out individual solutions to companies' problems. Deutsche Credit Corporation, Deerfield, Illinois, one of our subsidiaries in the U.S.A., provides sales financings on the American market.

In 1983 we introduced additional services relating to our customers' payment transactions, taking advantage of the advances made in electronic data processing. For concerns and companies with several operating units we offer a special service with which payment flows via different branches can be controlled automatically. Developments in data technology make it possible for smaller businesses, too, to rationalize the handling of payments using magnetic tape clearing and similar procedures. In the year under review, 41% of all payments were executed without vouchers and hence economically and quickly for both customer and bank.

Participation in venture capital companies

In 1983 we strongly supported efforts to find means, within the private sector, of mobilizing venture capital for new high-tech firms. On the basis of our years of experience as shareholder in Deutsche Wagnisfinanzierungs-Gesellschaft,

Deutsche Bank AG decided to participate in TVM TECHNO VENTURE Beteiligungsgesellschaften with a total of DM 20 m. Deutsche Bank Berlin AG, along with Berliner Industriebank AG and Industriekreditbank AG-Deutsche Industriebank, established VC-Gesellschaft für Innovation mbH, Berlin. This private-sector initiative, which we tried particularly to encourage, aims to attract more innovative medium sized firms to Berlin.

As in the past, the capital and advisory services of Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main, in which Schmidt Bank in Hof (Saale) has a holding, too, are also available to small and medium-sized firms. The total capital investment of Deutsche Beteiligungsgesellschaft contracted slightly in 1983 to roughly DM 150 m. and the number of companies in which it was a partner decreased to 31, as repurchase rights were exercised in several cases. One of the companies, Gestra AG, Bremen, was successfully introduced to the stock exchange.

2. Retail banking: brisk demand for consumer loans

New personal loans to finance consumer durables were 8.2% higher in the reporting year than in 1982. However, owing to high redemption payments the volume of these loans outstanding showed little change; in some cases repayments were made prematurely from the very high amount of funds released in 1983 under matured savings contracts (DM 1.9 bn.).

In the personal loan sector, demand for loans to finance purchases of home furnishings increased further.

Current account overdrafts to cover households' short-term requirements were utilized briskly by our customers.

Year of building financing

In the year under review the strongest growth was registered in building financing. With business in the residential construction sector continuing to improve, credit commitments given by the Group rose 34% to DM 15 bn.

In the first half of the year, when interest rates were lower, demand was mainly for loans with fixed-interest periods of several years. After capital market interest rates had risen, there was also greater demand for loans with shorter fixed-interest periods.

The Group's building loans increased by 10% to DM 47 bn. during the reporting period. DM 16 bn. of this is attributable to the parent bank and DM 31 bn. to subsidiaries, especially our mortgage banks, with which we cooperate in offering our customers comprehensive building financings.

As a result of the changes in general economic conditions (stagnating population figures, smaller growth rates, lower inflation, larger supply of residential properties), the risk involved in building financings secured on the property has increased. Above all, there will probably be much wider differences in future in the way property prices develop.

Almost half of all claims on customers are claims on private customers

At year's end claims at Deutsche Bank AG on domestic private customers (including building financing) totalled DM 28.9 bn. Building financings made up 56% of this, and 23% consisted of personal loans to employed persons for the financing of consumer durables and short-term overdrafts. Loans to self-employed persons amounted to DM 9.9 bn.

Change in customers' saving habits

Against the background of a decline in the domestic overall saving ratio, our savings business was brisk in only a few areas during the reporting period. Total new saving by the customers of Deutsche Bank AG (changes in savings deposits and savings certificates in circulation plus the balance of purchases and sales of securities via savings accounts) remained at the pre-year level of DM 3.1 bn.

Demand centred primarily on savings certificates and securities investments producing a higher return. Our savings certificates in circulation expanded by 29% to DM 4.2 bn. New saving in securities was DM 0.3 bn. up on the relatively high volume of the previous year.

By contrast, savings deposits decreased by DM 180 m. to DM 20.9 bn., not least because matured savings contracts were taken to repay loans. Savings accounts are evidently being used increasingly – a tendency discernible for some time – to accumulate funds for some final longer-term investment. The proportion of deposits with the legal period of notice in total deposits is expanding accordingly; at the end of 1983 it was 63.2% compared with 57.9% two years earlier.

Considering the importance of long-term savings for the funding of the bank, we aim to widen the range of attractive long-term forms of saving we offer customers. In the reporting year we set up a savings scheme under which the savings target can be covered by risk insurance. This combination of saving and security, which we designed together with the insurance sector, met with a lively response among our customers.

New developments in payment systems

In the period under review the payment systems for private customers were also further enhanced. Attention centred on the eurocheque system, which was fifteen years old in 1983. Over one million customers of Deutsche Bank AG take advantage of the system; at home and in 38 other European and Mediterranean countries the eurocheque can be used to obtain cash, and in 22 countries also to pay bills and make purchases in the respective national currency.

The availability of the eurocheque card was increased in 1983. Our customers can now obtain cash from roughly 800 cash dispensers in the Federal Republic, and are not restricted to banking hours.

In the 1984 travel season it will also be possible, for the first time, to operate cash dispensers with the eurocheque card in France and Spain on a trial basis.

EUROCARD, which is backed by the entire German banking sector, continued to develop positively. This credit card can meanwhile be used for cashless payment at more than 3.3 m. outlets throughout the world, and is becoming increasingly popular among businesspeople and private customers who travel frequently.

3. Securities business influenced by price gains on the share market

Securities business, which in the previous year had benefited particularly from the decline in interest rates on the bond market, saw a pronounced swing towards shares in 1983. Our domestic and foreign customers availed themselves to a greater extent of our investment counselling services and our worldwide trading activities.

Securities turnover of Deutsche Bank AG with private and institutional customers rose 14% to DM 80 bn.; it almost doubled in the past four years.

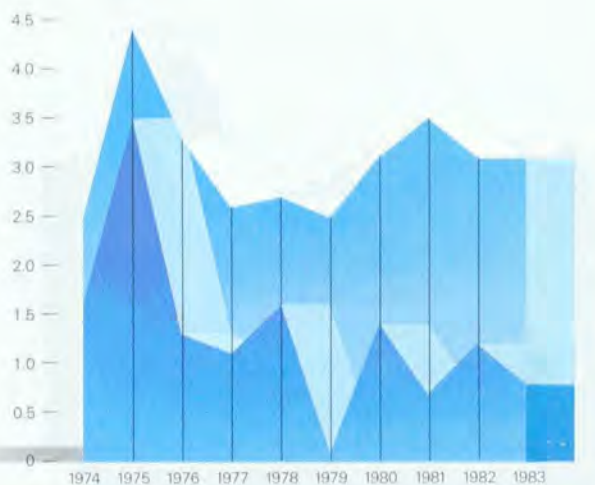
Turnover in shares expanded in 1983 to an unprecedented volume. This was partly connected with the strong increase in option trading on the stock market, which was reorganized during the reporting period and, as a result, became much more attractive for the customer (standardization of exercise prices, reduction of the number of expiry dates to four per year). In addition, a larger number of warrants was brought onto the market, which helped to enlarge the palette of investments available to customers.

Turnover in fixed-interest securities (including *Schuldscheine*) contracted by 9% after the exceptionally good result of the previous year because

Total new saving 1974–1983

Deutsche Bank AG

DM bn.



of the uncertainty surrounding interest rates at times and, above all, the attractiveness of the share market. Institutional investors showed a growing interest in *Schuldscheine*.

In business in foreign securities demand for US and Japanese shares was strongest. Turnover in foreign fixed-interest securities was somewhat lower than in the previous year.

Over DM 100 bn. in customers' safe-custody accounts

The number of safe-custody accounts maintained for customers by the Group remained virtually unchanged in the reporting period at 1.2 m. The market value increased – partly as a result of higher prices – by 18% to DM 112 bn.

Securities business

Turnover of Deutsche Bank AG with institutional and private customers



In our portfolio management service for customers we took advantage of the opportunities offered by the international stock markets and achieved large increases in the value of portfolios. The number and volume of the portfolios we managed rose further.

Renewed high growth in own-account trading

Own-account trading in securities was particularly gratifying again in 1983. After the good performance turned in a year earlier, we achieved a higher result in the period under review. All sectors registered high growth rates; shares were to the fore.

Net receipts in the investment fund sector

Our business in investment fund certificates also profited in the reporting year from the good condition of the share markets. Thanks to customers' willingness to invest and the increase in market values, our two subsidiaries DWS Deutsche Gesellschaft für Wertpapiersparen mbH and Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF) raised the assets they manage by DM 2.7 bn. to DM 15.4 bn.

In 1983 DWS launched three new international share funds for the commodities, energy and technology sectors. In setting up these funds, whose opportunities and risks are closely linked with the development of shares in these sectors, DWS adapted to the changed investment requirements in the market and attracted new segments of the investing public (total net receipts: DM 900 m.). At DEGEF, the number of special funds for institutional investors (insurance companies, company pension and benevolent funds, professional associations' pension schemes, social security

funds and others) and the number of staff funds rose to 110.

The open-end property fund "grundbesitz-invest", which is managed by our subsidiary Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, recorded an inflow of DM 302 m. in the financial year that ended on September 30. That is the best result since the fund was set up in 1970. The fund assets rose 25.9% to DM 1.6 bn.

4. Issuing business: new shares introduced to the stock exchange . . .

The new issue business of Deutsche Bank AG continued to grow. On the German share market, we arranged the introduction of seven companies to the stock exchange in the year under review. These companies accounted for about nine-tenths of the total placement volume of the twelve new share listings in 1983 (approximately DM 350 m.). The majority were medium-sized family concerns which, by going public – in most cases without giving up the family's influence – widened the circle of shareholders and hence procured additional equity funds for the company's future operations. There was strong demand for all of the shares.

Deutsche Bank AG participated in 51 cash capital increases of companies already listed in a total volume of DM 3.7 bn. The largest single transactions were the capital increases at Rheinisch-Westfälisches Elektrizitätswerk AG (DM 810 m.), Allianz Versicherungs-AG (DM 417 m.) and BASF AG (DM 310.5 m.).

. . . international bond business expanded

In international new issue business Deutsche Bank AG again expanded its market share as a leading Eurobond issuing house. We participated in 275 bond issues (previous year: 269) in a management capacity; 75 of these were denominated in D Marks. We also acted as lead manager of a US\$ 500 m. floating rate note issue for Crédit Foncier, guaranteed by the French Republic, and were co-manager in numerous issues of this kind.

5. Dealing in foreign exchange and precious metals: successful under difficult conditions

Our foreign exchange dealers were confronted on the market with the strong, and at times hectic, fluctuations in the dollar rate during the reporting year. In view of the uncertainty as to how exchange rates would develop, customers were mainly interested in advice and assistance on questions relating to forward cover. Foreign exchange turnover figures were roughly on a par with those for the previous year. In terms of earnings, there was a slight improvement on the good result achieved in 1982.

In 1983 the precious metals markets suffered from the effects of high real interest rates and the attractiveness of the dollar. Arbitrage activities decreased noticeably. On the other hand, our turnover with producers and consumers remained at a gratifying level.

6. International business: cautious policy

In 1983 our international business again centred on financing and handling the financial side of German foreign trade.

One welcome development was that in the reporting period the AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main, extended its financing arrangements for medium and long-term buyer credits and once again lent funds at fixed rates for credit amounts of up to DM 10 m.

For medium and long term export financing we were, as in past years, at the service of small and medium-sized industrial firms. The volume of financing for large-scale projects in the plant construction sector decreased owing to declining orders in this field.

Stronger market position of foreign branches

Our foreign branches strengthened their market positions further in 1983. Priority was given to expanding business with local customers. Their success was reflected not least in customers' growing willingness to maintain deposits with our foreign branches. This also applies to our branches in Buenos Aires, São Paulo and Asunción. Although the traditional business of settling and financing foreign trade was constrained by the South American countries' transfer difficulties, our three branches in South America were able to achieve good operating results.

Selective Eurocredit business

We steered our Eurocredit business selectively, examining the risks very critically. By taking part in rescheduling arrangements we lent support to the stabilization programmes for problem countries and contributed to the new credits that were required. In the reschedulings for Mexico and Brazil we worked on the Advisory Committees.

We played a major role in the arrangement of the European Community loan of ECU 4 bn. to France. In this connection our subsidiary in Lux-

embourg accepted the mandate to lead-manage a Eurocredit of US\$ 1.3 bn. At the same time Deutsche Bank AG lead managed the Community's US\$ 350 m. bond issue and acted as manager for a US\$ 1.8 bn. issue of floating rate notes.

In order to limit further the funding risk involved in roll-over credits, our Luxembourg subsidiary took up foreign currency in an amount equivalent to DM 1.45 bn. at long term.

Management roles in project financing

We continued our activities -- commenced in 1980 -- in international project financing. For the first time we participated in several international project loans in a management role; the majority of these were for energy projects in the North Sea and in North America. Among our German customers we have observed growing interest in counselling on matters relating to international project financings.

EBIC: cooperation changing

Adjusting to the different ways in which the business activities of the individual EBIC banks are developing in the Asian-Pacific region, the partners agreed to re organize their holdings in *European Asian Bank AG*, Hamburg. This took effect on June 30. Since then our holding in Eurasbank has been 60%; the remaining shares are held by Creditanstalt-Bankverein, Vienna, Amsterdam Rotterdam Bank, Amsterdam, and Société Générale de Banque, Brussels.

We increased our participation in *European Arab Holding S.A.*, Luxembourg, from 5.7% to 12.8%.

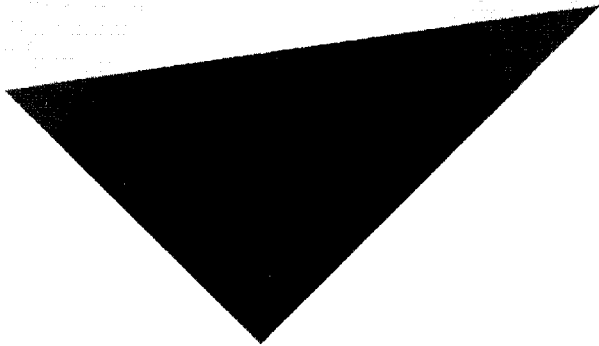
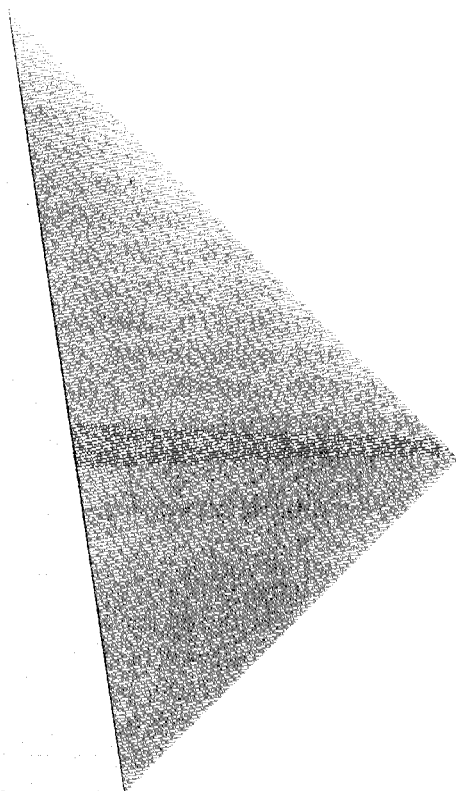
For *European American Bank (EAB)*, New York, 1983 was a difficult year. Adjustments to domes-

tic and foreign commitments influenced the result. With the balance sheet total up 4.8% (US\$ 8.7 bn.), net income for the year amounted to US\$ 19.2 m.

The two specialized banks European Banking Company S.A. (formerly BEC), Brussels, and European Banking Company Ltd., London, were merged at the beginning of the year to form the *European Banking Group*. Business activities are

concentrated on merchant banking; short and medium-term Eurocredit business is also carried on.

The exchange of views and experience with the six partner banks continues to form a very important element of the cooperation in EBIC. It helps us to improve our service offering at home, and throughout the world, to the benefit of our customers.



Our Staff

Staff increases again

Deutsche Bank Group employed 47,256 people at 31.12.1983. That was 1,638 more than at the end of 1982. The growth was due largely to the consolidation of European Asian Bank AG (1,351 employees).

Of our total Group workforce, 43,926 people were employed in the domestic sector (previous year: 43,371), 3,330 worked at our foreign branches, subsidiaries and representative offices; 358 German members of staff were on secondment to foreign locations.

Additional jobs to improve customer service

At the parent company, 245 additional staff were required during the year under review, despite continuing automation. They were needed above all for the expansion of our service to customers. At year's end, Deutsche Bank AG had a total workforce of 40,570. During the last ten years, the staff of Deutsche Bank AG increased by roughly 5,300.

4,367 apprentices

In view of the difficult situation on the labour market and the high number of school-leavers, we increased our bank's training capacity again by 5.7% in the year under review. We recruited 1,910 apprentices – more than ever before. At the end of 1983, we had 4,367 young people undergoing training at Deutsche Bank AG; that was 11.4% of our domestic personnel.

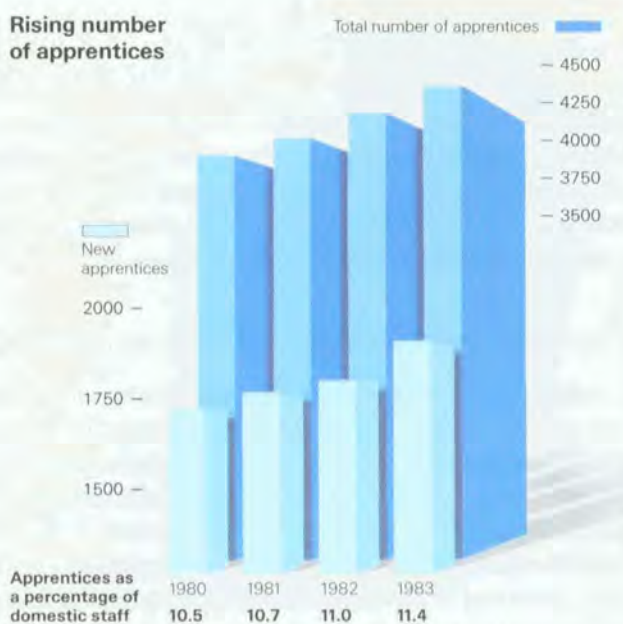
In the last ten years, a total of 15,000 young bank clerks have been trained at our bank. This has given us a reservoir of qualified staff and has made us largely independent of today's still rather limited market supply of trained bank clerks. Our

aim is to keep our training positions at the present high level.

At the moment, 64% of our salaried employees have had a full bank training or have a comparable background; the proportion is much higher in customer business. We intend to increase steadily the number of staff with bank training.

All bank clerks who had completed their training, were interested in employment with us and were sufficiently qualified were offered a position with our bank in 1983. The proportion of young people who stay with us after completing their training is still gratifyingly high at more than 80%. We view this as a sign that our development programme for young bank clerks, in which we give in-depth training to young people starting their

Rising number of apprentices



careers, is a success. A number of school-leavers with university entrance qualifications regard this programme as an alternative to university studies.

Basic vocational training abroad as well

The stronger international presence of Deutsche Bank AG requires us to develop apprentice training facilities abroad as well. In the year under review, our branches in Brussels, Madrid and São Paulo carried out, for the first time, basic vocational training courses which are also recognized in the Federal Republic. Here, we cooperate with German Chambers of Commerce abroad and in part with other banks and industrial companies.

Management trainee programme again successful

In view of our growing requirements in business and staff departments, we again slightly increased the number of our trainees with a university qualification in 1983. As in the previous years, we gave particularly able graduates the opportunity to get to know banking in a two-year training course. This training has proved successful over many years. In 1983 we raised the number of our management trainees to 170.

Internal further training

We continued our internal further training for our employees in the year under review; in some areas we increased it. Our system is based on selective further training on the job, supplemented by a range of seminars with a practical orientation; the purpose is to equip our employees with the specialist knowledge they need to be able to give an all round counselling service to custom-

ers and help them solve complicated financial problems. In 1983 we offered 125 different seminars. The emphasis was on specialist training in wholesale and retail banking.

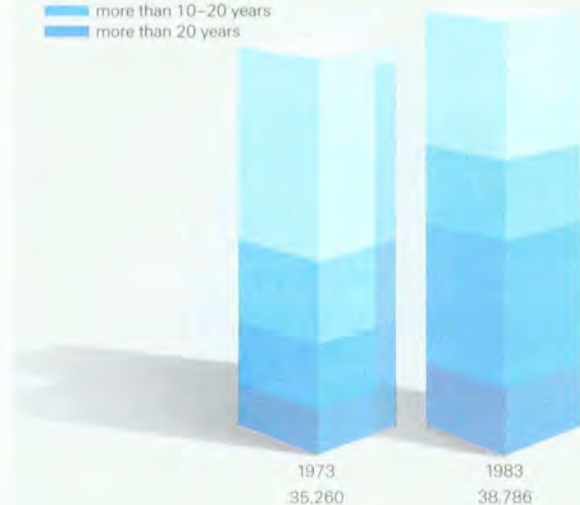
Our management training was restructured during the year under review. For our senior management, we put together our own further training programme, which also incorporates new developments in advanced technology.

Last year, a total of 16,877 employees took part in 909 seminars. Roughly 1,000 members of our staff, all with years of practical experience, lectured at the seminars and – together with selected external speakers – helped to ensure that the material was presented with a practical orientation.

The expenses for our staff training and further training activities amounted to DM 103.5 m. (5.8 % of our total wages and salaries), of which DM 57.0 m. related to vocational training.

**Length of service
of our domestic staff**

0–5 years
more than 5–10 years
more than 10–20 years
more than 20 years



In the last ten years we have carried out 8,363 further training courses and more than 15,000 employees took part on average each year.

42,000 staff shareholders

In 1983 we again offered staff shares to our employees on tax-privileged terms. 88.4% of our bank's active workforce and 82% of all entitled employees and pensioners of Deutsche Bank AG and its subsidiaries accepted the offer (previous year 85% and 79% respectively). The good response of our staff to the offer shows how favourably this type of capital formation is regarded. Anyone making full use of all offers and subscription rights relating to capital increases since the first staff shares were issued in 1974 owned, at the end of the year under review, 42 shares of Deutsche Bank AG worth DM 14,162 compared with an outlay of DM 5,182. At the moment, Deutsche Bank AG has 42,000 staff shareholders. Together with pensioners, our employees held 3.5% of its share capital.

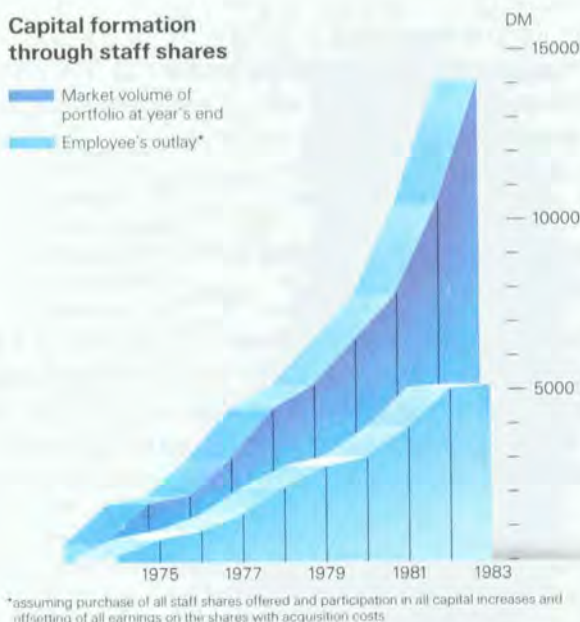
Low staff turnover

Staff turnover continued to fall in the year under review. The overall severance ratio, i.e. including employees who had reached retirement age or were leaving because of ill health, decreased to 6.6% (1982: 7.1%).

In 1983 65 members of staff celebrated 40 years of service with the bank, 323 their 25th anniversary. Their many years of service with Deutsche Bank AG are a sign of their loyalty and attachment to our company.

In the year under review, Deutsche Bank AG assisted 9,936 pensioners, widows and orphans.

Capital formation through staff shares



Employee representatives elected to Supervisory Board

In spring the time had again come for the election of new employee representatives to the Supervisory Board. The great majority of our employees voted – as in 1978 – for direct election. At 70.8%, participation was above average.

Cooperation with Staff Councils

The Board of Managing Directors discussed, in cordial cooperation, all personnel, social and business matters of topical relevance with the Group Staff Council as well as the General Staff Council and its committees. In numerous discussions, the employee representatives were fully informed about the development of business and about questions of automation and organization.

We would like to thank all members of the staff councils, the members of the Economic Committee, the youth representatives and the spokesmen for the severely disabled, who carried out their duties responsibly and with understanding for matters of common concern.

Election of members of the Committee of Spokesmen

The Committee of Spokesmen for Senior Executives was informed about the business situation at several meetings. The special concerns of our senior executives were discussed at length. The Committee of Spokesmen has proved to be

an important instrument for the exchange of opinions between the Board of Managing Directors and our senior executives. In the final quarter of 1983 there were new elections for members of the Committee of Spokesmen. We would like to thank the representatives of our senior executives for their personal efforts and their objective and open minded cooperation.

Thanks to our staff

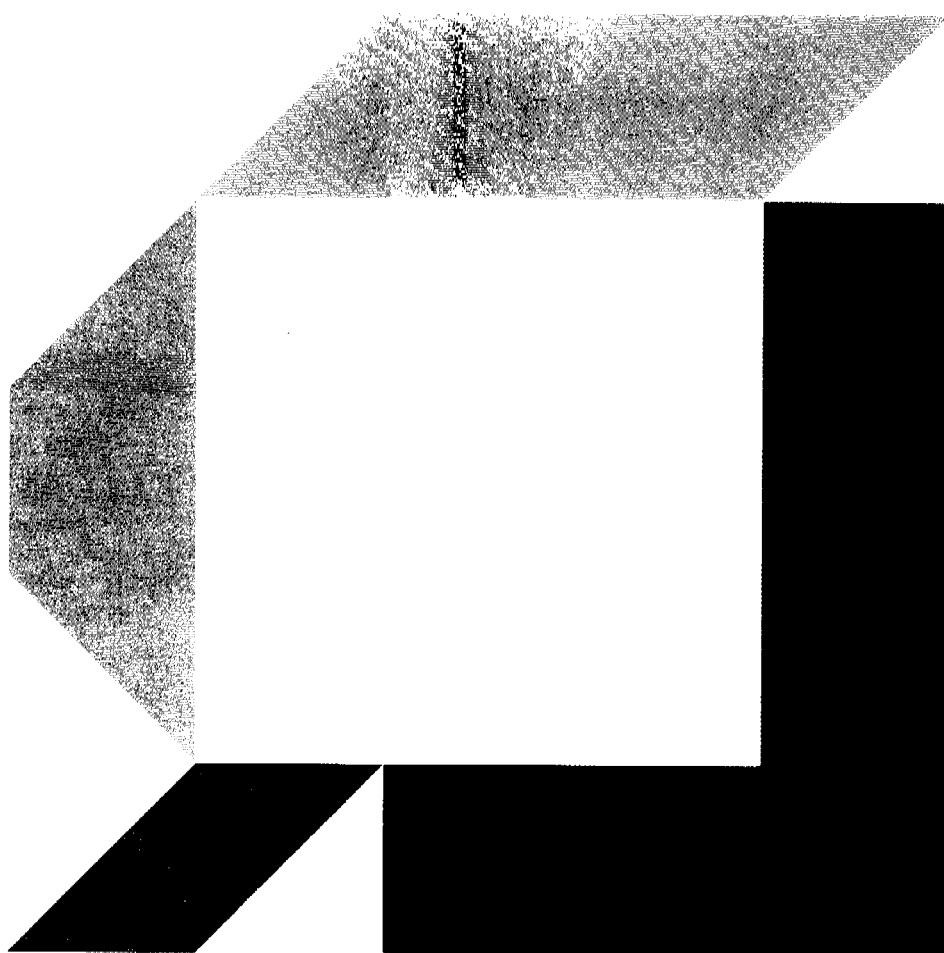
In particular, however, we would like to thank all our members of staff, whose enthusiasm and expertise contributed to the good result achieved in 1983.

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

Karl Heinz Abel, Kirchheim
Thomas Arp, Kiel
Friedrich Böhlk, Lüneburg
Ruth Brasse, Witten
Franz Brinker, Hamburg
Irmgard Clingstein, Frankfurt
Josef Damang, Albstadt-Ebingen
Rolf Diel, Stuttgart
Heinz Dillmann, Cologne
Siegfried Dombrowski, Hattingen
Günter Eckart, Frankfurt
Paul Freudewald, Düsseldorf
Roberto Groco, Buenos Aires
Karin Grimm, Wuppertal
Ursula Guder, Duisburg
Hans Hapke, Hanover
Friedrich Heidemann, Essen
Arnold Heinig, Cologne
Walter Hildmann, Taunus-Zentrum Eschborn
Erich Hornke, Kiel
Hannelore Kaiser, Krefeld
Johanna Keitel, Mainz
Ludwig Kirsch, Taunus-Zentrum Eschborn
Dr. Ulrich Klauke, Frankfurt
Peter Klyszcz, Münster
Otto Knautz, Frankfurt
Günter Koch, Braunschweig
Richard Lehmann, Frankfurt
Ernst Lünsmann, Hamburg
Margarete Meier, Hanover
Lieselotte Meinelt, Ludwigsburg
Reinhard Nentwig, Dortmund
Karl Heinz Nikolai, Taunus-Zentrum Eschborn
Fritz Oberbörsch, Cologne
Hans Olschowski, Frankfurt

Margot Peisert, Düsseldorf
Ingrid Petrat-Kleemann, Hamburg
Ralf Phinder, Stuttgart
Alfred Pietsch, Frankfurt
Herbert Preissler, Munich
Konrad Prell, Taunus-Zentrum Eschborn
Manfred Quelle, Bielefeld
Daniel Ramirez, Buenos Aires
Uwe Ray, Gelsenkirchen
Torso Ring, Hamburg
Rolf Dieter Rügge, Aachen
Hubertus Ruthe, Bielefeld
Anna Schillinger, Offenburg
Friedrich Schmidt, Wuppertal
Hermann Josef Schmidt, Paris
Hermann Josef Schmitt, Frankfurt
Dr. Ernst Schneider, Frankfurt
Oskar Schweikl, Mannheim
Ilse Spankowski, Gelsenkirchen
Helene Stadler, Augsburg
Karin Strate, Detmold
Harald Strauss, Hamburg
Norbert Streich, Hanover
Horst Theiss, Kassel
Herbert Thiedemann, Düsseldorf
Helmut Volkmitz, Düsseldorf
Michael Ulrich, Villingen-Schwenningen
Ralf Votter, Düsseldorf
Herbert Volker, Taunus-Zentrum Eschborn
Manfred Waich, Munich
Reinhold Weber, Braunschweig
Resi Winzen, Rheydt
Miguel A. Zacarias, Buenos Aires
Horst Zeumer, Hanover

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



Notes on the Statement of Accounts of Deutsche Bank AG for 1983

Balance Sheet

Business volume

The bank's *business volume* (balance sheet total + endorsement liabilities) expanded by DM 2.7 bn. (+ 2.2%) in 1983 and stood at DM 122.8 bn. at the end of the year. The growth was higher than in 1982 (+ 1.6%), but markedly lower than the rates of increase in the preceding ten years.

Balance sheet total grew by DM 2.3 bn. to DM 117.8 bn. in the year under review.

In the course of the year, business volume reached its lowest level in April and was only minimally higher in August. The fluctuations stemmed chiefly from short-term interbank business. The year-on-year rise took place largely in the last two months.

Balance sheet changes by source and use of funds are detailed in the *financing balance* on page 59.

Turnover on the accounts of our non-bank customers increased 11.4% compared with the previous year to DM 4,237 bn. With an average effective staff of 34,700 (1982: 34,600), turnover per employee was DM 122 m. (1982: DM 110 m.). The number of business transactions booked per employee was 16,300, as in the previous year.

Compared with 31.12.1982, the following changes took place in the balance sheet:

Assets	DM m.
Cash reserve	— 220
Cheques and other items received for collection	159
Bills of exchange	+ 125
Claims on banks	— 3,010
Treasury bills and discountable	
Treasury notes	+ 45
Bonds and notes	+ 1,727
Other securities	+ 412
Claims on customers	+ 2,837
short and medium term	+ 1,284
long-term (4 years or more)	+ 1,553
Subsidiaries, associated companies and trade investments	+ 459
Land and buildings	+ 19
Office furniture and equipment	+ 16
Other assets	+ 83
Remaining assets	46
Balance sheet total	+ 2,288

Liabilities	DM m.
Liabilities to banks	+ 830
Liabilities to customers	+ 1,345
including demand deposits	+ 1,009
time deposits	+ 516
savings deposits	180
Bonds and notes	— 1,114
Own acceptances and promissory notes outstanding	+ 267
Provisions	+ 764
Own funds	
(share capital and disclosed reserves)	+ 144
Remaining liabilities	+ 52
Balance sheet total	+ 2,288

Liquidity

At the end of 1983 our *cash liquidity* was 4.9% (31.12.1982: 5.2%). The cash reserve decreased slightly to DM 5.2 bn., while liabilities to banks and customers, bonds and notes, own accept-

ances, promissory notes and other liabilities increased by DM 1.3 bn. to a total of DM 105.9 bn.

Overall liquidity – the ratio between total liquid funds of DM 19.1 bn. and the above-mentioned liabilities – came to 18.0% (previous year: 18.8%).

Liquid funds and liabilities are made up as follows:

	End of 1983 DM m.	End of 1982 DM m.
Cash on hand	448.2	440.0
Balance with Deutsche Bundesbank	4,774.5	4,974.1
Balances on postal cheque accounts	12.3	41.4
<i>Cash reserve</i>	<u>5,235.0</u>	<u>5,455.5</u>
Cheques and other items received for collection	565.1	723.8
Bills of exchange rediscountable at Deutsche Bundesbank	1,254.5	1,159.4
Claims on banks payable on demand	4,949.9	5,073.1
Treasury bills and discountable		
Treasury notes	1,189.2	1,144.4
Bonds and notes eligible as collateral for Bundesbank advances	5,868.3	6,093.6
<i>Total liquid funds</i>	<u>19,062.0</u>	<u>19,649.8</u>
Liabilities to:		
banks	38,226.2	37,395.5
customers	64,424.8	63,079.9
Bonds and notes	1,545.1	2,659.5
Own acceptances and promissory notes outstanding	1,662.1	1,394.9
Other liabilities	57.5	88.5
<i>Total liabilities</i>	<u>105,915.7</u>	<u>104,618.3</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 1983.

Assets

Securities

Holdings of *Bonds and notes* increased by DM 1.7 bn. (+ 22.4%) to DM 9.4 bn. This growth centred on fixed-interest securities of foreign issuers (+ DM 1.1 bn.). Close on two-thirds of our total holdings is made up of paper with a life of more than 4 years.

Items with a total value of DM 5.9 bn. were eligible as collateral in accordance with Deutsche Bundesbank regulations.

Securities not to be shown elsewhere increased by DM 412 m. to DM 2.7 bn. Shares with syndicate commitments account for DM 443 m. of this amount. The packages of shares in non-banking companies contained in this item are held as financial investments and not for the purpose of business participation or entrepreneurial influence. Holdings of more than 10% of a company's share capital, which have to be reported separately, amount to DM 1,284 m., of which DM 1,270 m. is accounted for by holdings of at least 25%.

The following companies, in which we have holdings of more than 25% of share capital, have been notified 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
Didier-Werke AG, Wiesbaden
Hapag Lloyd AG, Hamburg
Philipp Holzmann AG, Frankfurt am Main
Karstadt AG, Essen
Süddeutsche Zucker-AG, Mannheim

The shares of Didier-Werke AG, Wiesbaden, acquired at the turn of the year 1982/83 for the purpose of further placement, are still regarded by us as a temporary holding only. There is no connection with the share of at least 25% in Didier-Werke AG, Wiesbaden, held by Rossmas Beteiligungsgesellschaft GmbH, Frankfurt am Main. We have a share of 60% in this holding company.

In the year under review the bank sold its shares in Pittler Maschinenfabrik AG, Langen (Hesse), to Gildemeister AG, Bielefeld, and thereby secured an appropriate placement with industry.

Of the 25% shareholding in Nixdorf Computer AG, Paderborn, which we acquired in 1979, we sold shares constituting a 15% shareholding to the Nixdorf family at the beginning of 1984. The remaining 10% share in this company's capital

will be disposed of in connection with the planned stock exchange listing.

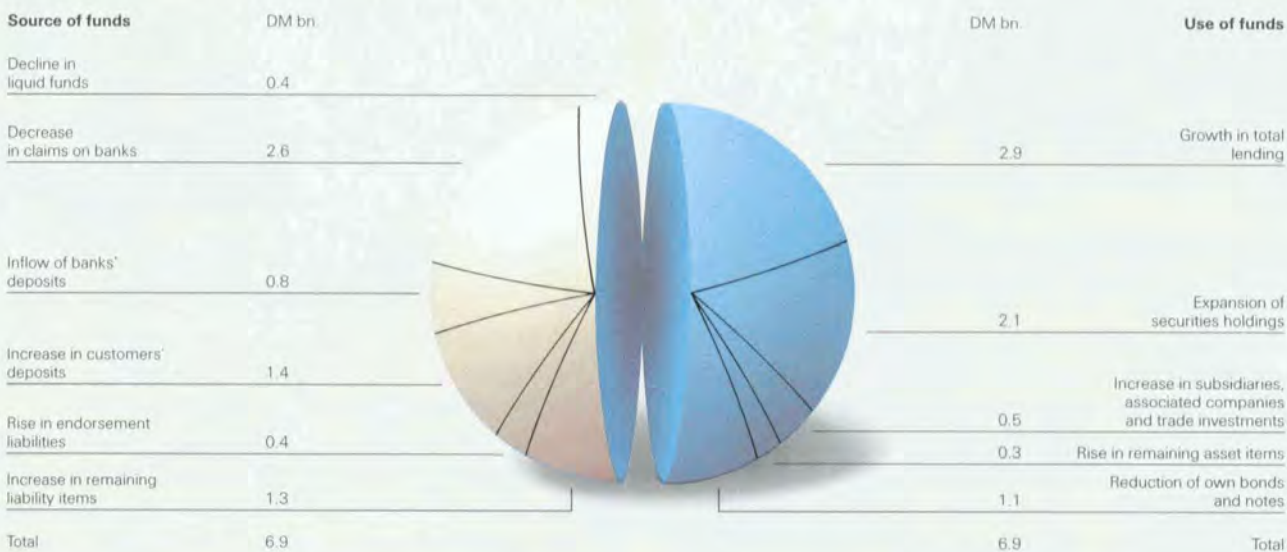
In no case does the bank have a majority holding. Information on the development of these companies is given in their annual and interim reports.

Our entire securities holdings have been valued, as hitherto, according to the minimum value principle.

Total credit extended

Total credit extended by the bank (excluding guarantees and letters of credit) increased by DM 2.9 bn. to DM 72.8 bn. (+ 4.2%). Our lending business developed unevenly over the year. After a

Financing balance 1983



<i>Total credit extended</i>	End of 1983		End of 1982		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium term	35,939	49.4	34,655	49.6	+ 1,284	= 3.7
long term (4 years or more)	23,470	32.2	21,917	31.3	+ 1,553	= 7.1
	59,409	81.6	56,572	80.9	+ 2,837	= 5.0
Discounts	7,319	10.0	6,790	9.7	+ 529	= 7.8
Lendings to banks	6,090	8.4	6,542	9.4	– 452	= 6.9
Total credit extended	72,818	100.0	69,904	100.0	+ 2,914	= 4.2

strong fall in the first two months, advances increased around mid-year, rising substantially, however, towards the end of 1983.

Claims on customers expanded by DM 2.8 bn. and are reported at DM 59.4 bn. Of this increase, DM 1.3 bn. is attributable to short and medium term lendings, DM 1.5 bn. to long-term lendings. The fall since 1979 in the proportion of long term claims on customers (end of 1978: 52.3%) has now halted (end of 1983: 39.5%).

Lending business with our domestic *corporate customers* developed quietly for the most part in the year under review. It did not pick up at all until the last few weeks of the year. Advances in this sector rose by DM 1.4 bn., two-thirds of which was accounted for by short and medium-term loans.

Our foreign credit volume eased 2.6%; three-quarters of this lending was booked by our foreign branches.

Standardized loans to our retail customers increased by DM 2.6 bn. to DM 22.8 bn. The growth of 13% was almost twice as high as in the previous year. The strongest impulses came from Bau-KreditSystem advances which rose by DM 2.6 bn. to DM 16.1 bn. (+ 18.8%). Building financing loans, therefore, have more than doubled in the last 5 years (end of 1978: DM 7.6 bn.).

In 1983 there was a further rise in the share of domestic private borrowers in total claims on customers. This group of customers accounted for close on 50% of claims on customers at 31. 12. 1983.

Discounts showed a net increase of DM 0.5 bn. to DM 7.3 bn. While there was a rise in our commercial bill stock (+ DM 0.9 bn.), AKA/GEFI bills decreased (– DM 0.4 bn.).

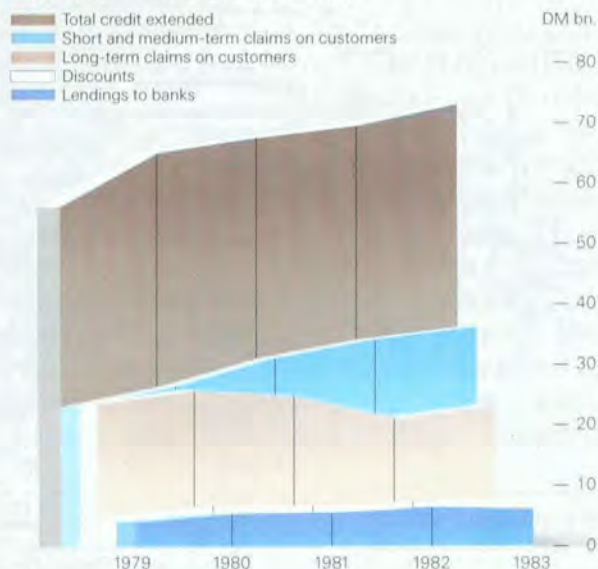
Claims on banks were reduced by DM 3 bn. (– 8.7%) to DM 31.6 bn. This decrease mainly affected our deposits abroad. As a result, our claims on foreign banks fell to DM 26.3 bn.; that represents 83.3% of our total claims on banks.

The reduction in *lendings to banks* of DM 452 m. to DM 6.1 bn. is attributable to matured "Schuldscheine" and registered bonds worth DM 800 m. and a roughly DM 300 m. rise in medium and long-term buyer loans extended via AKA.

At the end of 1983, 51% of our long term claims on customers and 72% of our long-term lendings to banks were due in less than 4 years or had already been sold forward to third parties.

Funds for specific purposes from public lending programmes, which we passed on mainly to our small and medium-sized business customers on the lenders' terms, totalled DM 2.6 bn. at year's end. The funds were provided chiefly by the Re-

Total credit extended 1979–1983



construction Loan Corporation, Frankfurt am Main.

The breakdown of our loans by size shows a broad spread. Commitments up to DM 10,000 decreased, while there was strong growth in our commitments of more than DM 100,000 up to DM 1,000,000. The increase in this category was due primarily to the expansion of our building financing business.

The *breakdown by sector* of our domestic and foreign loans to customers is based on the sys-

tem used in the borrower statistics of Deutsche Bundesbank.

The limits with respect to large credits prescribed by Section 13 Banking Act were observed at all times.

We took account of all discernible risks in our lending business by making adjustments and provisions.

This applies to individual borrowers and to country risks, which have increased further. In addition, the prescribed general provision was made for latent risks. Furthermore, we report a reserve in accordance with Section 26a Banking Act.

Subsidiaries, associated companies and trade investments

This item comprises – as hitherto – our holdings in associated banks whose business activities are similar to ours or materially supplement our range of services, as well as holdings in management companies which, as independent auxiliary business entities, relieve the bank of administrative work not of a typically banking nature. We ensure in the aforementioned cases – in proportion to our holding – that the companies concerned are able to meet their liabilities.

This item also includes smaller capital holdings in foreign banks and financing companies, espe-

Customer commitments				End of 1983		End of 1982	
				Number	%	Number	%
	up to DM	10,000		666,861	= 59.0	701,079	= 60.8
more than DM	10,000	up to DM	100,000	365,009	= 32.3	364,323	= 31.6
more than DM	100,000	up to DM	1,000,000	90,672	= 8.0	80,808	= 7.0
more than DM	1,000,000			7,838	= 0.7	6,969	= 0.6
				1,130,380	= 100.0	1,153,179	= 100.0

cially in developing countries. We are available to these companies – often together with other international banks – with capital and advice.

Holdings which do not fulfil these conditions and are thus not intended as business participations as described are reported under securities or – if they are not in security form – under “Other assets”. This applies in particular to the share packages listed on page 58.

A complete list of our subsidiaries, associated companies and trade investments showing our respective capital holdings is given on pages 124 to 127 of this report. The situation and business development of consolidated companies are dealt with in the Report of the Group. The latter also contains information on the bank's relations with group companies.

The book value of our *Subsidiaries, associated companies and trade investments* increased by DM 459 m. to DM 2,507 m. Holdings in banks account for 82% of this.

Additions amounted to DM 473 m. The purchases totalling DM 344 m. contained in this figure relate mainly to our holding in European Asian Bank AG, Hamburg, which we increased from 14.3% to 60% of share capital on 30. 6. 1983 within the framework of a re-organization in the EBIC Group. At the same time we raised our share of European Arab Holding S.A., Luxembourg, from 5.7% to 12.8%. Furthermore, we increased our holding in Handelsbank in Lübeck AG, Lübeck, from 58.8% to 90.2%. The bank will continue to operate as before as an independent regional bank. In addition, we acquired 25% of the share capital of Lübecker Hypothekenbank AG, Lübeck; the remaining 75% is held by Handelsbank in Lübeck AG, Lübeck. Also reported are capital increases (DM 112 m.) at Deutsche Kreditbank für Baufinanzierung AG, Cologne, and European Asian Bank AG, Hamburg.

Additions resulting from capital payments and transfers (DM 14.7 m.) related largely to German American Capital Corp., Baltimore, U.S.A., and HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf.

As a new and wholly-owned company, DB Capital Management International GmbH, Frankfurt am Main, is included at DM 2.5 m. in the additions. The business objective of this company is investment counselling on an international basis.

As a result of capital increases from company funds the share capital of Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main, of which we hold 100%, increased by DM 2.0 m. and the capital of DWS Deutsche Gesellschaft für

Breakdown of customer credits (claims and discounts) by sector as at December 31		
	1983	1982
Steel construction, mechanical engineering and vehicle manufacture, manufacture of office equipment, data processing equipment and systems	7.4%	7.6%
Electrical engineering, precision and optical goods, production of hardware, musical instruments, sports equipment, jewellery; photographic and film laboratories	4.6%	5.0%
Metal production and processing	3.2%	3.2%
Chemical industry, production and processing of nuclear fuels, petroleum processing	3.7%	3.9%
Leather, textile and clothing manufacture	2.3%	2.4%
Wood, paper and printing trades	2.5%	2.6%
Food industry, tobacco processing	2.2%	1.9%
Other industries	2.2%	2.1%
Manufacturing industry, total	28.1%	28.7%
Trade	13.9%	13.5%
Other business sectors and public authorities	29.4%	30.4%
Private borrowers (other than self-employed)	28.6%	27.4%
	100.0%	100.0%

Wertpapiersparen mbH, Frankfurt am Main, of which we hold 47.3% – Deutsche Bank Group 50.7% – was raised by DM 4.0 m. to DM 38.0 m.

The disposals of DM 1.8 m. relate primarily to the sale of our shares in Banco Exterior Deutschland S.A., Madrid.

Write-downs amounting to DM 12.3 m. were required mostly for smaller foreign companies.

Important changes were as follows:

Purchases

European Asian Bank AG, Hamburg
Lübecker Hypothekenbank AG, Lübeck
Handelsbank in Lübeck AG, Lübeck
Frankfurter Hypothekenbank AG,
Frankfurt am Main
Deutsche Centralbodenkredit-AG,
Berlin-Cologne
European Arab Holding S.A., Luxembourg

Capital increases

Deutsche Kreditbank für Baufinanzierung AG,
Cologne
European Asian Bank AG, Hamburg
Rhein-Neckar-Bankbeteiligung GmbH, Stuttgart
European Arab Holding S.A., Luxembourg
Al-Bank Al-Saudi Al-Alami Ltd., London
Deutsche Bank Finance N.V., Curaçao,
Netherlands Antilles
M.D.M.-Sociedade de Investimento S.A.R.L.,
Lisbon
Deutsche Wagnisfinanzierungsgesellschaft mbH,
Frankfurt am Main

Capital payments

German American Capital Corp., Baltimore,
U.S.A.

HOSTRA Beteiligungsgesellschaft mbH,
Düsseldorf

New company

DB Capital Management International GmbH,
Frankfurt am Main

Sale

Banco Exterior Deutschland S.A., Madrid

Fixed assets

The value of *Land and buildings*, as reported in the balance sheet, increased by DM 18.5 m. to DM 783.6 m. There were additions of DM 104.1 m. – of which DM 28.2 m. related to property acquisitions and DM 75.9 m. to new buildings and renovations – and disposals of DM 5.7 m. Depreciation amounted to DM 39.9 m. Furthermore, we took DM 40.0 m. from the special item with partial reserve character in accordance with Section 6b Income Tax Act and offset it against acquisition and building costs relating to land and buildings.

New buildings and conversion projects were completed in Gummersbach, Krefeld, Reutlingen and Tübingen. New buildings were started in Braunschweig, Freiburg and Solingen.

At present the bank is using 7 properties constructed on a leasing basis. A further property was leased in Hamburg in 1983. After conversion, it will also be used by the bank. At year's end, the value of our leasing properties was DM 271.5 m. Leasing rentals totalling DM 26.9 m. were paid in 1983. Besides that, advance rent amounting to DM 12.7 m. was paid for our new Taunusanlage premises in Frankfurt. We shall be relocating to this building, constructed by Deutsche Grundbe-

sitz-Beteiligungsgesellschaft Dr. Fischer Dieskau u. Co. - Anlagefonds 1 – KG, Frankfurt am Main, at the beginning of November 1984.

Office furniture and equipment is reported at DM 323.9 m. (+ DM 15.9 m.). There were additions amounting to DM 126.8 m., while disposals and depreciation came to DM 110.9 m. Of these additions, a substantial part relates to EDP equipment, terminals and word processors, required for the further modernization of our business operations. The additions and depreciations include minor items with a value of DM 14.3 m.

Other asset items

Recovery claims on Federal and Länder authorities under Currency Reform Acts amounted to DM 237.5 m. at year's end. In 1983 DM 9.7 m. was repaid according to schedule and DM 9.2 m. was taken over by Deutsche Bundesbank. *Cover claims* amounting to DM 0.3 m. still outstanding at the end of 1982 were settled according to schedule in 1983.

Loans on a trust basis decreased by DM 5 m. last year to DM 207 m. These loans were transmitted for specific purposes under our name, but for third-party account.

Holding company	holds at least 25% of
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich - our share 25%	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 20%	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

Under *Other assets* we report claims and assets which cannot be included under other asset items. They relate primarily to precious metal holdings such as gold bars and coins, as well as share rights not documented in security form and which we do not regard as business participations. Of the latter, DM 415.6 m. relates to shares of at least 25% of a company's capital.

The table above shows the holding companies through which we indirectly hold shares of at least 25% of the capital of joint stock corporations. The bank's shares in the corporations concerned are unchanged on the previous year and exceed 25% of share capital in only one case.

Information on the development of the corporations concerned is given in their annual reports.

Own shares

The 24,499 Deutsche Bank shares reported at DM 6.3 m. as at 31. 12. 1982 and the 110,661 Deutsche Bank shares of DM 50 par value each purchased in the first few months of 1983 at an average price of DM 281.84 were sold as staff shares to our employees and pensioners by us and our domestic subsidiaries in May 1983 at a preferential price of DM 135.– per share. The difference, which is paid by the bank, is included at DM 17.4 m. in staff expenses.

In addition, we and companies related to us, with a view to protecting the efficiency of the market in our shares, bought and resold in accordance with Section 71(1) Joint Stock Corporation Act in the course of the 1983 business year – spread over the entire year – 1,300,720 Deutsche Bank shares of DM 50 par value each at the respective market prices. The average purchase price was DM 308.89, the average selling price was DM 310.32. The sales proceeds remained in working funds. The volume of own shares bought

and sold in the course of the business year corresponds to 4.80% of our share capital; the largest daily holding was 0.17%, the average daily holding 0.06% of our share capital.

At year's end the bank held none of its own shares.

As at 31. 12. 1983 100,040 Deutsche Bank shares of DM 50 par value each, representing 0.37% of our share capital, were pledged to the bank and its related companies as credit security.

Liabilities

Funds from outside sources

Funds from outside sources rose by DM 1.1 bn. (+1.0%) to DM 104.2 bn. in the year under review. Customers' deposits expanded by DM 1.4 bn., banks' deposits by DM 0.8 bn. Our own bonds and notes in circulation contracted by DM 1.1 bn. Funds from outside sources did not rise until towards the end of the year, after falling at times during the year in accordance with the development of our lending business.

Liabilities to banks amount to DM 38.2 bn. (+2.2%). While long-term time deposits increased by DM 2.2 bn., dated deposits of less than 4 years were reduced by DM 1.4 bn.

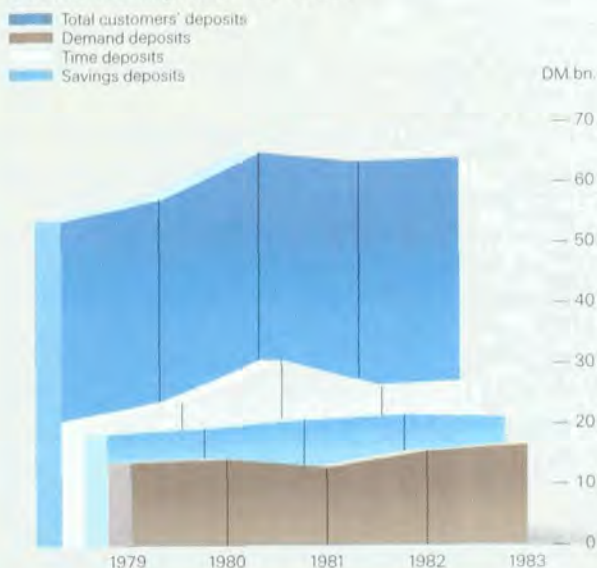
Customers' deposits reached a volume of DM 64.4 bn. at the end of the reporting year. This represents growth of 2.1% compared with 31.12. 1982. The rise is mainly attributable to deposits payable on demand which expanded by DM 1.0 bn. (+6.6%) to DM 16.4 bn. Their share of total customers' deposits thereby increased to more than a quarter.

Customers' time deposits showed a net increase of DM 516 m. (+1.9%) to DM 27.1 bn. Customers' short-dated deposits were deliberately reduced (–DM 0.9 bn.), whereas the bank accepted more long term time deposits (+DM 1.4 bn.). The volume of savings certificates included in customers' time deposits increased by DM 944 m. to DM 4.2 bn. The growth was twice as high as in the previous year.

For the first time since the end of 1979, *savings deposits* decreased in absolute terms (–DM 180 m.). After payments of DM 482 m. into savings accounts subject to the legal period of notice and withdrawals of DM 662 m. from other ac-

<i>Funds from outside sources</i>	End of 1983		End of 1982		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	8,816	8.5	8,775	8.5	+ 41	= 0.5
time deposits	29,171	28.0	28,367	27.5	+ 804	= 2.8
customers' drawings on other banks	239	0.2	254	0.2	15	= 5.7
	<u>38,226</u>	<u>36.7</u>	<u>37,396</u>	<u>36.2</u>	<u>+ 830</u>	<u>= 2.2</u>
Liabilities to customers						
payable on demand	16,361	15.7	15,352	14.9	+ 1,009	= 6.6
time deposits	27,130	26.0	26,614	25.8	+ 516	= 1.9
savings deposits	20,934	20.1	21,114	20.5	– 180	= 0.9
	<u>64,425</u>	<u>61.8</u>	<u>63,080</u>	<u>61.2</u>	<u>+ 1,345</u>	<u>= 2.1</u>
Bonds and notes	1,545	1.5	2,659	2.6	1,114	= 41.9
Total funds from outside sources	<u>104,196</u>	<u>100.0</u>	<u>103,135</u>	<u>100.0</u>	<u>+ 1,061</u>	<u>= 1.0</u>

Customers' deposits 1979–1983



counts, savings deposits totalled DM 20.9 bn. at year's end. The decrease in these other savings deposits is largely due to maturing savings agreements (– DM 1.9 bn.). The funds released were used in part to repay personal loans or to buy securities. The share of savings deposits at the legal period of notice in total savings deposits increased to 63.2% compared with 57.9% two years ago.

Total new saving in 1983 (changes in savings deposits and savings certificates in circulation, net purchases of securities through savings accounts) showed no change on the previous year at DM 3.1 bn. Net saving in securities included in this figure increased by close on one fifth to DM 2.3 bn. Its share in total new saving came to 75% (previous year: 62%).

The diagram above shows the development of customers' deposits. Time deposits, the changes in which reflect our deposit-taking policy that we gear to funding requirements, represent the principal component of our customers' deposits (31. 12. 1983: 42%). The share of savings deposits fell to 33%. Deposits payable on demand have shown little change. Their share in customers' deposits is some 25%.

Our outstanding gold and silver certificates in the total amount of DM 163 m., to cover which we maintain appropriate precious metals holdings, are included in customers' deposits payable on demand.

Own bonds and notes in circulation decreased in the year under review, chiefly as a result of matured Commercial Papers, by DM 1.1 bn. to DM 1.5 bn. Commercial Papers outstanding at the end of 1983 (DM 377 m.) must now – like Certificates of Deposit (DM 2.5 bn.) – be reported as liabilities to customers or banks pursuant to a Federal Banking Supervisory Office directive.

Own acceptances and promissory notes in circulation rose by DM 267 m. to DM 1.7 bn. This amount results largely from acceptance credits of our New York and London branches. Promissory notes are issued mainly by our Tokyo Branch for funding purposes in accordance with local money market practice.

Provisions

Provisions as a whole increased by DM 764 m. in 1983 to DM 4.4 bn.

Provisions for pensions, reported at the actuarially calculated part value, were raised by DM 162 m. to DM 1,453 m. Of the allocation, DM 70.2 m. stems from the adjustment, due to higher life expectancy, of the basis for calculating the actuarial value of pension obligations.

Other provisions, which showed a net increase of DM 603 m. in 1983 to DM 2.9 bn., relate in particular to tax provisions and provisions for possible loan losses including country risks.

Other liability items

Other liabilities (DM 57 m.) contain liabilities which have arisen outside our banking business, including wage tax, church tax and social security contributions still to be transferred.

Liabilities to *endowments and benevolent funds* (DM 0.3 m.) relate to the Franz Urbig- and Oscar Schlitter-Stiftung GmbH, Frankfurt am Main, and the Jubiläumsstiftung der Deutschen Ueberseeischen Bank GmbH, Unterstützungskasse, Frankfurt am Main. At year's end, the endowment assets of the two institutions amounted to DM 6.6 m. Of this, DM 6.3 m. was invested in securities.

The *deferred items on the liabilities side* increased by DM 81.1 m. to DM 1.4 bn. They contain income already received, but imputable to future business years, primarily deferred interest and handling fees in connection with standardized lending business, as well as the discount on long-term loans.

Special items with partial reserve character

At DM 43.5 m., *Special items with partial reserve character* are reported lower by DM 20.4 m.

The *Reserve in accordance with the Tax Act regarding Developing Countries* decreased to DM 11.3 m. after the writing back of DM 1.6 m.

The amount of DM 40.0 m. was taken from the *Reserve in accordance with Section 6b of the Income Tax Act* and offset against acquisition and

building costs relating to land and buildings. The sum of DM 16.2 m. from profits on the sale of land and securities in the reporting year was transferred to the reserve, which amounts to DM 27.1 m. at the end of 1983.

A new *Reserve in accordance with Section 3 of the Foreign Investment Act* was formed in the amount of DM 5.1 m.

Comments

Own drawings in circulation at year's end came to DM 13 m. They are used exclusively for the financing of foreign trade in connection with business of our foreign branches.

Endorsement liabilities on rediscounted bills of exchange increased by DM 435 m. to DM 5 bn. within the framework of our funding possibilities at Deutsche Bundesbank. At the end of 1983 the volume of bills sent for collection amounted to DM 167 m.

At DM 21 bn., *Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements* were almost unchanged. The proportion attributable to foreign business decreased from 72% at the end of 1982 to 67% at 31. 12. 1983.

Commitments from the sale of assets subject to repurchase agreements stood at DM 178 m. at the end of 1983.

Miscellaneous liabilities

There were *liabilities for possible calls* on shares not fully paid up in public and private limited companies and other shares in the amount of DM 61.7 m. Our joint liabilities for third party obligations pursuant to Section 24 "GmbH" Act totalled DM 55.8 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 Deposit 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.

Owing to legal requirements, we had to provide security in the amount of DM 186 m. in connection with the business operations of our foreign branches.

Profit and Loss Account 1983

Earnings on business volume

The growth of average business volume slowed down in 1983 to 1.2%. This reflects, besides only modest expansion of total credit extended, the decrease in our money dealing business with banks. With the lowering of the Deutsche Bundesbank's discount and lombard rates by 1% with effect from March 18, 1983, the falling interest rate trend which had set in during 1982 came to an end for the time being. The block of old loans with fixed interest rate agreements was not affected by these interest rate reductions. The easing in our terms and conditions in variable interest rate lending and deposit business is reflected in the fall in interest income from lending and money market transactions by DM 1,810.4 m. and in interest expenses by DM 2,113.2 m.

The growth in current income from securities, Government inscribed debt and subsidiaries, associated companies and trade investments of DM 31.5 m. stemmed largely from higher income from holdings of 25% or more (including tax credits).

Earnings on business volume (interest surplus) rose by a total of DM 334.3 m. (+8.8%) to DM 4,133.4 m.

They developed as follows:

	1983 DM m.	1982 DM m.	Change
Interest income from lending and money market transactions	8,497.7	10,308.1	- 17.6%
Current income from securities, Government inscribed debt and subsidiaries, associated companies and trade investments	997.1	965.6	+ 3.3%
Total interest income	9,494.8	11,273.7	- 15.8%
Total interest expenses	5,361.4	7,474.6	- 28.3%
Earnings on business volume	4,133.4	3,799.1	+ 8.8%

Earnings on services

The increase of DM 139.3 m. to DM 1,107.2 m. in *Commissions and other service charges received* is almost solely attributable to higher income in securities business. This reflected in particular the recovery in our commission business in shares. The profit contribution from foreign business decreased slightly owing to smaller turnover.

After deduction of *commissions paid* there remained a surplus on services business of DM 1,075.4 m. The growth of DM 134.0 m. was considerably higher than the previous year's increase (DM 49.4 m.).

Staff and other operating expenses

At DM 3,164.9 m., *staff and other operating expenses* exceeded DM 3 billion for the first time. As a result of special expenses, the increase of DM 224.1 m. = 7.6% was higher than the previous year's rise (DM 191.9 m.).

Staff expenses, which account for slightly more than three-quarters of staff and other operating expenses, increased by DM 185.9 m. to DM 2,417.6 m.; they are made up as follows:

	1983 DM m.	1982 DM m.	Change
Salaries and wages	1,775.3	1,685.8	+ 5.3%
Compulsory social security contributions	259.0	242.7	+ 6.7%
Expenses for pensions and other employee benefits	383.3	303.2	+ 26.4%
Staff expenses	2,417.6	2,231.7	+ 8.3%

The rise in *Salaries and wages* and *Compulsory social security contributions* reflected primarily the increase of 3.3% flat (1982: + 4.2%) in agreed-scale salaries, the adjustment of other salaries and salary restructuring measures.

Expenses for pensions and other employee benefits rose by DM 80.1 m. This unusual additional requirement was caused by a special transfer of DM 70.2 m. to provisions for pensions, which was necessitated by the increase in life expectancy. The bank made no use of the possibility to spread this expense over three years.

Other operating expenses amounted to DM 747.3 m. The increase of DM 38.2 m. was due in particular to the special payment required by the Bundesverband deutscher Banken in connection with the assistance of the Deposit Insurance Fund in the case of Schröder, Münchmeyer, Hengst & Co. In comparison with the previous year, however, incremental expenses with respect to maintenance and operating costs as well as rents for banking premises, postal charges and customer

advertising were kept within bounds. There were also higher operating costs for technical facilities.

Operating result

The *operating result*, i.e. the surplus on current business including own-account trading, increased by 10.4%. Underlying this improvement in the result is the further growth in the interest surplus and in earnings on securities business. Particularly successful was our business in shares, where earnings improved both in the services sector and in our own-account trading. The total profit from our own-account trading in securities, foreign exchange and precious metals, which had almost doubled in 1982, was increased again.

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

"*Other income*" within the meaning of the balance sheet regulations includes, 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 again made full use of the possibility given under Section 4 of the Order concerning Banks' Statements of Accounts to offset profits from securities and income from adjustments no longer required against write-downs of and adjustments to claims and securities. The remaining "Other income" is reported at DM 366.1 m. (1982: DM 413.9 m.).

Write-downs, depreciation and adjustments

Write downs of and adjustments to claims and securities, transfers to provisions for possible

loan losses amounted to DM 825.6 m. compared with DM 1,107.6 m. in the previous year after off-setting against the above-mentioned profit and income. This expense reflects the provision, explained on pages 41 and 42, for possible loan losses in our domestic and international lending business. Apart from that, application of the minimum value principle necessitated write-downs of our fixed-interest securities and shares; however, there were profits available in roughly the same amount from the sale of securities.

Depreciation of and adjustments to land and buildings and office furniture and equipment amounted to DM 190.8 m. which is DM 55.8 m. more than in the previous year. Special depreciation in accordance with Section 6b Income Tax Act accounted for DM 40.0 m. of this.

Write-downs of and adjustments to subsidiaries, associated companies and trade investments of DM 12.3 m. related chiefly to corrections to the value of foreign shares.

Remaining expenses

The *Other expenses* of DM 45.7 m. contain, among other things, allocations to provisions not relating to lending business.

The total emoluments of the Board of Managing Directors amounted to DM 13,274,506. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received DM 4,916,063.94. A fixed payment of DM 299,980. was made to the Supervisory Board. The dividend-related emoluments of the Supervisory Board amount to DM 1,134,653. Members of the Advisory Board were paid DM 442,120.- and the members of the Regional Advisory Councils DM 3,271,513.80.

Taxes

Taxes on income and assets rose by DM 186.8 m. to DM 933.5 m. This is attributable to the increase in taxable profits. *Other taxes* are reported at DM 6.4 m.

Proposed appropriation of profits

The Profit and Loss Account for 1983 closes as follows:

Income	DM 11,062,963,568
Expenses	DM 10,593,762,022
Net income for the year	DM 469,201,546
Withdrawal from the disclosed reserve for own shares	DM 6,270,590
Allocation to disclosed reserves (voluntary)	DM 150,000,000
Distributable profit	DM 325,472,136

It will be proposed to the shareholders that a dividend of DM 12, after DM 11, per share of DM 50 par value, i. e. DM 325,472,136, be paid on the share capital of DM 1,356,133,900. Together with the imputable corporation tax of DM 6.75 per share, this gives total income for our domestic shareholders of DM 18.75 per DM 50 share.

Capital and reserves

Since the bank held none of its own shares as at December 31, 1983, the reserve for own shares formed in previous years from net income for the year was fully written back in the amount of DM 6.3 m.

DM 150 m. was allocated to other reserves (voluntary).

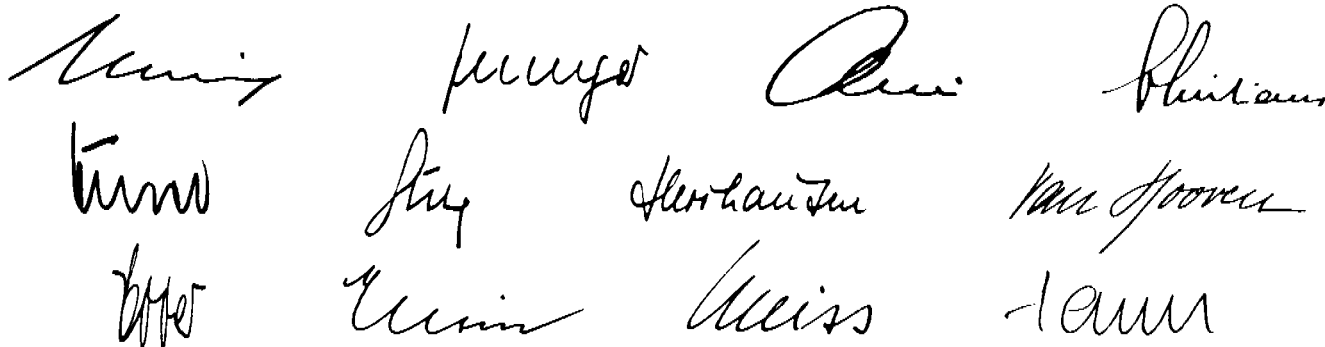
The bank's *own funds* now amount to DM 5,518 m.; they are made up as follows:

Share capital	DM 1,356,133,900
Disclosed reserves	
a) legal reserve	DM 2,457,701,630
b) reserve for own shares	
c) other reserves (voluntary)	DM 1,704,147,280
Total own funds	DM 5,517,982,810

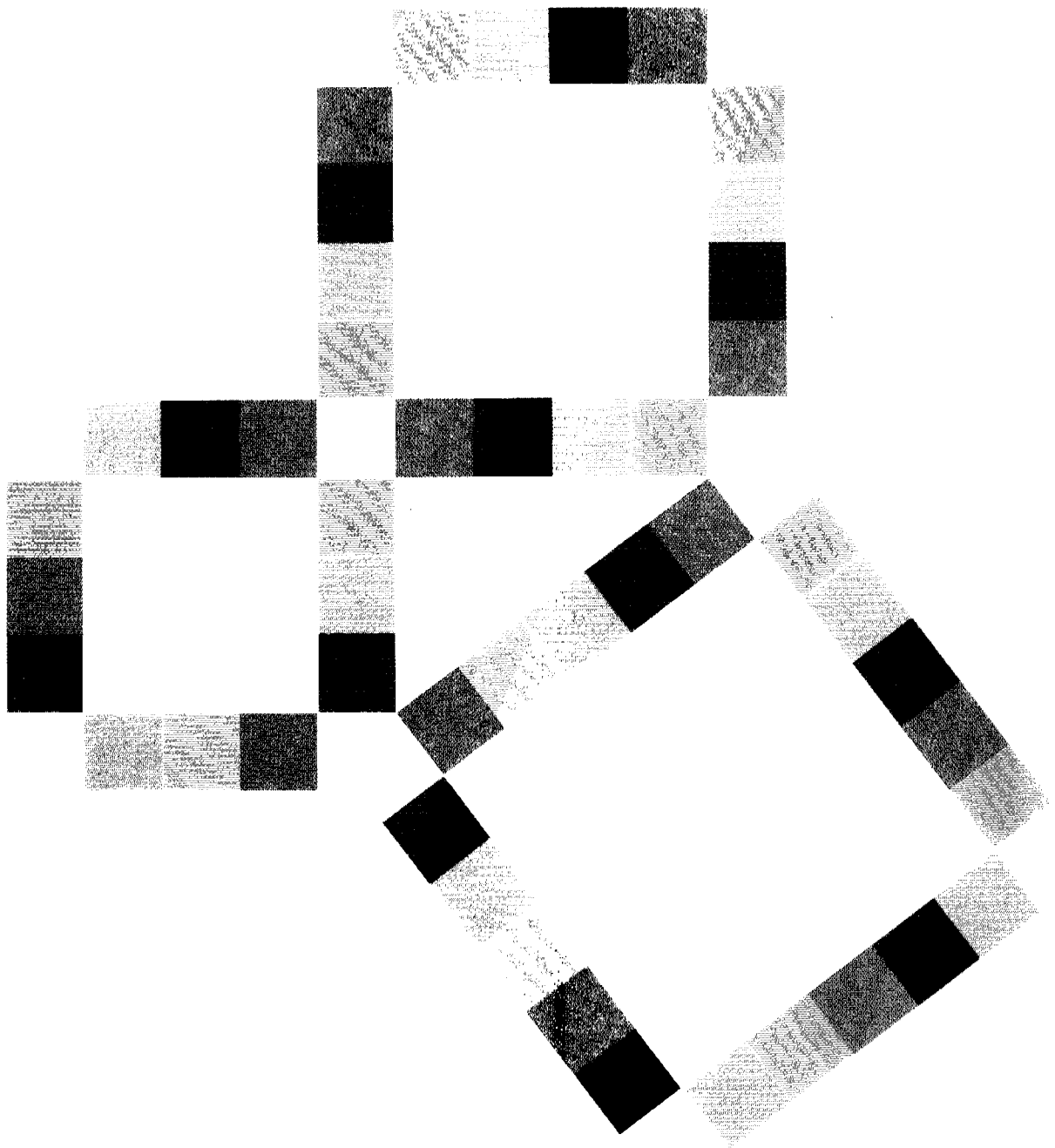
At December 31, 1983, besides the conditional capital of DM 156.1 m., there was authorized capital of DM 400 m. in accordance with the resolution of the General Meeting of May 18, 1983. This replaced the authorized capital of DM 126 m.

Frankfurt am Main, March 1984

The Board of Managing Directors

The block contains eight handwritten signatures in black ink, arranged in two rows of four. The signatures are stylized and cursive, representing the members of the Board of Managing Directors.

Report of the Supervisory Board



Report of the Supervisory Board

At the Supervisory Board meetings last year, and in 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 the amendment of the Banking Act, lending business with its growing risks at home and abroad, risk provision, rescheduling and support problems, foreign trade financing, questions of group control and the incorporation of new technology into the bank's range of services. 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 Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, 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, 1983, 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.

At the meeting on January 30, 1984, Mr. Werner Blessing and Dr. Ulrich Cartellieri, previously Deputy Members of the Board of Managing Directors, were appointed full Members of the Board of Managing Directors.

Frankfurt am Main, March 26, 1984

The Supervisory Board



Chairman

Annual Balance Sheet as of December 31, 1983

**Profit and Loss Account
for the period from January 1 to December 31, 1983**

**Development of the Balance Sheet
from January 1, 1952 to December 31, 1983**

Assets

Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1982 in DM 1,000
Cash on hand		448,240,359	440,033
Balance with Deutsche Bundesbank		4,774,440,189	4,974,126
Balances on postal cheque accounts		12,303,327	41,372
Cheques, matured bonds, interest and dividend coupons, items received for collection		565,117,758	723,775
Bills of exchange		2,118,999,877	1,993,366
including:			
a) rediscountable at Deutsche Bundesbank	DM 1,254,462,787		
b) own drawings	DM 186,950,598		
Claims on banks			
a) payable on demand	4,949,926,383		5,073,052
b) with original periods or periods of notice of			
ba) less than three months	10,589,821,801		9,922,948
bb) at least three months, but less than four years	12,644,273,602		15,860,901
bc) four years or more	<u>3,414,543,853</u>		<u>3,751,365</u>
		31,598,565,639	34,608,266
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	325,718,869		149,349
b) of other issuers	<u>863,471,258</u>		<u>995,061</u>
		1,189,190,127	1,144,410
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM 1,891,947,352		
ab) of banks	DM 1,800,553,865		
ac) of other issuers	<u>DM 299,074,210</u>	3,991,575,427	2,631,602
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 3,029,702,245		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM 605,073,152		
bb) of banks	DM 3,183,979,819		
bc) of other issuers	<u>DM 1,655,100,135</u>	<u>5,444,153,106</u>	<u>5,077,410</u>
including:			
eligible as collateral for Deutsche Bundesbank advances	DM 2,838,571,551	9,435,728,533	7,709,012
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	2,396,741,748		1,980,994
b) other	<u>341,586,980</u>		<u>345,605</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 1,283,858,805	2,738,328,728	2,326,599
Claims on customers with original periods or periods of notice of			
a) less than four years	35,939,305,985		34,654,448
b) four years or more	<u>23,469,718,663</u>		<u>21,917,227</u>
including:			
ba) secured by mortgages on real estate	DM 4,669,132,413	59,409,024,648	56,571,675
bb) communal loans	DM 790,697,536		
due in less than four years	DM 12,066,194,000		
Recovery claims on Federal and Länder authorities under Currency Reform Acts		237,461,306	256,588
Loans on a trust basis at third party risk		206,549,565	211,841
Subsidiaries, associated companies and trade investments		2,507,227,202	2,048,105
including: investments in banks	DM 2,058,474,600		
Land and buildings		783,590,200	765,104
Office furniture and equipment		323,883,000	307,984
Own shares			6,270
Own bonds		1,524,068	17,045
nominal amount	DM 1,486,500		
Other assets		1,424,039,865	1,340,696
Deferred items		10,344,445	10,235
Total Assets		117,784,558,836	115,496,502
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		8,209,535,665	5,256,752
b) claims arising from loans falling under Section 15 (1) 1 6 and (2) of the Banking Act, unless included under a)		1,583,792,490	1,405,064

Balance Sheet as of December 31, 1983

Liabilities

	DM	DM	DM	31. 12. 1982 in DM 1,000
Liabilities to banks				
a) payable on demand		8,815,636,127		8,774,434
b) with original periods or periods of notice of				
ba) less than three months	8,364,329,327			
bb) at least three months, but less than four years	12,200,445,279			
bc) four years or more	8,606,219,123	29,170,993,729		28,366,799
including: due in less than four years	DM 3,413,777,000			
c) customers' drawings on other banks		239,605,266		254,203
			38,226,235,122	37,395,436
Liabilities to customers				
a) payable on demand		16,360,618,576		15,352,116
b) with original periods or periods of notice of				
ba) less than three months	16,660,301,425			
bb) at least three months, but less than four years	5,399,621,503			
bc) four years or more	5,070,176,842	27,130,099,770		26,613,706
including: due in less than four years	DM 4,923,121,000			
c) savings deposits				
ca) subject to legal period of notice	13,239,701,527			
cb) other	7,694,406,522	20,934,108,049		21,114,118
			64,424,826,395	63,079,940
Bonds and notes with a life of				
a) up to four years		948,500		799,159
b) more than four years		1,544,137,700		1,860,315
including: maturing in less than four years	DM 1,308,217,700		1,545,086,200	2,659,474
Own acceptances and promissory notes outstanding			1,662,095,168	1,394,887
Loans on a trust basis at third party risk			206,549,565	211,841
Provisions				
a) for pensions		1,452,650,900		1,291,032
b) other		2,929,086,167		2,326,494
			4,381,737,067	3,617,526
Other liabilities			57,194,602	88,140
Endowments and benevolent funds				
Endowment assets		6,561,801		6,626
less investments in securities		6,282,629		6,322
			279,172	304
Deferred items			1,393,551,660	1,312,513
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		11,294,868		12,888
b) in accordance with Section 6b of the Income Tax Act		27,124,071		50,951
c) in accordance with Section 3 of the Foreign Investment Act		5,130,000		—
			43,548,939	63,839
Share capital			1,356,133,900	1,356,134
Conditional capital DM 156,116,100				
Disclosed reserves				
a) legal reserve		2,457,701,630		2,457,702
b) reserve for own shares				6,270
c) other reserves (voluntary)	1,554,147,280			
Allocation from Net income for the year	150,000,000	1,704,147,280		1,554,147
			4,161,848,910	4,018,119
Distributable profit			325,472,136	298,349
Total Liabilities			117,784,558,836	115,496,502
Own drawings in circulation			13,034,214	49,341
including: those discounted for borrowers' account DM 13,034,214				
Endorsement liabilities on rediscounted bills of exchange			4,959,950,123	4,524,643
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also pages 61 and 62 of the Annual Report)			21,004,515,586	21,013,102
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			177,863,025	101,705
Savings premiums under the Savings Premium Act			202,975,420	306,121
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			9,688,538,649	5,725,683

Expenses

Profit and Loss Account

	DM	DM	1982 in DM 1,000
Interest and similar expenses		5,361,439,452	7,474,606
Commissions and similar service charges paid		31,801,422	26,508
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		825,555,332	1,107,569
Salaries and wages		1,775,269,540	1,685,765
Compulsory social security contributions		258,996,055	242,701
Expenses for pensions and other employee benefits		383,336,613	303,223
Other operating expenses		747,319,689	709,084
Depreciation of and adjustments to land and buildings and office furniture and equipment		190,755,654	135,004
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		12,308,748	2,388
Taxes			
a) on income and assets	933,470,457		746,715
b) other	<u>6,454,049</u>		<u>10,257</u>
		939,924,506	756,972
Allocations to Special items with partial reserve character		21,331,961	731
Other expenses		45,723,050	38,879
Net income for the year		469,201,546	302,327
Total Expenses		11,062,963,568	12,785,757

Net income for the year

Withdrawals from Disclosed Reserves for own shares

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 paid DM 141,892,568 in pensions and contributions to the Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a. G.), Berlin. The payments to be made in the next five years will probably amount to 110%, 121%, 131%, 141% and 151% of the above sum.

Frankfurt am Main, February 28, 1984

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Blessing Burgard Cartellieri Christians

Ehret Guth Herrhausen van Hooven

Kopper Mertin Weiss Zapp

for the period from January 1 to December 31, 1983

Income

	DM	DM	1982 in DM 1,000
Interest and similar income from lending and money market transactions . . .		8,497,732,291	10,308,133
Current income from			
a) fixed-interest securities and Government inscribed debt	578,186,950		575,375
b) other securities	303,260,480		272,836
c) subsidiaries, associated companies and trade investments	<u>115,694,270</u>		<u>117,367</u>
		997,141,700	965,578
Commissions and other service charges received		1,107,176,930	967,941
Other income, including income from the writing back of provisions for possible loan losses		366,100,872	413,842
Income from profit-pooling, profit transfer and partial profit transfer agreements		12,467,085	10,715
Income from the writing back of provisions, unless it has to be shown under "Other income"		40,722,692	118,081
Income from the writing back of special items with partial reserve character		41,621,998	1,467
<hr/>			
	Total Income	11,062,963,568	12,785,757

DM	DM	1982 DM	1982 DM
	469,201,546		302,326,932
	6,270,590		—
	<u>475,472,136</u>		<u>302,326,932</u>
<hr/>			
—		3,977,474	
150,000,000	150,000,000		3,977,474
	<u>325,472,136</u>		<u>298,349,458</u>

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

Frankfurt am Main, March 19, 1984

Treuverkehr
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Nebendorf

Wirtschaftsprüfer

Fandré

Wirtschaftsprüfer

Development of the Balance Sheet of Deutsche Bank AG

– Amounts in DM millions

Balance Sheet	End of	1983	1982	1981	1980
Assets					
Cash reserve		5,235	5,455	6,679	7,524
Bills of exchange		2,119	1,994	2,462	2,939
Claims on banks		31,598	34,608	34,246	26,165
Treasury bills and discountable Treasury notes		1,189	1,144	614	612
Bonds and notes		9,436	7,709	6,569	6,374
Securities not to be shown elsewhere		2,739	2,327	2,249	2,158
Claims on customers		59,409	56,572	56,089	52,874
short and medium term		35,939	34,655	31,161	26,995
long term (four years or more)		23,470	21,917	24,928	25,879
Recovery claims on Federal and Länder authorities under Currency Reform Acts		237	256	273	288
Loans on a trust basis at third party risk		207	212	227	233
Subsidiaries, associated companies and trade investments		2,507	2,048	1,829	1,681
Land and buildings		784	765	731	757
Office furniture and equipment		324	308	293	276
Other assets		1,424	1,341	1,471	1,760
Remaining assets		576	757	741	605
Balance Sheet Total		117,784	115,496	114,473	104,246

Liabilities

Liabilities to banks		38,226	37,396	35,732	34,016
including: time deposits		29,410	28,621	27,153	26,752
Liabilities to customers		64,425	63,080	64,698	57,157
including: time deposits		27,130	26,614	30,654	23,296
savings deposits		20,934	21,114	20,353	19,628
Bonds and notes		1,545	2,659	3,081	3,635
Provisions		4,382	3,618	2,867	2,292
for pensions		1,453	1,291	1,269	1,148
other		2,929	2,327	1,598	1,144
Share capital		1,356	1,356	1,232	1,114
Disclosed reserves		4,162	4,018	3,641	3,284
legal reserve		2,458	2,458	2,084	1,729
other reserves		1,704	1,560	1,557	1,555
Remaining liabilities		3,363	3,071	2,981	2,525
Distributable profit		325	298	241	223

Balance Sheet Total	117,784	115,496	114,473	104,246
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Own drawings in circulation (discounted)		13	49	73	31
Endorsement liabilities		4,960	4,525	3,604	3,165

Business Volume	122,757	120,070	118,150	107,442
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Contingent liabilities from guarantees, etc.		21,005	21,013	21,182	18,245
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Figures from the Profit and Loss Account

	for the year	1983	1982	1981	1980
Earnings on business volume (Interest surplus)		4,134	3,799	3,403	2,803
Earnings on services (Commission surplus)		1,075	941	892	807
Staff and other operating expenses		3,165	2,941	2,749	2,579
Taxes		940	757	553	482
Net income for the year		469	302	242	343
Allocations to Disclosed reserves		150	4	1	120
Distributable profit		325	298	241	223
Dividend in DM per share on in %*)		12	11	10	10
*) plus tax credit for shareholders with unlimited domestic tax liability		(6.75)	(6.19)	(5.63)	(5.63)

Number of staff at year's end	40,570	40,325	39,836	39,242
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1979	1978	1977	1976	1974	1972	1970	1960	1956	1. 1. 1952
9,722	6,723	5,401	4,522	5,183	5,138	2,763	1,388	699	417
2,359	6,311	6,219	6,626	4,742	3,743	4,095	2,109	1,897	598
26,261	26,433	21,988	15,973	11,066	5,911	4,303	983	686	347
524	387	96	248		249	408	482	54	64
4,949	5,243	3,940	3,098	1,466	1,272	1,482	557	333	3
2,005	1,774	1,846	1,875	1,123	1,148	1,325	706	352	60
47,710	40,406	34,301	30,767	23,294	19,823	14,785	4,128	2,805	1,690
23,326	19,281	17,120	16,903	15,147	12,082	8,893	3,696	2,396	1,458
24,384	21,125	17,181	13,864	8,147	7,741	5,892	432	409	232
306	324	343	363	402	443	481	501	476	417
238	272	281	199	61	105	52	65	87	46
1,554	1,463	1,396	1,250	1,051	773	534	80	54	9
759	765	742	681	575	389	345	154	118	61
269	266	240	225	169	142	101	-	-	20
1,348	1,152	1,261	1,118	780	639	462	10	33	1
773	611	554	416	421	459	296	59	27	25
98,777	92,130	78,608	67,361	50,333	40,234	31,432	11,222	7,621	3,758

32,708	30,245	23,419	19,285	12,031	8,901	6,776	1,744	1,810	589
26,392	24,358	17,422	13,420	7,278	4,328	3,618	692	1,149	391
53,264	50,215	44,950	39,828	33,905	28,182	22,397	8,475	5,092	2,652
20,411	17,210	14,282	10,549	10,915	8,450	7,331	2,551	1,652	731
18,912	19,055	18,123	17,654	13,444	11,048	8,187	2,200	964	197
4,725	4,663	3,982	2,844	528	-	-	-	-	-
1,959	1,673	1,453	1,298	973	666	522	281	209	188
1,038	961	877	805	658	433	364	146	127	76
921	712	576	493	315	233	158	135	82	112
1,114	1,040	960	900	720	640	480	250	200	100
3,164	2,850	2,490	2,200	1,549	1,274	880	300	150	41
1,729	1,505	1,265	1,085	634	474	170	50	25	25
1,435	1,345	1,225	1,115	915	800	710	250	125	16
1,649	1,257	1,181	826	483	463	291	132	135	188
194	187	173	180	144	108	86	40	25	
98,777	92,130	78,608	67,361	50,333	40,234	31,432	11,222	7,621	3,758
7	7	-	-						
2,231	158	127	437	502	1,432	640	167	317	794
101,015	92,295	78,735	67,798	50,835	41,666	32,072	11,389	7,938	4,552

16,307	16,503	15,515	16,445	9,007	4,406	4,185	1,473	816	461
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1979	1978	1977	1976	1974	1972	1970	1960	1956	1952
2,374	2,087	1,944	1,696	1,629	993	900			
698	655	591	535	453	360	249			
2,291	2,107	1,921	1,776	1,565	1,107	850			
448	423	333	293	207	144	96			
284	307	283	280	234	158	116	90	50	
90	120	110	100	90	50	30	50	25	
194	187	173	180	144	108	86	40	25	
9.	9.	9.	10.-	10.	9.-	9.-	16%	12%	
(5.06)	(5.06)	(5.06)							
39,081	37,729	36,034	36,319	35,820	34,914	33,070	19,106	16,597	12,080



	Share Capital DM	Disclosed Reserves DM	Share Capital and Reserves DM
January 1, 1952 (opening balance sheet)	100,000,000	40,500,000	140,500,000
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
Allocations from net income 1952–1956 and from the Conversion Account		109,500,000	109,500,000
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
Capital increase: 1966 (1 for 7 at par)	50,000,000		50,000,000
Capital increase: 1968 (1 for 5 at DM 125 per share of DM 50)	80,000,000	120,000,000	200,000,000
Allocation from net income 1961–1970		460,000,000	460,000,000
December 31, 1970	480,000,000	880,000,000	1,360,000,000
Capital increase: 1971 (1 for 6 at DM 140 per share of DM 50)	80,000,000	144,000,000	224,000,000
Capital increase: 1972 (1 for 7 at DM 150 per share of DM 50)	80,000,000	160,000,000	240,000,000
Capital increase: 1973 (1 for 8 at DM 150 per share of DM 50)	80,000,000	160,000,000	240,000,000
Capital increase: 1975 (1 for 4 at DM 175 per share of DM 50)	180,000,000	450,000,000	630,000,000
Capital increase: 1977 (1 for 15 at DM 200 per share of DM 50)	60,000,000	180,000,000	240,000,000
Capital increase: 1978 (1 for 12 at DM 200 per share of DM 50 and exercise of subscription rights)	80,132,900	240,427,359	320,560,259
Capital increase: 1979 (1 for 15 at DM 200 per share of DM 50)	74,000,000	223,249,108	297,249,108
Capital increase: 1980 by exercise of subscription rights	1,000	3,334	4,334
Allocation from net income 1971–1980		846,000,000	846,000,000
December 31, 1980	1,114,133,900	3,283,679,801	4,397,813,701
Capital increase: 1981 (1 for 10 at DM 200 per share of DM 50)	118,000,000	355,649,340	473,649,340
Allocation from net income 1981 for own shares		1,440,396	1,440,396
December 31, 1981	1,232,133,900	3,640,769,537	4,872,903,437
Capital increase: 1982 (1 for 10 at DM 200 per share of DM 50)	124,000,000	373,372,489	497,372,489
Allocation from net income 1982 for own shares		3,977,474	3,977,474
December 31, 1982	1,356,133,900	4,018,119,500	5,374,253,400
Withdrawals for own shares		6,270,590	6,270,590
Allocation from net income 1983		150,000,000	150,000,000
December 31, 1983	1,356,133,900	4,161,848,910	5,517,982,810

Development of Reserves

Allocations from the Conversion Account	41,766,357
Allocations from net income	1,713,380,923
Premium from capital increases incl. sale of residual shares	2,406,701,630
Total disclosed reserves	4,161,848,910

Deutsche Bank AG



Report of the Group for 1983

Deutsche Bank Group

Own funds DM 6,772 m.



The following companies were included in the Consolidated Statement of Accounts as at the end of 1983:

Commercial banks

Deutsche Bank AG Frankfurt am Main	Deutsche Bank Berlin AG Berlin	Deutsche Bank Saar AG Saarbrücken	Handelsbank in Lübeck AG Lübeck
Own funds DM 5,518.0 m.	Own funds DM 335.0 m. Holding 100%	Own funds DM 65.0 m. Holding 69.2%	Own funds DM 74.8 m. Holding 90.2%

Mortgage banks

Deutsche Central- bodenkredit-AG Berlin - Cologne	Frankfurter Hypothekenbank AG Frankfurt am Main	Lübecker Hypothekenbank AG Lübeck
Own funds DM 537.0 m. Holding 85.1%	Own funds DM 533.8 m. Holding 90.8%	Own funds DM 135.3 m. Holding 100%

Specialized banks and investment companies

Deutsche Kreditbank für Baufinanzierung AG Cologne ¹⁾	Etgee Gesellschaft für Einkaufs- Finanzierung mbH Düsseldorf	Gefa Gesellschaft für Absatzfinanzierung mbH Wuppertal	Deutsche Gesellschaft für Fondsverwaltung mbH Frankfurt am Main	DWS Deutsche Gesellschaft für Wertpapiersparen mbH Frankfurt am Main
Own funds DM 190.0 m. Holding 100%	Own funds DM 16.0 m. Holding 100%	Own funds DM 90.0 m. Holding 100%	Own funds DM 12.2 m. Holding 100%	Own funds DM 76.0 m. Holding 50.7%

International banks and financing companies

Deutsche Bank (Asia Credit) Ltd. Singapore	Deutsche Bank (Canada) Toronto	Deutsche Bank Compagnie Financière Luxembourg S. A. Luxembourg	Deutsche Bank (Suisse) S. A. Geneva	European Asian Bank AG Hamburg
Own funds S\$ 56.8 m. Holding 100%	Own funds Can\$ 15.0 m. Holding 100%	Own funds LF 8,256.0 m. Holding 99.9%	Own funds SF 30.1 m. Holding 99.9%	Own funds DM 409.9 m. Holding 60.0%
Atlantic Capital Corp. New York	DB Finance (Hong Kong) Ltd. Hong Kong	DB U. K. Finance Ltd. London	Deutsche Bank Finance N. V. Curaçao	Deutsche Credit Corp. Deerfield ²⁾
Own funds US\$ 28.1 m. Holding 100%	Own funds US\$ 2.7 m. Holding 99.9%	Own funds £ 12.3 m. Holding 99.9%	Own funds US\$ 1.0 m. Holding 100%	Own funds US\$ 37.7 m. Holding 100%

Property management and leasing companies

Gefa-Leasing GmbH Wuppertal	Hessische Immobilien- Verwaltungs-GmbH Frankfurt am Main	Matura Vermögens- verwaltung mbH Düsseldorf	Süddt. Vermögens- verwaltung GmbH Frankfurt am Main ³⁾	Trinitas Vermögens- verwaltung GmbH Frankfurt am Main
Own funds DM 37.0 m. Holding 100%	Own funds DM 3.0 m. Holding 100%	Own funds DM 0.7 m. Holding 100%	Own funds DM 4.5 m. Holding 100%	Own funds DM 1.0 m. Holding 100%

incl. 1) Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne 2) Deutsche Credit Services Inc., Dover 3) Elektro-Export-GmbH, Nuremberg

Report of the Group for 1983

Deutsche Bank Group

Both at home and on foreign markets the presence of Deutsche Bank Group was strengthened in 1983. On the domestic side the Group was rounded off by the purchase of further shares in Handelsbank in Lübeck AG, Lübeck, and Lübeker Hypothekenbank AG, Lübeck. Within the framework of a re-organization in the EBIC Group, the bank acquired a majority holding in European Asian Bank AG, Hamburg, thereby expanding the basis for its international business in the Asian Pacific region.

The Consolidated Statement of Accounts as of 31. 12. 1983 comprises 30 companies, including Deutsche Bank AG:

	Business volume end of 1983
4 German commercial banks	DM 133.8 bn.
3 mortgage banks	DM 54.5 bn.
5 specialized banks and investment companies	DM 6.7 bn.
11 international banks and financing companies	DM 41.4 bn.
7 property management and leasing companies	DM 1.1 bn.
aggregate business volume	DM 237.5 bn.

The three German commercial bank subsidiaries, which as full service banks provide a regional complement to the parent company's range of services, increased their business volume by DM 0.7 bn. to DM 11.1 bn. in the year under review. Their operating results rose 20.4% compared with 1982. After making the appropriate allocations to provisions for risks, Deutsche Bank Saar AG and

Handelsbank in Lübeck AG propose to their General Meetings that an increased dividend be paid for 1983. The General Meeting of Deutsche Bank Berlin AG has already approved the raising of the dividend.

The three mortgage banks, which offer financings for private and commercial building projects, increased their mortgage loans by DM 1.4 bn. to DM 23.0 bn. and their communal loans by DM 1.9 bn. to DM 25.5 bn. Measured against the strong expansion in 1982, loan assurances were lower than in the preceding year. Our mortgage banks also propose dividend increases for 1983.

As a specialized bank, Deutsche Kreditbank für Baufinanzierung AG, Cologne, supplements our range of services in the construction financing sector. It chiefly grants property purchase, development and builder's credits as well as pre-financings and interim financings for mortgages and building savings agreements.

Besides the loan services offered by Deutsche Bank AG, the Gefa Group provides our customers with a number of additional forms of financing. Above all, Gefa finances machinery and commercial vehicles through medium-term, tied instalment loans with fixed interest rates. The lease-purchase model, which is also offered, is a bridge between leasing and investment credit. In factoring, customers are offered a financing instrument which, from the point of view of liquidity and cost, is interesting for the monitoring of customers' solvency. The range of services offered by the Gefa Group is rounded off by leasing and consumer loans to private individuals. Gefa Group's balance sheet total rose by DM 100 m. in 1983 to DM 2.5 bn.

The advisory and other services offered to our customers in the portfolio investment business are supplemented by investment fund saving through the consolidated investment companies

Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main, and DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main. The investment fund business picked up strongly in the year under review owing in particular to the good state of the share markets and the establishment of three new share-based funds. The total volume of assets managed by these two companies rose to DM 15.4 bn. in 1983 (previous year: DM 12.7 bn.).

Our 11 international subsidiaries reinforce the range of services offered by the parent company and its foreign branches throughout the world.

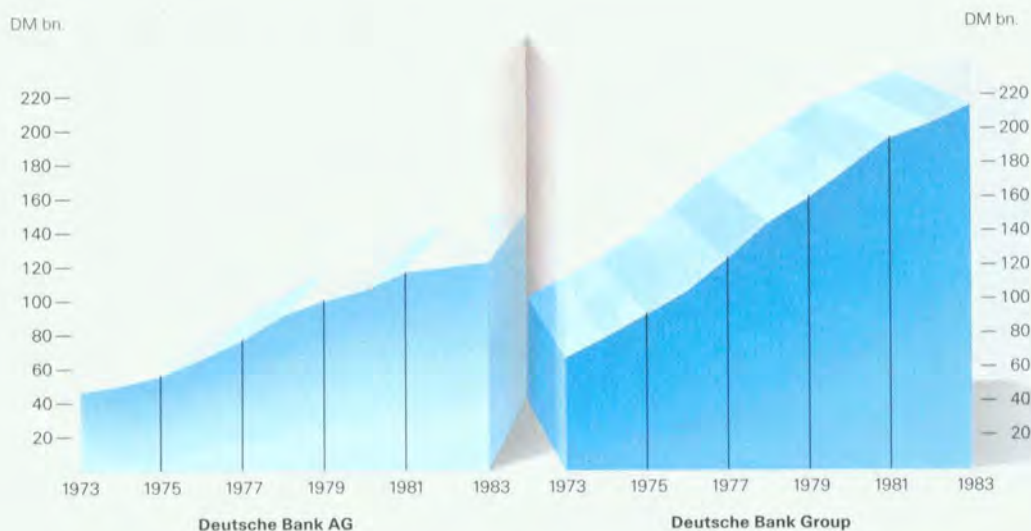
Inclusion of Eurasbank for the first time had a major effect on the changes in the Consolidated Statement of Accounts in 1983. As at 31. 12. 1983 Eurasbank reports a business volume of DM 8.6

bn., total credit extended of DM 6.7 bn. and funds from outside sources of DM 7.6 bn. in its balance sheet. At year's end it employed 1,351 persons in 23 offices.

Group business volume increased by DM 11.6 bn. to DM 215.7 bn. (+5.7%) as at 31. 12. 1983. The share of our mortgage bank subsidiaries in the aggregate business volume is roughly 23%. Group balance sheet total expanded by DM 11.0 bn. to DM 210.2 bn. Besides the inclusion of Eurasbank, mortgage bank lendings contributed largely to the increase in 1983; they grew by DM 3.4 bn. to DM 49.4 bn. (+7.5%). Total credit extended by the Group increased by DM 14.2 bn. to DM 159.1 bn.

In terms of its total funds from outside sources of DM 193.0 bn., the Group's funding at the end of

Development of business volume 1973–1983



1983 was unchanged at roughly 40% from customers' deposits (DM 78.3 bn.), roughly 30% from banks' deposits (DM 56.8 bn.) and roughly 28% from bonds and notes issued (DM 54.6 bn.).

The valuation of risks was effected through the formation of appropriate adjustments and provisions at all consolidated companies with the caution we usually apply in our balance sheet. We provided for country risks at all consolidated companies by making uniform value adjustments.

At the end of 1983 the Group had 47,256 employees (previous year: 45,618), of whom 43,926 worked in the domestic sector (previous year: 43,371). Deutsche Bank Group maintains 1,407 business offices throughout the world, of which 66 are located abroad.

Consolidated companies

The following companies appear with Deutsche Bank AG, Frankfurt am Main, in the Consolidated Statement of Accounts as at December 31, 1983:

	Group's capital share pursuant to § 16 Joint Stock Corp. Act
<i>Commercial banks</i>	
Deutsche Bank Berlin AG, Berlin	100 %
Deutsche Bank Saar AG, Saarbrücken	69.2%
Handelsbank in Lübeck AG, Lübeck	90.2%
<i>Mortgage banks</i>	
Deutsche Centralbodenkredit-AG, Berlin - Cologne	85.1%
Frankfurter Hypothekenbank AG, Frankfurt am Main	90.8%
Lübecker Hypothekenbank AG, Lübeck	100 %

	Group's capital share pursuant to § 16 Joint Stock Corp. Act
<i>Specialized banks and investment companies</i>	
Deutsche Kreditbank für Baufinanzierung AG, Cologne	100 %
Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100 %
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100 %
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	100 %
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	50.7%
<i>International 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%
European Asian Bank AG, Hamburg	60.0%
Atlantic Capital Corporation, New York	100 %
DB Finance (Hong Kong) Ltd., Hong Kong	99.9%
DB U.K. Finance Ltd., London	99.9%
Deutsche Bank Finance N.V., Curaçao	100 %
Deutsche Credit Corporation, Deerfield	100 %
Deutsche Credit Services, Inc., Dover	100 %
<i>Other domestic 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 %

The business activity of European Asian Bank AG, Hamburg, which is consolidated for the first time, is mainly conducted outside Germany. We have therefore included this bank under "International banks and financing companies" in the diagram of the Group.

The domestic Group companies listed on pages 98 and 99 have not been consolidated, in accordance with Section 329 (2) Joint Stock Corporation Act, owing to their minor importance for Group assets and income. Their combined balance sheet total of DM 752 m. represents only 3.6‰ of the consolidated balance sheet total. Since the foreign Group companies which we do not consolidate owing to their minimal size have an aggregate balance sheet total of only DM 592 m. (2.8‰ of consolidated balance sheet total) and are therefore also of minor importance, our consolidated statement of accounts satisfies the requirements of a world statement of accounts.

We report as follows on the companies included with Deutsche Bank AG in the Consolidated Statement of Accounts:

Commercial banks

The business volume of *Deutsche Bank Berlin AG, Berlin*, expanded by 9.4% to DM 7,367 m.

Total credit extended grew by 6.2% to DM 4,617 m. The building financings included in this figure expanded 30.9% to DM 1,046 m.

Funds from outside sources rose 9.2% to a total of DM 6,435 m., with banks' deposits (+10.8%) and customers' deposits (+9.9%) both increasing. Particularly gratifying was the 9.3% increase in savings deposits to DM 2.1 bn.

The operating result rose 23.9% compared with 1982. The necessary provision was made for all risks in the lending business.

Of the net income for the year of DM 56.0 m., DM 28.0 m. was transferred to disclosed reserves. The General Meeting transferred a further DM 12.0 m. to disclosed reserves and resolved payment of a dividend of 20%, increased from 18%, on share capital of DM 80 m. raised by DM 10.0 m. from company funds. As a result, the total dividend payment increased by DM 3.4 m. to DM 16.0 m. After transfer of a total of DM 40 m. to disclosed reserves, the bank's capital and reserves amount to DM 347.0 m.

At the end of 1983 the bank had 1,775 employees at 77 business offices.

Deutsche Bank Saar AG, Saarbrücken, increased its balance sheet total by 3.3% to DM 1,669 m.

At DM 917.1 m. total credit extended as at the end of 1983 was 2.3% higher than at the end of the previous year. Claims on customers expanded by 3.2% to DM 770.9 m., with a marked shift towards long-term claims owing to strong growth in long-term construction financing business (+85.9%).

Funds from outside sources increased by 2.8% to DM 1,423.0 m. Customers' deposits (+11.2%) accounted for DM 974.6 m. of this.

Compared with the previous year, the operating result improved by 5.0%. Appropriate provision was made for all discernible risks in the lending business.

Of the net income for the year amounting to DM 5.6 m., DM 2.0 m. was transferred to disclosed reserves. As a result, the company's capital and reserves increased to DM 65.0 m. at the end of 1983. It is to be proposed to the General Meeting that a dividend of DM 6, increased from DM 5, be paid per share of DM 50 par value.

Handelsbank in Lübeck AG, Lübeck, in which we now have a holding of 90.2%, increased its business volume by 1.6% to DM 1,953 m.

Claims on customers rose by 1.2% to DM 1,174 m., customers' deposits by 2.2% to DM 1,290 m. At the end of 1983 roughly half (DM 607 m.) of customers' deposits consisted of savings deposits, which increased by 4.8%.

The operating result increased by 21.3% compared with 1982. Provision was made for all discernible risks in the lending business by the formation of adjustments and provisions.

Of the net income for the year amounting to DM 5.2 m., DM 2.0 m. was transferred to disclosed reserves. This brought capital and reserves to DM 74.8 m.

It is to be proposed to the General Meeting that a dividend of DM 8, increased from DM 7.50, be paid per share of DM 50 par value.

Mortgage banks

In the 1983 financial year *Deutsche Centralbodenkredit-AG, Berlin-Cologne*, granted 8,662 mortgage loans for a total amount of DM 1,557 m. Compared with the preceding year, this represented a fall of 27%. In 1982 the volume of new commitments had grown by 49% and the number by 44%. The share of loans against residential property decreased to 73% of total loans granted (previous year: 79%), while the share of loans against commercial properties rose to 27%. At the end of 1983 total mortgage loans outstanding amounted to DM 9.9 bn. (previous year: DM 9.3 bn.).

There was hardly any change in new communal lending. In total, the bank granted 210 communal loans for an aggregate amount of DM 1,848 m. Communal loans outstanding at year's end came to DM 11.7 bn. (previous year: DM 10.8 bn.).

For funding purposes, new bonds were issued for DM 4,906 m. and loans taken up in the amount of DM 655 m.

The balance sheet total expanded by 6.9% to DM 23.9 bn.

After making appropriate provision for risk once again, the bank reported a slightly higher net income for the year of DM 50.8 m. Of this amount, DM 25.0 m. was transferred to disclosed reserves. It is to be proposed to the General Meeting that a further DM 10.0 m. of the distributable profit of DM 25.8 m. be allocated to the legal reserve and that the remaining amount of DM 15.8 m. be used to distribute a dividend of DM 12, increased from DM 11, per share of DM 50 par value. Capital and reserves including the allocation of DM 10.0 m. still to be approved by the General Meeting will then amount to DM 547.0 m.

The number of employees increased by 25 in 1983 to 412.

Frankfurter Hypothekbank Aktiengesellschaft, Frankfurt am Main, again recorded brisk business activity in 1983. The previous year's new commitment volume was once again exceeded. Loans granted amounted to DM 3,978 m. (+2.3%), of which DM 1,954 m. (+7.3%) was attributable to mortgage business (including lb loans) and DM 2,024 m. (−2.2%) to communal loan business. The bank was also able to renegotiate and thereby keep on its books over 80% of the loans for DM 3.1 bn. for which an adjustment of terms and conditions was due.

Securities sales were in line with funding requirements and totalled DM 4,769 m. (−9.7%). The balance sheet total expanded 4.6% to DM 25.1 bn.

Of the net income for the year of DM 46.9 m., DM 22.0 m. was transferred to disclosed reserves. It is to be proposed to the General Meeting that a

further DM 8.0 m. be allocated to reserves. Capital and reserves will then amount to DM 541.8 m. Share capital is DM 70.4 m. There is also authorized capital of DM 15 m. It is planned to pay a dividend of DM 12, increased from DM 11, per share of DM 50 par value for the 1983 financial year.

The new business of *Lübecker Hypothekenbank Aktiengesellschaft, Lübeck*, decreased 17% in 1983, after a marked increase in the previous year. Of the bank's new commitments, DM 722 m. (previous year: DM 739 m.) was attributable to mortgage loans and DM 228 m. (previous year: DM 401 m.) to communal loans.

Balance sheet total rose 11.5% to DM 5.6 bn. Mortgage loans increased 14.2% to DM 3.0 bn., communal loans 16.5% to DM 1.5 bn.

The bank's share capital is unchanged at DM 22 m. Of the net income for the year of DM 17.0 m., DM 8.0 m. was transferred to disclosed reserves. A further DM 5.0 m. is to be allocated to reserves by resolution of the General Meeting. Capital and reserves will then amount to DM 140.3 m.

A dividend of 18%, after 16%, is to be paid for the 1983 financial year.

In the year under review, Deutsche Bank AG directly acquired 25% of the share capital of Lübecker Hypothekenbank AG. The remaining 75% of the bank's share capital is held by Handelsbank in Lübeck AG, Lübeck.

Specialized banks and investment companies

Deutsche Kreditbank für Baufinanzierung AG, Cologne, raised its balance sheet total by 10.7% in 1983 to DM 4,721 m.

After the strong rise in 1982 (+46.3%), total credit extended was expanded by a further 43% to DM 2.6 bn. Of the loans granted in the year under

review in the amount of DM 2,499 m. (+32%), 58% were short-term and 42% medium and long-term.

The result for the year was satisfactory. Sufficient provision was made for risks.

The share capital was increased by DM 20.0 m. in the year under review to DM 90.0 m. At the same time, disclosed reserves were increased by DM 30.0 m. to DM 100.0 m. through transfer of the premium from the capital increase. Capital and reserves rose accordingly to DM 190.0 m. For the 1983 financial year it is planned to pay a dividend of 14% on the increased capital.

The subsidiary of Deutsche Kreditbank für Baufinanzierung AG, *Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, manages its properties according to schedule and again achieved a satisfactory result in 1983.

Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal, and its subsidiaries *Gefa-Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, increased their balance sheet totals to DM 2.5 bn. together. The growth stems from expansion in the investment credit business.

The operating results of these companies developed satisfactorily. Sufficient provision was made for business risks.

Of the profits earned by Gefa and Gefa-Leasing GmbH, DM 5.0 m. was transferred to disclosed reserves in each case; the capital and reserves of Gefa amounted to DM 90 m. at the end of 1983, those of Gefa-Leasing GmbH to DM 37 m. Under the existing profit and loss transfer agreement, Gefa transferred DM 11.1 m. to Deutsche Bank AG.

There are profit and loss transfer agreements between Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal, and its subsidiaries Gefa-

Leasing and Efgee. Gefa holds, as previously, all the shares of Gefi Gesellschaft für Mobilien-Leasing und Finanzierungs-Vermittlung mbH, Berlin, and of Heinz Langer Versicherungsdienst GmbH, Stuttgart. These two companies were not consolidated in view of their minor importance for Group assets and income.

Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main, was again able to increase the volume of the special funds which it manages. At the end of 1983, the total asset volume of the 110 funds managed amounted to roughly DM 6.2 bn. (previous year: DM 5.3 bn.).

At the beginning of 1984, the Shareholders' Meeting resolved to increase share capital by DM 2.0 m. from reserves to DM 12.0 m. and to make a dividend payment of DM 2.4 m. for the 1982/83 financial year.

DWS Deutsche Gesellschaft für Wertpapier-sparen mbH, Frankfurt am Main, established three specialized share funds with an international portfolio mix in 1983 for the commodities, energy and technology sectors. Revenue from the sale of these funds' certificates alone reached DM 904.8 m. by the end of 1983. The total investment inflow at all 15 securities funds open to the public which are managed by DWS amounted to DM 1,354.2 m. (previous year: DM 299.3 m.). The total assets of DM 9.2 bn. (previous year: DM 7.4 bn.) managed by DWS at the end of 1983 account for roughly 28% (previous year: roughly 26%) of the securities investment funds open to the public which are associated in the Bundesverband Deutscher Investment-Gesellschaften (BVI).

Of the net income for the year of DM 8.7 m., DM 6.0 m. was transferred to disclosed reserves. By resolution of the Shareholders' Meeting the share capital of DWS, in which the Group has a

majority holding, was raised by DM 4.0 m. from company funds in November 1983. The company's capital and reserves at the end of 1983 then totalled DM 76.0 m. For the 1982/83 financial year which ended on September 30, a dividend of 6% was distributed on the increased share capital of DM 38.0 m.

International banks and financing companies

Deutsche Bank (Asia Credit) Ltd., Singapore, engages both in international lending and in money and foreign exchange dealing in the South East Asian area. Its balance sheet total at the end of 1983 was the equivalent of DM 2.3 bn. The operating result was satisfactory. Appropriate provision was made for country risks. A part of the company's disclosed reserves was used for this purpose.

Capital and reserves were the equivalent of DM 72.9 m. at 31. 12. 1983.

Deutsche Bank (Canada), Toronto, expanded its business volume strongly in its second business year within the framework of the legal limitations and established new customer relationships.

The balance sheet total of the bank which, as a Commercial Bank under the Canadian Bank Act, engages in lending and deposits business and is also active in foreign trade and foreign exchange dealing expanded 67% to Can. \$ 203 m. in 1983. The volume of credit extended to customers more than doubled, it came to Can. \$ 135 m. as at 31. 12. 1983.

Provision for possible loan losses resulted – after use of the profit brought forward from the previous year – in a slight balance sheet loss. Capital and disclosed reserves as at 31. 12. 1983 amounted to Can. \$ 15.0 m. (DM 32.9 m. converted).

Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, brought its business year, which previously ended on September 30, into line with the calendar year in 1983. The statement of accounts submitted as at December 31, 1983 therefore covers the period from October 1, 1982 to December 31, 1983.

The balance sheet total increased 9.6% to Lux. frs. 551 bn. (DM 26.5 bn.). The emphasis in the bank's business activity continues to be on lending. Total credit extended increased 16% to Lux. frs. 459 bn. (DM 22.1 bn.). The growth is due solely to increased lending to banks; compared with September 30, 1982 there was no further expansion in claims on customers. In the bank's syndicated lending business, its generally selective and restrained business policy was continued in view of the international risk situation.

Accounting for 86% of funds from outside sources, liabilities to banks continued to be the major source of funding for its lending business.

In 1983, *Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg*, again borrowed long-term funds with interest rate swap agreements so as to reduce the follow-on financing risk in roll-over credits. To obtain favourable funding for *Deutsche Bank AG*, bonds with subscription rights were issued in May 1983 for a total volume of roughly DM 510 m; they were divided into a US\$ tranche (US\$ 100 m., interest rate 6¼%) and a DM tranche (DM 240 m., interest rate 3¾%). The warrants attached to the bearer bonds entitle the holder to purchase shares of *Deutsche Bank AG* subject to the conditions of warrants.

The profit situation for the changed business year from October 1, 1982 to December 31, 1983 shows – on a 12-month basis, too – a further marked improvement in the operating result. It was therefore possible to take account once again of the growing risk intensity in the interna-

tional lending business by making comprehensive provision. The profit and loss account closed in balance.

Share capital and disclosed reserves at 31. 12. 1983 amount to Lux. frs. 8,256 m. (DM 397 m. converted).

Deutsche Bank (Suisse) S.A., Geneva and Zürich, as a specialized institution in Switzerland, serves primarily international private customers in the fields of investment counselling, trust business, foreign exchange and precious metals dealing. In the year under review, the company again recorded a gratifying increase in customer relationships and in the assets deposited with it.

In commission business, the bank achieved above-average growth in earnings. Its securities and foreign exchange dealing activities were again satisfactory. In the year under review also the bank participated in numerous issues of bonds and notes in Swiss francs and was able to expand its position in this sector.

In 1983 – its third business year – the bank reported net income for the year of Sfrs 1.5 m., which represented a marked increase on the previous year; adequate provision was made for all discernible risks.

Balance sheet total increased to Sfrs 322.4 m. (+ 13.6%). Share capital is still Sfrs 30 m.

We have acquired a majority holding in *European Asian Bank AG, Hamburg*, within the framework of a re-organization in the EBIC Group (cf. page 38).

In 1983 the bank's balance sheet total increased to DM 8,354.9 m. (+ 34.4%). Total credit extended was raised to DM 6,693.9 m. (+ 29.1%). Funds from outside sources increased to DM

7,560.7 m. (+34.1%). In the year under review, the share capital was increased by DM 49 m. at 225% to DM 196 m. The net income for the year of DM 20 m. (previous year: DM 14.7 m.), reported after provision for all discernible risks in the lending business, is to be transferred to disclosed reserves. Capital and reserves will then amount to DM 429.9 m. (end of 1982: DM 299.6 m.).

Atlantic Capital Corporation, New York, which operates in securities and new issue business for internationally oriented customers, further improved its position on the American market in the year under review. At US\$ 55.5 m., its balance sheet total at 31. 12. 1983 was 8% higher than one year before. Net income for the year was raised substantially to US\$ 2.5 m. (previous year: US\$ 0.7 m.). Capital and reserves as at the end of 1983 were reported at US\$ 28.1 m.

DB Finance (Hong Kong) Ltd., Hong Kong, engages primarily in international issuing business and securities dealing in Hong Kong and the remaining Asian-Pacific region. Its balance sheet total was US\$ 9.7 m. at the end of 1983.

In the year under review the company's share capital was increased by US\$ 0.7 m. to US\$ 2.0 m. through the conversion of disclosed reserves. The entire operating result, which showed a gratifying development, was used for risk provision. At year's end capital and reserves amounted to US\$ 2.7 m.

The business volume of *DB U.K. Finance Ltd., London*, which operates mainly in credit and money market business, amounted to £ 195 m. at the end of 1983. Almost two-thirds of this were attributable to the bank's total advances. Appropriate provision was made for risks in the lending

business. The net income for the year of £ 0.8 m. was transferred to reserves. Capital and reserves increased to £ 12.3 m. as at 31. 12. 1983.

After the high new issue volume in 1982 (US\$ 710 m.), *Deutsche Bank Finance N.V., Curaçao, Netherlands Antilles*, set up as a financing company in 1981 by Deutsche Bank AG, issued bonds for US\$ 200 m. in the year under review. The proceeds from the bonds were transferred to Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, which assumed a guarantee in favour of the bondholders.

The net income for the year of US\$ 286,000 more than doubled compared with the previous year. Share capital, which was increased in the year under review, amounted to US\$ 1.0 m. at the end of 1983.

Deutsche Credit Corporation, Deerfield, Illinois (U.S.A.) and its 6 branches supplement our American business. Sales financings are offered, chiefly in the form of tied loans to dealers and final customers, on the basis of fixed or market-related interest rates. The company's business volume as at 31. 12. 1983 was US\$ 215 m. The company is wholly owned by the holding company Deutsche Credit Services, Inc., Dover, Delaware, a 100% subsidiary of Deutsche Bank AG. After appropriate provision for possible loan losses, the net income for the year of US\$ 210,000 was transferred to profit carried forward. At the end of 1983 capital and reserves amounted to US\$ 37.7 m.

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 electronic products.

Trinitas Vermögensverwaltung GmbH, Frankfurt am Main, together with its subsidiary Tauernallee Grundstücksgesellschaft mbH, Berlin, manages its own and third-party property, which is let chiefly to Deutsche Bank Berlin AG and its employees. There is a profit and loss transfer agreement between Trinitas and Deutsche Bank AG.

Non-consolidated companies

In accordance with Section 329 (2) Joint Stock Corporation Act the following *domestic members of the Group* with a balance sheet total of DM 752 m. have not been included in the consolidated statement owing to their minor importance for the Group's assets and income 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 Camnada Grundbesitz Treuhand GmbH, Frankfurt am Main
ComCo Datenanlagen GmbH u. Co. KG, Kornthal-Münchingen
Comco Verwaltungsgesellschaft mbH, Kornthal-Münchingen
DB Capital Management International GmbH, Frankfurt am Main
Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main
Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main
Deutsche Vermögensbildungsgesellschaft mbH, Bad Hornburg v.d.H.
DIL Grundstücksgesellschaft für Verwaltungs- und Lagergebäude mbH, Düsseldorf
"Domshof" Schiffsbeteiligungs-Gesellschaft mbH, Bremen
MS "Essen" Schifffahrts-Gesellschaft mbH, Bremen
Essener Grundstücksverwaltung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen
Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt am Main
GADES Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
Civil Law Association between Deutsche Kreditbank für Baufinanzierung AG, Cologne, and Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne
Gefi Gesellschaft für Mobilien-Leasing und 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
Grundstücksvermietungsgesellschaft Wilhelmstrasse mbH, Cologne
Grundstücksverwaltungsgesellschaft Objekt Geislingen mbH, Frankfurt am Main
Hochhaus und Hotel Riesenfürstenhof Aufbaugesellschaft mbH, Frankfurt am Main
Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin

Immobilien-Gesellschaft in Lübeck GmbH, Lübeck
 IZI Bielefeld Informations-Zentrum Immobilien GmbH,
 Bielefeld
 IZI Dortmund Informations-Zentrum Immobilien GmbH,
 Dortmund
 Jubiläumsstiftung der Deutschen Ueberseeischen Bank
 GmbH, Unterstützungskasse, Frankfurt am Main
 Kapital Beteiligungs- und Verwaltungsgesellschaft
 Norden mbH, Lübeck
 Heinz Langer Versicherungsdienst GmbH, Stuttgart
 Mago Beteiligungsgesellschaft mbH, Frankfurt am Main
 "modernes Frankfurt" private Gesellschaft für
 Stadtentwicklung mbH, Frankfurt am Main
 Nordhamburgische Bauträgergesellschaft mbH, Hamburg
 Nordwestdeutscher Wohnungsbauträger GmbH,
 Braunschweig (profit and loss transfer agreement with
 Deutsche Bank AG)
 Peina Grundstücksverwaltungsgesellschaft mbH,
 Düsseldorf
 Saarländische Immobilien-Gesellschaft mbH, Saarbrücken
 SB Bauträger GmbH, Frankfurt am Main
 SB Bauträger GmbH u. Co. Urbis Hochhaus-KG,
 Frankfurt am Main
 SB Bauträger GmbH u. Co. Urbis Verwaltungs-KG,
 Frankfurt am Main
 Schisa Grundstücksverwaltungsgesellschaft mbH,
 Düsseldorf
 Selektta Grundstücksverwaltungsgesellschaft mbH,
 Düsseldorf
 Süddeutsche Bank GmbH, Frankfurt am Main
 Tauernallee Grundstücksgesellschaft mbH, Berlin
 Terraingeseellschaft Gross-Berlin GmbH, Berlin
 Transgermania Verwaltungsgesellschaft mbH, Hamburg
 Franz Urbig- und Oscar Schlitter-Stiftung GmbH,
 Frankfurt am Main
 Westend Grundstücksgesellschaft mbH, Lübeck
 WINWE Beteiligungsgesellschaft mbH, Frankfurt am Main
 Wohnbau-Beteiligungsgesellschaft mbH, Lübeck
 Wohnungsbau-gesellschaft Lubeca GmbH, Lübeck

We list below related domestic companies
 (aggregate balance sheet total at end of 1983: DM
 846 m.) that are not under the uniform manage-
 ment of Deutsche Bank AG and are 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, Bad Homburg v.d.H.
 Kistra Beteiligungsgesellschaft mbH, Frankfurt am Main
 Partenreederei MS "Transgermania", Hamburg
 Rossmo 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.
 Business relations with these companies do not
 go beyond normal business relations with bank
 customers.

All business between the members of the
 Group was transacted at normal market condi-
 tions.

Principles of consolidation

The consolidated balance sheet and profit and
 loss account are based on the special sheets pub-
 lished for banks with the legal form of an "Ak-
 tiengesellschaft" (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. 1983 were drawn up pursuant to Section
 331 (3) Joint Stock Corporation Act for three com-
 panies whose financial year differs from that of
 the remainder of the Group. The statements of our
 foreign companies were converted at the rates
 valid on balance sheet date (Frankfurt mid-rates).

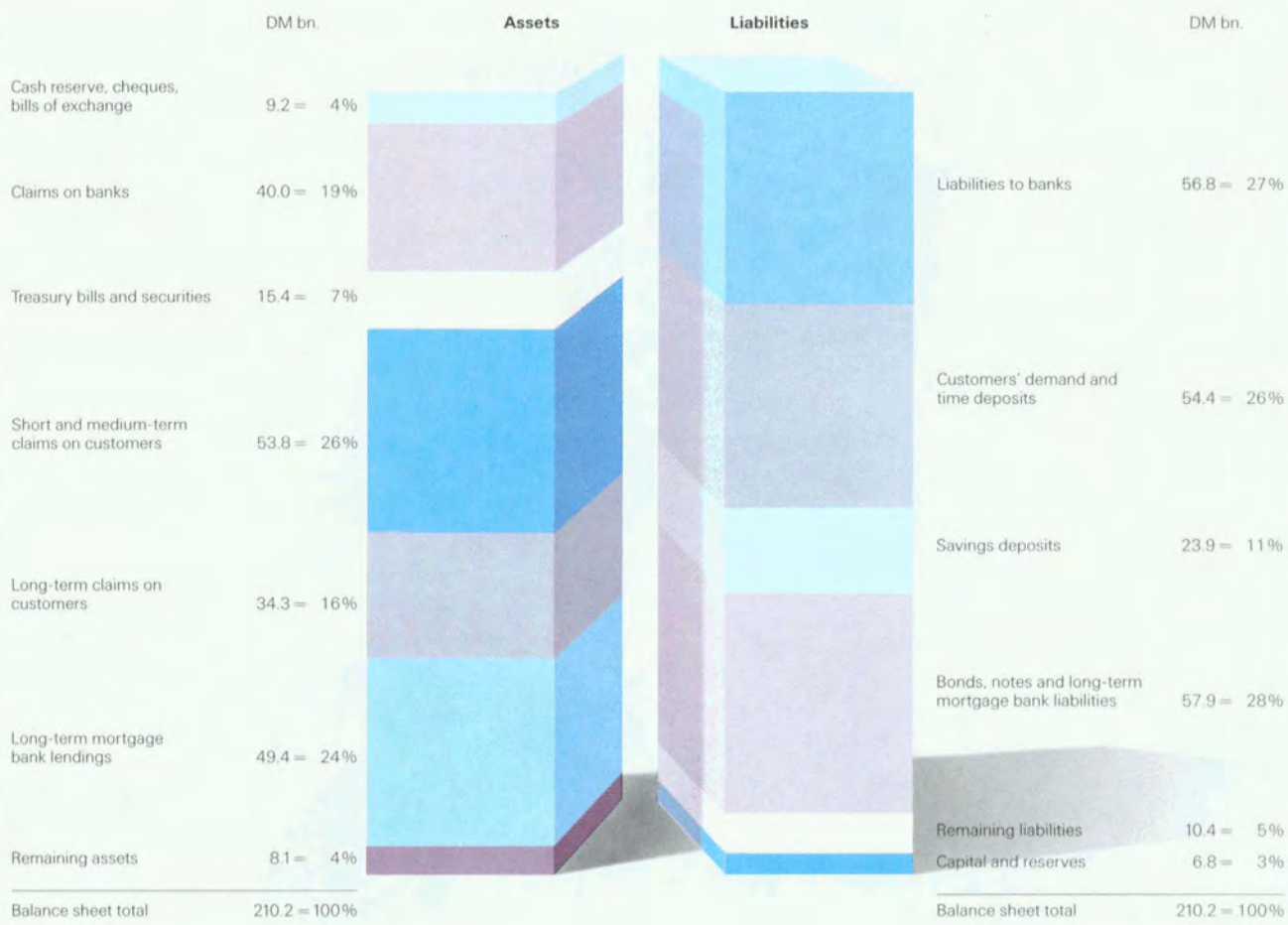
The book values of the holdings in consolidated companies were offset against the respective proportions of the subsidiaries' own funds (capital and disclosed reserves). The difference is shown as the reserve arising from consolidation and is included in Group own funds.

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, in so far as it represents compensation for mutual services of the consolidated companies – almost exclu-

sively interest and commissions – has been offset against the respective expenses. Inter-company profits were eliminated.

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.

Balance sheet structure of Deutsche Bank Group, end of 1983



Notes on the Consolidated Balance Sheet

Liquidity

At a good DM 5.9 bn. the *cash reserve* (cash on hand, balances with Deutsche Bundesbank and on postal cheque accounts) stood at the previous year's level. Since liabilities (excluding long-term liabilities in real estate lending business) expanded to DM 145.1 bn. (end of 1982: DM 138.6 bn.), particularly as a result of increased customers' deposits, *cash liquidity* (cash reserve as a percentage of liabilities) is somewhat lower than at the end of 1982 at 4.1%.

Total liquid assets (cash reserve, items received for collection, bills of exchange rediscountable at Deutsche Bundesbank, claims on banks payable on demand, Treasury bills and Treasury notes as well as fixed-interest securities eligible as collateral for Bundesbank advances) rose to DM 23.1 bn. (end of 1982: DM 21.9 bn.), above all owing to the larger holdings of fixed-interest securities eligible as collateral. *Overall liquidity* (total liquid assets as a percentage of liabilities) therefore improved slightly to 15.9%.

Assets

Treasury bills, securities

Securities holdings including Treasury bills were raised by DM 3,468 m. in the year under review to DM 15,370 m.

This growth was due to *Treasury bills and discountable Treasury notes*, which rose by DM 189 m. to DM 1,351 m., *bonds and notes* which were

up DM 2,831 m. to DM 11,226 m., and *other securities* – shares and investment fund certificates – up DM 448 m. to DM 2,793 m. Of the bonds and notes, DM 6,964 m. is attributable to paper with a life of more than four years. Shareholdings of more than 10% which are included in other securities amount to DM 1,285 m. They are mostly held by the parent company.

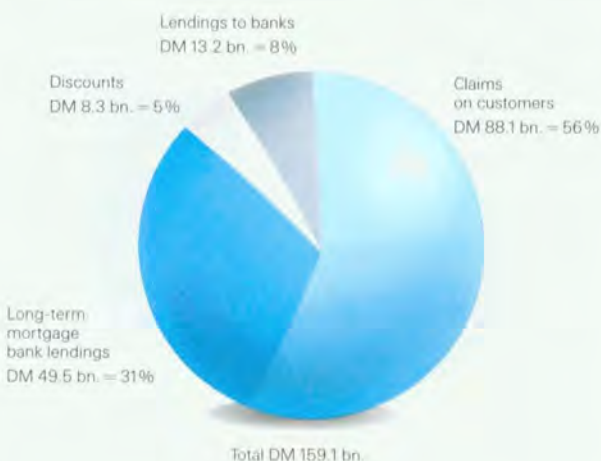
Securities holdings were valued at all consolidated companies according to the minimum value principle.

Total credit extended

Consolidated *total credit extended* by the Group increased by DM 14.2 bn. (+ 9.8%) during the year under review to DM 159.1 bn. (DM 6.7 bn. thereof due to consolidation of Eurasbank)

Structure of total credit extended by type of credit, end of 1983

Deutsche Bank Group



<i>Total credit extended</i>	End of 1983		End of 1982		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium term	53,814	33.8	49,365	34.1	+ 4,449	= 9.0
long term (4 years or more)	34,298	21.6	31,682	21.9	+ 2,616	= 8.3
	88,112	55.4	81,047	56.0	+ 7,065	= 8.7
Long-term mortgage						
bank lendings	49,443	31.1	46,005	31.8	+ 3,438	= 7.5
Discounts	8,331	5.2	7,278	5.0	+ 1,053	= 14.5
Lendings to banks						
short and medium-term	6,163	3.9	3,622	2.5	+ 2,541	= 70.2
long-term (4 years or more)	7,028	4.4	6,902	4.7	+ 126	= 1.8
	13,191	8.3	10,524	7.2	+ 2,667	= 25.3
Total credit extended	159,077*)	100.0	144,854	100.0	+ 14,223*)	= 9.8

*) DM 6.7 bn. thereof through consolidation of European Asian Bank AG for the first time

Among the *claims on customers*, short and medium-term claims grew by 9.0% and long-term lendings (excluding mortgage bank business) by 8.3%. The expansion in long-term claims on customers is primarily due to the increased extension of long-term building financing loans by the domestic commercial banks. Of the claims on customers shown in the Consolidated Balance Sheet at DM 88.1 bn., 61% are short/medium-term and 39% long-term as in the previous year.

Among the *long-term mortgage bank lendings* (+ DM 3.4 bn.), mortgage loans rose by DM 1.4 bn. to DM 22.9 bn. and communal loans by DM 1.9 bn. to DM 25.5 bn. The latter account for 51.6% of total lendings in mortgage bank business amounting to DM 49.4 bn.

Lending to banks expanded by DM 2.7 bn. to DM 13.2 bn. (DM 2.4 bn. thereof due to consolidation of Eurasbank).

At all companies included in the Consolidated Statement of Accounts, provision was made for

all discernible risks in the lending business, including country risks, by the formation of adjustments and provisions according to uniform principles that were applied throughout the Group.

Fixed assets

After consolidation, the Group's *Subsidiaries, associated companies and trade investments* had a book value of DM 560 m. (+ DM 5 m.) at the end of 1983. Of this, holdings in banks account for DM 274 m. (previous year: DM 301 m.).

Of the balance sheet value of *Land and buildings* as at 31. 12. 1983, namely DM 965 m. (+ DM 20.0 m.), DM 860 m. was attributable to real estate that was used for banking business.

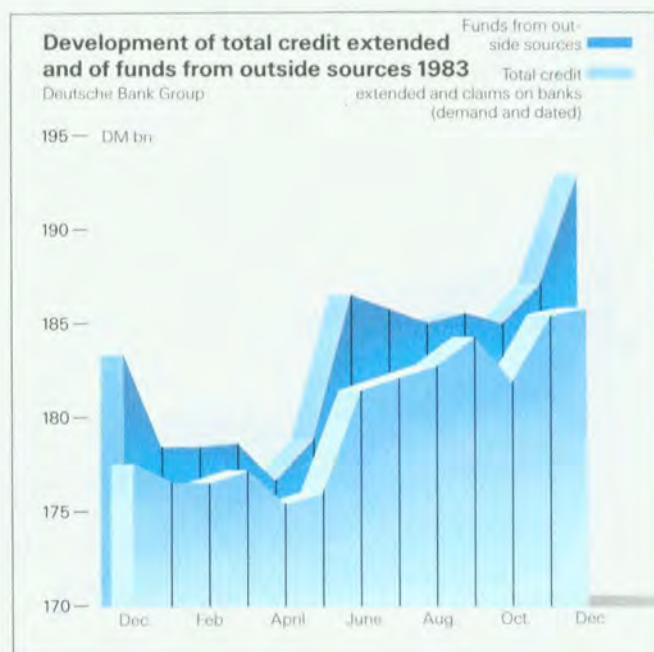
Office furniture and equipment is shown at DM 390 m. (+ DM 38 m.).

Leasing equipment held by the consolidated leasing companies was shown at DM 1.0 bn. at the end of 1983. This included movable leasing

equipment of Gefa-Leasing GmbH, Wuppertal, valued at DM 819 m. (previous year: DM 804 m.) and real property of Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne, worth DM 174 m. (previous year: DM 178 m.).

Other asset items

At year's end *Other assets* amounted to DM 2,036 m. (+ DM 233 m.). This item consists essentially of shares not represented by securities and which we do not regard as business participations, and also 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 Group, *funds from outside sources* increased by DM 9.4 bn. (DM 7.4 bn. thereof due to consolidation of Eurasbank) to DM 193.0 bn. during the reporting year. Liabilities to banks are shown almost unchanged at DM 56.8 bn. An increase in funds payable on demand (+ DM 0.9 bn.) was offset by an equal decrease in time deposits.

Customers' deposits expanded by 7.6% to DM 78.3 bn., with DM 2.0 bn. of the growth attributable to funds payable on demand (+ 11.8%) and DM 3.5 bn. to time deposits (+ 10.9%).

Bonds and notes rose by DM 296 m. on balance. While paper with a life of up to four years decreased by DM 1.2 bn., long-term paper in circulation increased by DM 1.5 bn. This includes the bond issue with subscription rights floated by Deutsche Bank Compagnie Financière Luxembourg S.A. in two tranches totalling approx. DM 510 m. and the US\$ 200 m. in bonds issued by Deutsche Bank Finance N.V., Curaçao, during the year under review. Of the long-term paper (DM 5.8 bn.), DM 2.4 bn. matures in less than four years.

Long-term mortgage bank liabilities increased by DM 3.6 bn. on balance to DM 52.0 bn. The expansion was primarily due to the higher volume of outstanding communal bonds (+ DM 2.2 bn.) and mortgage bonds (+ DM 1.4 bn.) of our mortgage banks.

Provisions, special items with partial reserve character

Total *Provisions* amounted to DM 4.6 bn. (+ DM 0.8 bn.) at year's end.

<i>Funds from outside sources</i>	End of 1983		End of 1982		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	9,398	4.9	8,538	4.6	+ 860	= 10.1
time deposits	47,161	24.4	48,018	26.2	- 857	= 1.8
customers' drawings on other banks	245	0.1	256	0.1	- 11	= 4.1
	<u>56,804</u>	<u>29.4</u>	<u>56,812</u>	<u>30.9</u>	<u>- 8</u>	
Liabilities to customers						
payable on demand	19,221	10.0	17,198	9.4	+ 2,023	= 11.8
time deposits	35,147	18.2	31,681	17.3	+ 3,466	= 10.9
savings deposits	23,955	12.4	23,912	13.0	+ 43	= 0.2
	<u>78,323</u>	<u>40.6</u>	<u>72,791</u>	<u>39.7</u>	<u>+ 5,532</u>	<u>= 7.6</u>
Bonds and notes	5,888	3.1	5,592	3.0	+ 296	= 5.3
Long-term mortgage bank liabilities	51,978	26.9	48,382	26.4	+ 3,596	= 7.4
	<u>57,866</u>	<u>30.0</u>	<u>53,974</u>	<u>29.4</u>	<u>+ 3,892</u>	<u>= 7.2</u>
Total funds from outside sources	<u>192,993*)</u>	<u>100.0</u>	<u>183,577</u>	<u>100.0</u>	<u>+ 9,416*)</u>	<u>= 5.1</u>

*) DM 7.4 bn. thereof through consolidation of European Asian Bank AG for the first time.

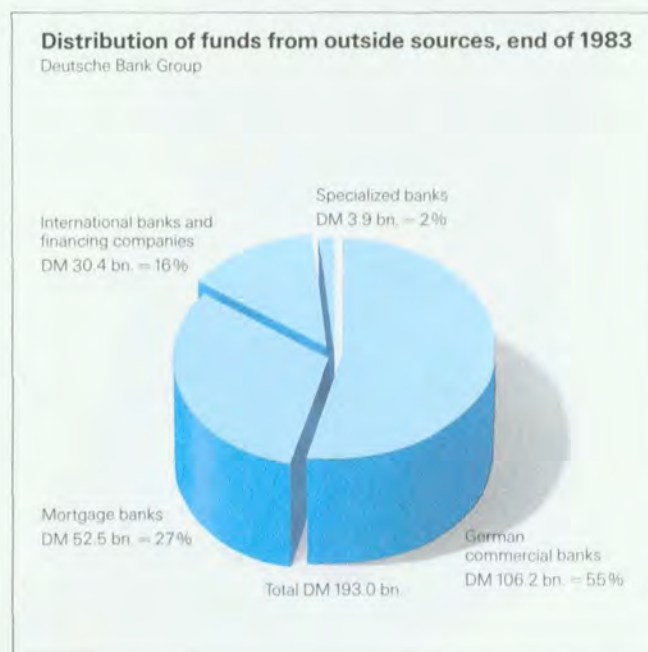
Provisions for pensions, which are shown at the part value based on actuarial opinion, were raised by DM 194.2 m. to DM 1,669 m. Part of the allocation stems from completion of the adjustment due to higher life expectancy of the basis for calculating the actuarial value of pension obligations.

On balance, *other provisions* increased by DM 580 m. to DM 2,971 m. The item consists primarily of provisions for taxes and provisions for lending risks, including country risks, from guarantees.

Special items with partial reserve character are shown at DM 58 m.

Comments

Endorsement liabilities on rediscounted bills of exchange and *Own drawings in circulation* increased to DM 5.7 bn. (+ 15.9%). Of the own



drawings in circulation (DM 196 m.) DM 14 m. was discounted for borrowers' account.

Liabilities from guarantees, guarantees for bills and cheques and from indemnity agreements rose DM 0.7 bn. to DM 21.2 bn.

Commitments from the sale of assets subject to repurchase agreements amounted to DM 183 m. (end of 1982: DM 102 m.).

In addition, we refer to the declaration of backing which appears in the Notes of Deutsche Bank AG for certain related banks and property management companies.

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

Other liabilities

As at year's end *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, came to DM 48 m. Furthermore, there were *joint liabilities* pursuant to Section 24 "GmbH" Act in the amount of DM 56 m.

In connection with the holding in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there are Group obligations to pay further capital of up to DM 52 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. The obligations to pay further capital on other shares came to DM 3 m. on 31. 12. 1983.

Included under liabilities to customers and banks are *funds taken up for specific projects* amounting to DM 2,945 m. which were, for the most part, provided by the Reconstruction Loan Corporation, Frankfurt am Main; they 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 of DM 138 m. taken up were secured on real estate. Owing to legal requirements, security amounting to DM 186 m. had to be provided for the business operations of the foreign branches of Deutsche Bank AG.

Consolidated Profit and Loss Account

Earnings on business volume

The Group interest surplus expanded by DM 655 m. (+ 13.9%) to DM 5.4 bn. (thereof Eurasbank: DM 181 m.). Growth of average business volume (+ 5.6%) slowed down despite the inclusion of Eurasbank, while the interest margin rose.

	1983 DM m.	1982 DM m.	Change
Interest income from lending and money market transactions	11,846	14,042	-15.6%
Interest income in the mortgage bank business	3,945	3,568	+10.6%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments	1,183	1,135	+ 4.2%
Total interest income	16,974	18,745	- 9.4%
Interest and similar expenses	7,860	10,527	-25.3%
Interest expenses in the mortgage bank business	3,756	3,515	+ 6.8%
Total interest expenses	11,616	14,042	-17.3%
Earnings on business volume	5,358	4,703	+13.9%

The interest surplus does not include the surplus from non-recurrent expenses and income in the mortgage banks' issue and loan business. In the year under review it amounted to DM 129 m. (previous year: DM 121 m.).

Earnings on services

Commissions and other service charges received increased by 20.9% to DM 1,302 m. After

deduction of DM 45 m. in commissions paid, the surplus on services rose by 23.3% to DM 1,257 m.

Staff and other operating expenses

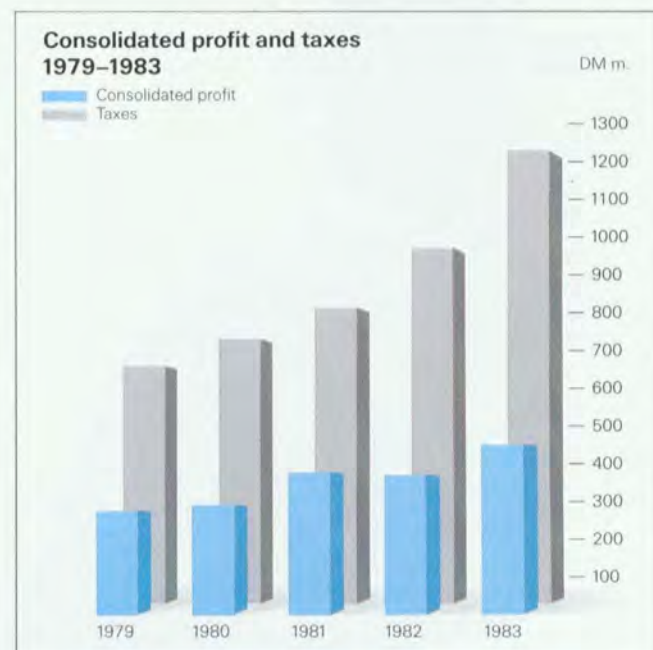
Staff and other operating expenses increased by DM 371 m. (+ 10.9%) to DM 3,771 m. (DM 86 m. thereof due to consolidation of Eurasbank).

Staff expenses rose DM 279 m. (+ 10.9%) to DM 2,840 m. Their share in total staff and other operating expenses was again 75.3%.

At DM 931 m., *Other operating expenses* were DM 92 m. (+ 11.0%) up on the pre-year level.

Operating result

The Group's *operating result* – surplus on current business including own-account trading – increased by 17.1% (previous year: + 30.7%).



Roughly 4 percentage points of this rise stem from the consolidation of Eurasbank. The increase in the result was otherwise largely attributable to the development at the parent bank.

Other income

Other income amounted to DM 945 m. after full offsetting of the income eligible for offsetting pursuant to Section 4 of the Order concerning Banks' Statements of Accounts with write-downs of and adjustments to claims and securities.

Write-downs, depreciation and adjustments

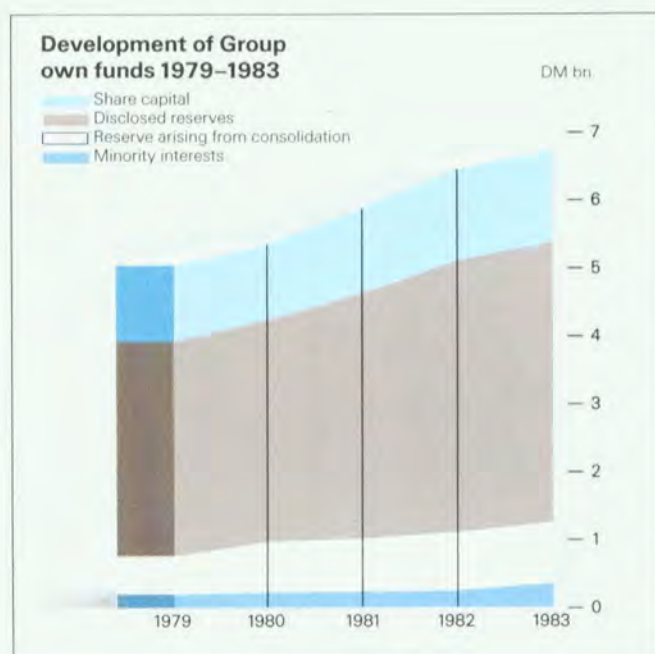
After offsetting with profits from securities and with adjustments and provisions written back (pursuant to Section 4 of the Order concerning

Banks' Statements of Accounts), the necessary *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* fell by DM 247 m. to DM 1,456 m.

At DM 550 m. *Depreciation of and adjustments to fixed assets* are shown DM 111 m. higher, DM 40 m. of this being attributable to special depreciation in accordance with Section 6b of the Income Tax Act.

Taxes

Group tax expenses increased once again (+ 27%). *Taxes on income and assets* rose by DM 261 m. to DM 1,224 m. (DM 32 m. thereof due to consolidation of Eurasbank). The additional 20% corporation tax on subsidiaries' profits for 1983 to be distributed to the parent company in 1984 has not been taken into account.



Profit, capital and reserves

The Consolidated Profit and Loss Account closes with *Net income for the year* of DM 653.6 m. Of the DM 310 m. increase compared with 1982, roughly DM 200 m. is attributable to the parent company and the three German commercial banks, and DM 83 m. to the international banks and financing companies; DM 20 m. of the latter figure is due to the inclusion of Eurasbank. After adding profit brought forward from the previous year of DM 55.7 m. and DM 6.3 m. withdrawn from disclosed reserves for own shares, and after transferring DM 242.6 m. to disclosed reserves and allowing for profit attributable to minority interests amounting to DM 18.6 m., consolidated profit comes to DM 454.4 m. compared with DM 372.4 m. in the previous year. According to the proposals regarding the appropriation of profits, a

total of DM 332.4 m. (previous year: DM 307.3 m.) of this is to be distributed to the shareholders of the parent company and to minority shareholders in subsidiaries.

The *Reserve arising from consolidation*, resulting from offsetting the book values of subsidiaries, associated companies and trade investments against the proportionate shares of their capital and reserves, rose by DM 38.4 m. to DM 888.8 m. The net change stems from our proportionate share in allocations to reserves at subsidiaries, from the rise in the number of consolidated companies – Eurasbank – and from the difference arising out of the currency conversion of foreign consolidated companies' statements of accounts.

Minority interests of DM 383.0 m. include as yet undistributed profits of DM 17.5 m. attributable to minority interests. Therefore DM 365.5 m. of this item has equity character.

At the end of 1983 the *Group's total own funds* amounted to DM 6,772.3 m.







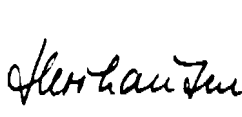





	31.12.1983 DM m.	31.12.1982 DM m.
Group own funds		
Share capital of Deutsche Bank AG	1,356.1	1,356.1
Disclosed reserves of Deutsche Bank AG	4,161.9	4,018.1
Own funds of Deutsche Bank AG	5,518.0	5,374.2
Reserve arising from consolidation	888.8	850.4
Minority interests	365.5	267.4
Total Group own funds	6,772.3	6,492.0

As a result of resolutions taken by the General Meetings of subsidiaries, a further DM 55 m. of the consolidated profit for 1983 is to be allocated to disclosed reserves.

Furthermore, there is authorized capital of DM 400 m. at Deutsche Bank AG and conditional capital of DM 156.1 m. for subscription rights.

Frankfurt am Main, March 1984

The Board of Managing Directors

Consolidated Balance Sheet as of December 31, 1983

Consolidated Profit and Loss Account
for the period from January 1 to December 31, 1983

Assets

Deutsche Bank Aktiengesellschaft

	in DM 1,000	in DM 1,000	31. 12. 1982 in DM 1,000
Cash on hand		521,499	514,661
Balance with Deutsche Bundesbank		5,373,195	5,404,901
Balances on postal cheque accounts		20,094	52,241
Cheques, matured bonds, interest and dividend coupons, items received for collection		657,279	737,247
Bills of exchange		2,582,505	2,127,240
including:			
a) rediscountable at Deutsche Bundesbank	DM thou. 1,388,803		
b) own drawings	DM thou. 225,388		
Claims on banks			
a) payable on demand	6,434,236		6,373,286
b) with original periods or periods of notice of			
ba) less than three months	10,177,718		10,207,033
bb) at least three months, but less than four years	16,365,829		19,725,439
bc) four years or more	<u>7,027,971</u>		<u>6,955,680</u>
including:		40,005,754	43,261,438
used as cover in mortgage bank business	DM thou. 75,000		
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments	438,614		157,279
b) of other issuers	<u>912,274</u>		<u>1,004,446</u>
		1,350,888	1,161,725
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments	DM thou. 2,121,238		
ab) of banks	DM thou. 1,817,957		
ac) of other issuers	<u>322,921</u>	4,262,116	3,071,946
including:			
eligible as collateral for Deutsche Bundesbank advances	DM thou. 3,271,212		
used as cover in mortgage bank business	DM thou. 37,875		
b) with a life of more than four years			
ba) of the Federal and Länder Governments	DM thou. 1,641,201		
bb) of banks	DM thou. 3,377,084		
bc) of other issuers	<u>1,945,813</u>	<u>6,964,098</u>	<u>5,323,333</u>
including:		11,226,214	8,395,279
eligible as collateral for Deutsche Bundesbank advances	DM thou. 4,059,869		
used as cover in mortgage bank business	DM thou. 340,633		
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	2,448,507		1,997,467
b) other	<u>343,964</u>		<u>347,158</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 thou. 1,284,821	2,792,471	2,344,625
Carried forward		64,529,899	63,999,357

Consolidated Balance Sheet as of December 31, 1983

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1982 in DM 1,000
Liabilities to banks				
a) payable on demand		9,398,202		8,537,537
b) with original periods or periods of notice of				
ba) less than three months	12,839,748			
bb) at least three months, but less than four years	29,036,363			
bc) four years or more	<u>5,284,891</u>	47,161,002		48,017,509
including: due in less than four years DM thou. 3,366,844				
c) customers' drawings on other banks		<u>244,940</u>		256,347
			56,804,144	56,811,393
Liabilities to customers				
a) payable on demand		19,220,693		17,197,642
b) with original periods or periods of notice of				
ba) less than three months	21,421,951			
bb) at least three months, but less than four years	7,788,356			
bc) four years or more	<u>5,936,651</u>	35,146,958		31,681,238
including: due in less than four years DM thou. 5,559,653				
c) savings deposits				
ca) subject to legal period of notice	15,429,509			
cb) other	<u>8,526,077</u>	<u>23,955,586</u>		23,912,319
			78,323,237	72,791,199
Bonds and notes with a life of				
a) up to four years		50,948		1,209,551
b) more than four years		<u>5,836,880</u>		4,382,326
including: maturing in less than four years DM thou. 2,417,726			5,887,828	5,591,877
Bonds issued by mortgage banks				
a) mortgage bonds		20,857,140		19,462,415
including:				
registered bonds DM thou. 5,410,270				
b) communal bonds		25,404,781		23,230,859
including:				
registered bonds DM thou. 5,797,988				
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		1,557,082		1,139,848
including:				
registered bonds DM thou.				
d) bonds drawn and called for redemption		<u>308,534</u>		237,313
including:			48,127,537	44,070,435
maturing or to be taken back in less than four years DM thou. 26,144,296				
further:				
registered mortgage bonds given to lender as security for loans taken up DM thou. 517,794				
and registered communal bonds DM thou. 559,901				
Bonds to be delivered			597,206	1,146,696
Carried forward			189,739,952	180,411,600

Assets

Consolidated Balance Sheet

	in DM 1,000	in DM 1,000	31. 12. 1982 in DM 1,000
Brought forward		64,529,899	63,999,357
Claims on customers with original periods or periods of notice of			
a) less than four years	53,814,656		49,365,515
including:			
used as cover in mortgage			
bank business DM thou. 1,620,212			
b) four years or more	<u>34,297,623</u>		<u>31,682,161</u>
including:		88,112,279	81,047,676
ba) secured by mortgages on real estate DM thou. 5,281,238			
bb) communal loans DM thou. 2,270,704			
due in less than four years DM thou. 34,178,146			
Mortgage bank lendings with original periods of four years or more			
a) mortgages	22,900,157		21,466,568
used as cover DM thou. 20,467,740			
b) communal loans	25,500,389		23,594,104
used as cover DM thou. 24,875,173			
c) other	<u>49,484</u>		<u>38,676</u>
including: to banks DM thou. 3,321,545		48,450,030	45,099,348
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	910,034		831,554
b) interest due after October 31, 1983 and on January 2, 1984	82,693		73,547
c) interest arrears	<u>-</u>		<u>-</u>
		992,727	905,101
Recovery claims on Federal and Lander authorities under Currency Reform Acts		303,324	328,028
including:			
used as cover in mortgage			
bank business DM thou. 38,063			
Loans on a trust basis at third party risk		998,722	987,744
Subsidiaries, associated companies and trade investments		560,561	555,859
including: investments in banks DM thou. 274,049			
Land and buildings		964,589	944,956
including: taken over in mortgage business DM thou. 28,014			
Office furniture and equipment		389,906	352,052
Leasing equipment			
a) land and buildings	174,004		178,364
b) movables	<u>832,232</u>		<u>816,182</u>
		1,006,236	994,546
Own shares		-	6,271
nominal amount DM thou. -			
Bonds and notes issued by consolidated companies		1,607,079	2,101,102
nominal amount DM thou. 1,431,006			
US\$ thou. 66,307			
Other assets		2,036,010	1,803,268
Deferred items			
a) difference in accordance with Section 156 (3) of the Joint Stock Corpora- tion Act	42,088		
b) other	<u>174,801</u>	216,889	49,649
Total Assets		210,168,251	199,174,957
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		574,556	503,293
b) claims arising from loans falling under Section 15 (1) 1 6 and (2) of the Banking Act, unless included under a)		1,861,716	1,597,799

as of December 31, 1983

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1982 in DM 1,000
Brought forward			189,739,952	180,411,600
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		485,968		684,431
b) other		<u>810,938</u>		<u>689,575</u>
including:			1,296,906	1,374,006
with partial liability	DM thou. 167			
due in less than four years	DM thou. 677,847			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		1,432,813		1,314,993
b) interest due (including interest due on January 2, 1984)		<u>523,537</u>		<u>476,069</u>
Own acceptances and promissory notes outstanding			1,956,350	1,791,062
Loans on a trust basis at third party risk			2,017,140	1,472,688
Provisions			998,722	987,744
a) for pensions		1,668,574		1,474,413
b) other		<u>2,971,398</u>		<u>2,391,405</u>
Other liabilities			4,639,972	3,865,818
Endowments and benevolent funds			139,926	153,849
Endowment assets		6,562		6,626
less investments in securities		<u>6,283</u>		<u>6,322</u>
Deferred items			279	304
a) in accordance with Section 25 of the Mortgage Bank Act		215,315		270,580
b) other		<u>1,861,429</u>		<u>1,897,596</u>
Special items with partial reserve character			2,076,744	2,168,176
a) in accordance with the Tax Act regarding Developing Countries		18,981		12,888
b) in accordance with Section 6b of the Income Tax Act		27,124		50,951
c) in accordance with Section 52 (5) of the Income Tax Act		6,799		7,492
d) in accordance with Section 3 of the Foreign Investment Act		<u>5,130</u>		<u>-</u>
Share capital			58,034	71,331
Conditional capital DM thou. 156,116			1,356,134	1,356,134
Disclosed reserves				
a) legal reserve		2,457,702		2,457,702
b) reserve for own shares		-		6,271
c) other reserves (voluntary)		<u>1,704,147</u>		<u>1,554,147</u>
Reserve arising from consolidation			4,161,849	4,018,120
Minority interests			888,818	850,398
including: from profit	DM thou. 17,443		382,988	281,316
Consolidated profit			454,437	372,411
Total Liabilities			210,168,251	199,174,957
Own drawings in circulation			195,917	49,681
including: those discounted for borrowers' account	DM thou. 13,364			
Endorsement liabilities on rediscounted bills of exchange			5,480,045	4,849,502
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			21,198,407	20,494,645
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			182,783	101,705
Savings premiums under the Savings Premium Act			226,176	341,382
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			72,102	45,669

Expenses

Consolidated Profit and Loss Account

	in DM 1,000	in DM 1,000	1982 in DM 1,000
Interest and similar expenses		7,860,220	10,526,835
Interest expenses in the mortgage bank business for			
a) mortgage bonds	1,526,929		1,419,073
b) communal bonds	1,965,623		1,814,000
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	98,167		112,425
d) loans taken up	<u>165,380</u>		<u>169,810</u>
		3,756,099	3,515,308
Commissions and similar service charges paid		44,397	56,682
Non-recurrent expenses in the mortgage banks' issue and loan business		167,758	166,439
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		1,456,230	1,703,579
Salaries and wages		2,097,521	1,942,390
Compulsory social security contributions		301,265	278,359
Expenses for pensions and other employee benefits		441,227	340,454
Other operating expenses		931,522	839,167
Depreciation of and adjustments to land and buildings and office furniture and equipment		550,347	439,510
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		12,309	2,388
Taxes			
a) on income and assets	1,223,637		962,553
b) other	<u>14,083</u>		<u>14,554</u>
		1,237,720	977,107
Expenses from assumption of loss		3,237	4,300
Allocations to Special items with partial reserve character		21,332	8,223
Other expenses		74,777	56,613
Net income for the year		653,596	342,746
Total Expenses		19,609,557	21,200,100

Net income for the year

Profit brought forward from the previous year

Withdrawals from Disclosed reserves (for own shares)

Allocations to Disclosed reserves

 a) Deutsche Bank Aktiengesellschaft

 b) consolidated companies

Profit attributable to minority interests

Consolidated profit

Frankfurt am Main, March 13, 1984

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Blessing Burgard Cartellieri Christians

Ehret Guth Herrhausen van Hooven

Kopper Martin Weiss Zapp

Income

		1982
in DM 1,000	in DM 1,000	in DM 1,000
	653,596	342,746
	<u>55,698</u>	<u>145,143</u>
	709,294	487,889
	6,271	-
150,000		3,977
<u>92,560</u>		<u>96,577</u>
	<u>242,560</u>	<u>100,554</u>
	473,005	387,335
	<u>18,568</u>	<u>14,924</u>
	<u>454,437</u>	<u>372,411</u>

Wirtschaftsprüfer

Development of the Consolidated Balance Sheet 1967–1983

Development of the Balance Sheet of Deutsche Bank Group

-- Amounts in DM millions --

	End of	1983	1982	1981	1980	1979
Consolidated Balance Sheet						
Assets						
Cash reserve		5,915	5,972	7,138	8,006	10,199
Bills of exchange		2,582	2,127	2,620	3,075	2,535
Claims on banks		40,006	43,261	42,308	33,549	31,776
Treasury bills and discountable Treasury notes		1,351	1,162	615	613	549
Bonds and notes		11,226	8,395	6,890	6,933	5,928
Securities not to be shown elsewhere		2,793	2,345	2,265	2,174	2,020
Claims on customers		88,112	81,047	79,768	73,050	63,427
short and medium-term		53,814	49,365	44,674	37,833	32,086
long-term (4 years or more)		34,298	31,682	35,094	35,217	31,341
Long-term mortgage bank lendings		49,443	46,005	41,653	38,148	33,995
Recovery claims on Federal and Länder authorities under Currency Reform Acts		303	328	350	370	402
Loans on a trust basis at third party risk		999	988	1,924	1,727	1,378
Subsidiaries, associated companies and trade investments		560	556	602	647	619
Land and buildings		965	945	839	868	872
Office furniture and equipment		390	352	325	306	300
Leasing equipment		1,006	995	898	865	801
Bonds and notes issued by consolidated companies		1,607	2,101	1,809	1,724	995
Other assets		2,036	1,803	1,676	1,862	1,475
Remaining assets		874	793	733	677	814
Balance Sheet Total		210,168	199,175	192,413	174,594	158,085
Liabilities						
Liabilities to banks		56,804	56,812	56,427	53,059	46,561
including: time deposits		47,406	48,274	47,305	44,765	39,862
Liabilities to customers		78,323	72,791	73,671	65,114	59,687
including: time deposits		35,147	31,681	34,730	27,102	22,889
savings deposits		23,955	23,912	22,998	22,243	21,475
Bonds and notes		5,888	5,592	4,199	4,595	5,554
Long-term mortgage bank liabilities		51,978	48,382	43,074	38,597	35,081
Provisions		4,640	3,866	3,417	2,911	2,619
for pensions		1,669	1,475	1,446	1,312	1,185
other		2,971	2,391	1,971	1,599	1,434
Group own funds		6,772	6,492	5,891	5,365	5,056
Share capital		1,356	1,356	1,232	1,114	1,114
Disclosed reserves		4,162	4,018	3,641	3,284	3,164
Reserve arising from consolidation		889	851	765	732	565
Minority interests (excl. from profits)		365	267	253	235	213
Remaining liabilities		5,309	4,868	5,353	4,660	3,248
Consolidated profit		454	372	381	293	279
Balance Sheet Total		210,168	199,175	192,413	174,594	158,085
Own drawings in circulation (discounted)		14	50	74	31	7
Endorsement liabilities		5,480	4,849	3,902	3,446	2,492
Business Volume		215,662	204,074	196,389	178,071	160,584
Contingent liabilities from guarantees, etc.		21,198	20,495	21,470	18,717	16,357

Figures from the Consolidated Profit and Loss Account

	for the year	1983	1982	1981	1980	1979
Earnings on business volume (Interest surplus)		5,358	4,703	4,127	3,428	2,923
Earnings on services (Commission surplus)		1,257	1,020	996	892	785
Staff and other operating expenses		3,771	3,400	3,136	2,933	2,617
Taxes		1,238	977	818	735	665
Net income for the year		654	343	412	457	427
Number of staff at year's end		47,256	45,618	44,800	44,128	43,942

1978	1977	1976	1975	1974	1973	1972	1971	1970	1967
7,184	5,813	4,845	5,106	5,625	7,021	5,575	3,985	3,021	1,553
6,466	6,624	6,952	7,076	5,300	3,975	4,122	4,150	4,332	4,009
30,237	26,772	20,334	15,587	12,898	7,510	5,871	5,358	4,317	2,269
449	152	275	189	49	23	250	725	409	1,704
6,566	4,759	3,860	2,433	1,846	1,698	1,679	1,304	1,803	943
1,795	1,857	1,881	1,538	1,128	1,113	1,156	1,154	1,331	1,047
54,913	46,521	39,802	35,160	30,859	27,086	23,806	19,582	17,186	9,015
27,151	24,268	21,729	21,052	19,634	17,609	14,789	12,163	10,353	6,861
27,762	22,253	18,073	14,108	11,225	9,477	9,017	7,419	6,833	2,154
31,117	24,768	21,578	19,528	16,570	14,323	12,854	10,760	3,517	-
443	451	475	513	541	571	605	633	639	575
1,225	1,146	947	783	583	450	442	219	146	228
604	598	435	374	358	314	261	235	302	138
879	843	801	739	776	609	514	413	407	286
294	256	241	208	357	282	228	172	133	77
825	752	636	468						
1,038	973	583	411	553	251	272	271	67	-
1,339	1,362	1,167	916	806	712	653	568	472	43
680	596	435	510	449	436	470	258	316	246
146,054	124,243	105,247	91,539	78,698	66,374	58,758	49,787	38,398	22,133

42,778	35,771	28,574	21,574	17,540	10,404	9,812	7,829	7,598	3,168
36,546	29,796	22,616	16,373	12,711	5,909	5,347	4,043	4,526	587
55,965	49,508	44,073	41,571	38,147	36,499	31,124	27,483	24,460	17,010
19,185	15,955	12,064	10,469	12,724	13,972	9,346	8,384	7,976	4,133
21,544	19,972	19,441	18,367	14,963	13,298	12,215	10,672	9,030	6,542
5,410	4,283	2,844	1,220	528	200	-	-	-	-
32,219	26,183	22,439	20,444	17,127	14,653	13,659	11,208	3,656	-
2,198	1,842	1,629	1,460	1,298	981	899	724	626	431
1,097	989	907	844	745	551	491	439	408	327
1,101	853	722	616	553	430	408	285	218	104
4,573	4,003	3,522	3,325	2,524	2,394	2,099	1,815	1,462	1,111
1,040	960	900	900	720	720	640	560	480	400
2,851	2,490	2,200	2,100	1,549	1,459	1,274	1,064	880	650
474	404	293	192	124	83	63	80	45	53
208	149	129	133	131	132	122	111	57	8
2,630	2,358	1,858	1,667	1,313	1,082	1,024	602	498	325
281	295	308	278	221	161	141	126	98	88
146,054	124,243	105,247	91,539	78,698	66,374	58,758	49,787	38,398	22,133

7	3	2	2	1	-	2	2	-	1
345	254	603	138	710	842	1,633	974	875	143
146,406	124,500	105,852	91,679	79,409	67,216	60,393	50,763	39,273	22,277

16,609	14,688	14,326	12,429	9,457	6,497	4,721	4,669	4,482	2,222
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1978	1977	1976	1975	1974	1973	1972	1971	1970	1967
2,667	2,445	2,166	2,129	2,028	1,350	1,237	1,143	1,042	513
754	652	602	580	514	452	400	317	274	338
2,414	2,153	1,999	1,870	1,782	1,399	1,260	1,105	952	578
657	532	455	417	305	174	208	174	121	139
408	408	440	391	320	192	206	176	131	140
42,494	40,614	40,772	40,839	40,578	39,951	39,582	39,037	36,957	

Subsidiaries, associated companies and trade investments of Deutsche Bank AG

		Capital	Our holding		Capital	Our holding
German banks						
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	DM	40.0 m.	26.1%	Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt am Main	DM	1.0 m. 26.3%
Allianz Kapitalanlage GmbH, Stuttgart	DM	3.0 m.	8.0%	Handelsbank in Lübeck Aktiengesellschaft, Lübeck	DM	20.0 m. 90.2%
Deutsche Bank Berlin AG, Berlin	DM	70.0 m.	100 %	Industriebank von Japan (Deutschland) Aktiengesellschaft - The Industrial Bank of Japan (Germany) Frankfurt am Main	DM	60.0 m. 25.0%
Deutsche Bank Saar AG, Saarbrücken	DM	30.0 m.	69.2%	Liquidations-Casse in Hamburg AG, Hamburg	DM	1.2 m. 25.0%
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin - Cologne	DM	66.0 m.	85.1%	Liquiditäts Konsortialbank GmbH, Frankfurt am Main	DM	250.0 m. 6.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	DM	10.0 m.	100 %	Lombardkasse Aktiengesellschaft, Berlin - Frankfurt am Main	DM	9.0 m. 16.9%
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	DM	38.0 m.	47.3%	Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	DM	22.0 m. 25.0%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne	DM	6.0 m.	37.5%	Privatdiskont-Aktiengesellschaft, Frankfurt am Main	DM	10.0 m. 14.1%
Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft, Cologne	DM	90.0 m.	100 %	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 %
Deutsche Schiffspfandbriefbank Aktiengesellschaft, Berlin - Bremen	DM	1.0 m.	25.3%	International banks and financing companies		
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v.d.H.	DM	1.0 m.	60.0%	Al Bank Al-Saudi Al-Alami Ltd., London	£	75.0 m. 5.0%
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main	DM	70.4 m.	90.8%	Atlantic Capital Corporation, New York	US\$	0.3 m. 100%
Geta Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	45.0 m.	100 %	Banco Bradesco de Investimento, S.A., São Paulo	Cr. \$	38,520.0 m. 5.0%
				Banco Comercial Transatlántico, Barcelona	Ptas.	1,452.0 m. 32.1%
				Banco del Desarrollo Económico Español S.A., Madrid	Ptas.	929.8 m. 1.8%

		Capital	Our holding
Banco de Montevideo, Montevideo, Uruguay	Ur. pes.	28.1 m	44.0%
Banque Commerciale Congo laise, Brazzaville, Congo	CFA-francs	3,500.0 m	3.1%
Banque Commerciale du Maroc, Casablanca, Morocco	Dirham	72.9 m	7.1%
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 guilder	25.0 m.	50.0%
Corporación Financiera Colombiana, Bogotá, Colombia	Col. pesos	372.0 m.	0.2%
Deutsche Bank (Asia Credit) Ltd., Singapore	S\$	37.5 m.	100 %
Deutsche Bank (Canada), Toronto, Canada	Can.\$	10.0 m.	100 %
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	2,850.0 m.	99.9%
Deutsche Bank Finance N.V., Curaçao, N.A.	US\$	1.0 m.	100 %
Deutsche Bank (Suisse) S.A., Geneva	Sw. francs	30.0 m.	99.9%
Deutsche Credit Services, Inc., Dover, Delaware, U.S.A.	US\$	200.0	100 %
DB Finance (Hong Kong) Ltd., Hong Kong	HK\$	12.5 m.	99.9%
DB U.K. Finance Ltd., London	£	5.0 m.	99.9%
EDFSA Société Anonyme Holding, Luxembourg	US\$	16.0 m	6.3%
Euro-Pacific Finance Corporation Ltd., Melbourne, Australia	A\$	12.5 m.	8.0%

		Capital	Our holding
European Arab Holding S.A., Luxembourg	Lux. francs	3,000.0 m	12.8%
European Asian Bank Aktiengesellschaft, Hamburg	DM	196.0 m.	60.0%
European Asian Finance (HK) Ltd., Hong Kong	HK\$	35.0 m.	19.0%
European Banking Company Ltd., London	£	12.2 m	14.1%
European Banking Company S.A., Brussels	Belg. frs.	3,500.0 m.	14.3%
European Brazilian Bank Ltd., London	£	21.6 m.	13.7%
German American Capital Corporation, Baltimore, U.S.A.	US\$	0.01 m.	100 %
The Industrial Credit and Investment Corporation of India Ltd., Bombay, India	Ind. rupees	270.0 m.	1.5%
Intermex Holding S.A., Luxembourg	US\$	36.7 m.	12.0%
International Investment Corporation for Yugoslavia S.A., Luxembourg	US\$	13.5 m.	1.2%
Korea Long Term Credit Bank, Seoul, South Korea	Won	50,000.0 m	2.3%
M.D.M. Sociedade de Investimentos, S.A.R.L., Lisbon	Esc.	408.0 m.	33.3%
National Investment Bank for Industrial Development S.A., Athens	Drachmae	1,359.4 m.	4.9%
Private Investment Company for Asia S.A., Panama City, Panama	US\$	49.7 m.	0.5%
SIIIDA Investment Company S.A., Luxembourg	US\$	18.2 m.	0.5%
Société Camerounaise de Banque, Yaoundé, Cameroon	CFA francs	5,000.0 m.	3.2%

			Our				Our
			Capital	holding			
			Capital	holding			
Société Ivoirienne de Banque, Abidjan, Ivory Coast	CFA francs	6,000.0 m	6.0%	Deutsche Gesellschaft für Immobilien-Anlagen "America" mbH, Bad Homburg v.d.H.	DM	0.1 m.	55.0%
Teollistamisrahasto Oy Indus- trialization Fund of Finland Ltd., Helsinki	Fmk	100.0 m.	0.5%	Deutsche Gesellschaft für Immobilien- und Anlagen- Leasing mbH, Düsseldorf	DM	45.0 m.	50.0%
Union Gabonaise de Banque, Libreville, Gabon	CFA-francs	1,000.0 m	7.5%	Deutsche Grundbesitz-Anlage- gesellschaft mbH, Cologne	DM	1.0 m.	37.5%
Union Sénégalaise de Banque pour le Commerce et l'Industrie, Dakar, Senegal	CFA francs	2,000.0 m	1.9%	Deutsche Grundbesitz-Anlage- gesellschaft mbH u. Co., Löwenstein Palais oHG, Frankfurt am Main	DM	3.2 m.	6.2%
Union Togolaise de Banque, Lomé, Togo	CFA francs	1,500.0 m	18.0%	Deutsche Wagnishan- zierungs-Gesellschaft mbH, Frankfurt am Main	DM	50.0 m.	14.3%
Other German enterprises				Erste Sicherheitentreuhand- GmbH "Ruhrkohle", Düsseldorf	DM	0.1 m	33.3%
"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM	1.0 m	95.0%	Essener Grundstücks- verwaltung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen	DM	1.5 m.	96.7%
AV America Grundbesitz- verwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m.	55.0%	Euro Travellers Cheque Deutschland GmbH, Frankfurt am Main	DM	0.03 m	35.7%
CGT Canada Grundbesitz- Treuhand GmbH, Frankfurt am Main	DM	0.1 m	55.0%	Gesellschaft für Kredit- sicherung mbH, Cologne	DM	0.3 m.	36.7%
DB Capital Management International GmbH, Frankfurt am Main	DM	2.5 m	100.0%	GZS Gesellschaft für Zahlungssysteme mbH, Frankfurt am Main	DM	50.0 m.	12.0%
Deutsche Beteiligungs- gesellschaft mbH, Frankfurt am Main	DM	1.5 m	92.5%	Hessische Immobilien Verwal- tungs-Gesellschaft mbH, Frankfurt am Main	DM	1.0 m	95.0%
Deutsche Canada Grundbesitz- verwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m	55.0%	HOSTRA Beteiligungsgesell- schaft mbH, Düsseldorf	DM	51.2 m.	33.3%
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main	DM	0.5 m	85.0%	Jubiläumsstiftung der Deut- schen Ueberseeischen Bank GmbH, Unterstützungskasse, Frankfurt am Main	DM	0.02 m.	100.0%

	Capital	Our holding
Mago Beteiligungsgesellschaft mbH, Frankfurt am Main	DM 0.05 m.	98.0%
Matura Vermögensverwaltung mbH, Düsseldorf	DM 0.3 m.	100 %
"modernes Frankfurt" private Gesellschaft für Stadtentwicklung mbH, Frankfurt am Main	DM 0.1 m.	100 %
Nordwestdeutscher Wohnungsbaufrüher GmbH, Braunschweig	DM 0.2 m.	100 %
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	DM 42.9 m.	50.0%
Sicherheiten-Treuhand GbR, Düsseldorf	DM 0.1 m.	33.3%
Süddeutsche Vermögens- verwaltung GmbH, Frankfurt am Main	DM 4.0 m.	100 %
Tonias Vermögensverwaltung GmbH, Frankfurt am Main	DM 1.0 m.	100 %
Franz Urbig und Oscar Schlüter Stiftung GmbH, Düsseldorf	DM 0.02 m.	100 %

	Capital	Our holding
WINWE Beteiligungs- gesellschaft mbH, Frankfurt am Main	DM 0.6 m.	100 %
Other foreign enterprises		
Compañía de Mandatos Imo- biliaria y Financiera S.A., Buenos Aires, Argentina	Arg. pes 0.05 m.	99.3%
European Banks' International Company S.A., Brussels	Belg. francs 175.0 m.	14.3%
IMOBAL - Imobiliária e Administradora Ltda., São Paulo, Brazil	Cr\$ 162.1 m.	100 %
Society for Worldwide Interbank Financial Telecommunication SWIFT S.A., Brussels	Belg. francs 128.7 m.	1.6%

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

8.25%, 8% and 7.75% bond issues of the Bundesrepublik Deutschland of 1983
 8.25% and 7.75% bond issues of the Deutsche Bundesbahn of 1983
 8.5% and 7.75% bond issues of the Deutsche Bundespost of 1983
 7.5% bond issue of the Freistaat Bayern of 1983
 7.5% bond issue of the Freie Hansestadt Bremen of 1983
 7.5% bond issue of the Freie und Hansestadt Hamburg of 1983
 8% bond issue of the Land Niedersachsen of 1983
 5.5% notes of the Land Niedersachsen of 1983
 8.5%, 8.25%, 7.75% and 7.5% bond issues of the Land Nordrhein-Westfalen of 1983
 8% bond issue of the Landeshauptstadt Stuttgart of 1983
 8.25% and 7.5% bond issues of the Reconstruction Loan Corporation of 1983

Other domestic bond issues, mortgage and communal bonds

Deutsche Hypothekbank
 (Actien-Gesellschaft)

Convertible and option bonds of domestic and foreign issuers

denominated in Deutsche Mark:

Deutsche Bank Compagnie Financière
 Luxembourg S.A.
 Dresdner Finance B.V.
 Klein, Schanzlin & Becker
 Aktiengesellschaft
 Veba International Finance B.V.

denominated in foreign currencies:

Ahold N.V.
 BASF Finance Europe N.V.

Central Finance Co., Ltd.
 Credit Foncier de France
 Credit Suisse (Bahamas) Ltd.
 Daiwa Securities Co., Ltd.
 Dart & Kraft Finance N.V.
 Deutsche Bank Compagnie Financière
 Luxembourg S.A.
 Dresdner Finance B.V.
 Electricité de France
 Fanuc Ltd.
 Fuji Photo Film Co., Ltd.
 Honda Motor Co., Ltd.
 IC Industries Finance Corporation N.V.
 ICI Finance (Netherlands) N.V.
 KLM Royal Dutch Airlines
 Mitsubishi Corporation
 Mitsubishi Electric Corporation
 Mitsubishi Heavy Industries, Ltd.
 Nissan Motor Co., Ltd.
 The Nomura Securities Co., Ltd.
 Océ van der Grinten N.V.
 N.V. Philips' Gloeilampenfabrieken
 Prudential Overseas Funding
 Corporation N.V.
 Royscot International Finance B.V.
 Schering International Finance B.V.
 The Seagram Company Ltd.
 Secom Co., Ltd.
 Siemens Western Finance N.V.
 Veba International Finance B.V.

Bonds of foreign issuers

denominated in Deutsche Mark

Air Canada
 Alusuisse Capital Limited
 AMCA International Limited
 Asiatische Entwicklungsbank
 Australien
 Avon International Finance N.V.
 Bank of Tokyo (Curacao) Holding N.V.
 Banque Française du Commerce Extérieur
 Banque Nationale de Paris
 Barclays Overseas Investment
 Company B.V.
 Bayer Capital Corporation N.V.
 Beatrice Foods Overseas Finance N.V.
 Caisse Nationale des Télécommunications
 Canadian Imperial Bank of Commerce
 Credit Foncier de France

Königreich Dänemark
 Department of Posts and
 Telecommunications
 of the Republic of South Africa
 Electricité de France
 Electricity Supply Commission (ESCOM)
 AB Electrolux
 EUROFIMA Europäische Gesellschaft für
 die Finanzierung von Eisenbahnmateriale
 Europäische Atomgemeinschaft
 (EURATOM)
 Europäische Gemeinschaft für
 Kohle und Stahl
 Europäische Investitionsbank
 Europäische Wirtschaftsgemeinschaft
 Republik Finnland
 GMAC Overseas Finance Corporation N.V.
 Hypothekbank und Finanzverwaltung des
 Königreichs Dänemark
 The Industrial Bank of Japan
 Finance Company N.V.
 Inter-Amerikanische Entwicklungsbank
 Internationale Bank für Wiederaufbau und
 Entwicklung (Weltbank)
 International Standard Electric Corporation
 Republik Irland
 ITT Antilles N.V.
 The Japan Development Bank
 Kjøbenhavns Telefon Aktieselskab
 Stadt Kobe
 The Korea Development Bank
 The Long Term Credit Bank of Japan
 Finance N.V.
 Malaysia
 Mc Donald's Finance Company N.V.
 Megal Finance Company Ltd.
 Michelin Finance (Pays-Bas) B.V.
 Mitsubishi Heavy Industries, Ltd.
 Nippon Steel Corporation
 Olivetti International S.A.
 Stadt Oslo
 Philip Morris International Capital N.V.
 Rank Xerox Finance (Nederland) B.V.
 Renault Acceptance B.V.
 SBC Finance (Cayman Islands) Ltd.
 Königreich Schweden
 Société Nationale des Chemins
 de Fer Français
 South African Iron and Steel
 Industrial Corporation, Ltd. (ISCOR)
 South African Transport Services
 Republik Sudafrika
 Sumitomo Finance (Asia) Limited

United Technologies Finance
(Netherlands Antilles) N.V.
Volkswagen International Finance N.V.

denominated in foreign currencies:

Alcan Australia Limited
Allied Irish Banks Ltd.
AMCA International Limited
Amoco Australia Limited
Amsterdam Rotterdam Bank N.V.
Asiatische Entwicklungsbank
Australian Industry Development
Corporation
Australien
Avon International Finance N.V.
Bank of Tokyo (Curaçao) Holding N.V.
The Bank of Tokyo (Holland) N.V.
Banque Francaise du Commerce Extérieur
Banque Nationale de Paris
BASF Finance Europe N.V.
Königreich Belgien
BHP Finance Limited
BMW Overseas Enterprises N.V.
British Columbia Hydro and Power Authority
Bristol Finance B.V.
CAFCI
Canada
Chemical New York N.V.
Coca Cola International Finance N.V.
G. J. Coles & Coy. Limited
Creditanstalt-Bankverein
Crédit Foncier de France
Crédit National
Credit Suisse (Bahamas) Limited
Königreich Dänemark
The Dai-ichi Kangyo Bank Nederland N.V.
Den norske Creditbank
Deutsche Bank Finance N.V.
EAB Finance N.V.
EBCO International B.V.
A/S Eksportfinans
Electricité de France
AB Electrolux
Euserch Finance N.V.
EUROHMA Europäische Gesellschaft für
die Finanzierung von Eisenbahnmateriale
Europäische Atomgemeinschaft
(EURATOM)
Europäische Gemeinschaft für
Kohle und Stahl
Europäische Investitionsbank

Europäische Wirtschaftsgemeinschaft
Export Development Corporation
Financiering Maatschappij
d'Oranjeboom B.V.
Republik Finnland
First Interstate Overseas N.V.
Genfinance N.V.
GMAC Overseas Finance Corporation N.V.
Honeywell International Finance N.V.
Hypothekenbank und Finanzverwaltung des
Königreichs Dänemark
IC Industries Finance Corporation N.V.
The Industrial Bank of Japan, Limited
The Industrial Bank of Japan
Finance Company N.V.
Inter-Amerikanische Entwicklungsbank
Internationale Bank für Wiederaufbau und
Entwicklung (Weltbank)
Intershop Overseas Finance (Curaçao) N.V.
Republik Irland
Republik Italien
IIT Finance N.V.
Japan Air Lines Company, Ltd.
Levi Strauss International Finance Co. N.V.
The Long-Term Credit Bank of Japan
Finance N.V.
Malaysia
Merrill Lynch Overseas Capital N.V.
Mitsubishi Corporation
Mitsubishi Estate Company, Limited
Mitsubishi Finance (Hong Kong) Limited
J. P. Morgan International Capital N.V.
N.V. Nederlandse Gasunie
Neuseeland
The Nippon Credit Bank (Curaçao)
Finance N.V.
Nippon Telegraph & Telephone
Public Corporation
Nordic Investment Bank
Norsk Hydro a.s.
Österreichische Kontrollbank
Aktiengesellschaft
Ontario Hydro
J. C. Penney Overseas Finance N.V.
N.V. Philips' Gloeilampfabrieken
Primary Industry Bank of Australia Limited
Province of British Columbia
Province of Nova Scotia
Province of Saskatchewan
Prudential Overseas Funding
Corporation N.V.
Rank Xerox Finance Nederland B.V.
Revlon International Finance B.V.

Richardson-Vicks Overseas Finance N.V.
Rio Tinto Zinc Finance B.V.
Saitama International (Hong Kong) Limited
Königreich Schweden
Scotland International Finance B.V.
Security Pacific National Bank
Skandinaviska Enskilda Banken
Société Nationale des Chemins
de Fer Français
Königreich Spanien
Republik Südafrika
Taiyo Kobe Finance Hong Kong Limited
Time-Life Overseas Finance Corp. N.V.
Volkswagen International Finance N.V.
Aktiebolaget Volvo
Westpac International Finance B.V.
Weyerhaeuser Capital Corporation N.V.
Woolworth Limited
Xerox Canada Inc.

Domestic shares

AFSCUI AP-WERKE Aktiengesellschaft
vormals Jetter & Scheerer
AGAB Aktiengesellschaft für Anlagen und
Beteiligungen
Aktiengesellschaft für Industrie und
Verkehrswesen
Allgemeine Rentenanstalt Lebens- und
Rentenversicherungs-Aktiengesellschaft
Allianz Lebensversicherungs-
Aktiengesellschaft
Allianz Versicherungs-Aktiengesellschaft
AUDISU AUTO UNION
Aktiengesellschaft
Badische Gas- und Elektrizitätsversorgung
Aktiengesellschaft
BASF Aktiengesellschaft
Bayer Aktiengesellschaft
Berliner Kraft- und Licht (Bewag)
Aktiengesellschaft
Binding-Brauerei Aktiengesellschaft
Bonner Zementwerk Aktiengesellschaft
Brauerei Cluss Aktiengesellschaft
Braunschweigische Maschinenbauanstalt
Aktiengesellschaft
Bremer Vulkan Aktiengesellschaft Schiffbau
und Maschinenfabrik
Bruggener Aktiengesellschaft für
Tonwaren-Industrie
BUCKAU-WALTHER Aktiengesellschaft
Burbach-Kaliwerke Aktiengesellschaft

CFAG Industrie Aktien und Anlagen
 Aktiengesellschaft
 Continental Gummi Werke
 Aktiengesellschaft
 Dachziegelwerke Idunahall
 Aktiengesellschaft
 Daimler-Benz Aktiengesellschaft
 Degussa Aktiengesellschaft
 Deutsche Continental
 Rückversicherungs Aktiengesellschaft
 Dierig Holding Aktiengesellschaft
 Dyckerhoff & Widmann Aktiengesellschaft
 Dyckerhoff Zementwerke
 Aktiengesellschaft
 Energieversorgung Oberfranken
 Aktiengesellschaft
 Etienne Aigner Aktiengesellschaft
 Frankona Rückversicherungs
 Aktien-Gesellschaft
 Garbe, Lahmeyer & Co. Aktiengesellschaft
 GESTRA Aktiengesellschaft
 Girmes Werke Aktiengesellschaft
 Guano Werke Aktiengesellschaft
 HAGEN Batterie Aktiengesellschaft
 Handels- und Privatbank Aktiengesellschaft
 Handelsvereinigung Dietz & Richter
 Gebrüder Lodde Aktiengesellschaft
 Hapag-Lloyd Aktiengesellschaft
 Herlitz Aktiengesellschaft
 Hoechst Aktiengesellschaft
 Hoesch Werke Aktiengesellschaft
 Konrad Hornschuch Aktiengesellschaft
 Industriekreditbank Aktiengesellschaft--
 Deutsche Industriebank

Kali-Chemie Aktiengesellschaft
 Katz Werke Aktiengesellschaft
 Klein, Schanzlin & Becker
 Aktiengesellschaft
 Kölnische Rückversicherungs-Gesellschaft
 Aktiengesellschaft
 Kolsch-Fölzer Werke Aktiengesellschaft
 Koenig & Bauer Aktiengesellschaft
 Langbein-Pfahnhäuser Werke
 Aktiengesellschaft
 Leonische Drahtwerke Aktiengesellschaft
 M.A.N. Maschinenfabrik
 Augsburg-Nürnberg Aktiengesellschaft
 M.A.N. Roland Druckmaschinen
 Aktiengesellschaft
 Mannesmann Aktiengesellschaft
 Mannesmann-Demag Aktiengesellschaft
 Mannheimer Versicherung
 Aktiengesellschaft
 Maschinenfabrik Esslingen
 Aktiengesellschaft
 Mercedes Automobil Holding
 Aktiengesellschaft
 Münchener
 Rückversicherungs-Gesellschaft
 Aktiengesellschaft in München
 Nixdorf Computer Aktiengesellschaft
 PREUSSAG Aktiengesellschaft
 Rheinelektra Aktiengesellschaft
 Rheinisch-Westfälisches Elektrizitätswerk
 Aktiengesellschaft
 RHENAG Rheinische Energie
 Aktiengesellschaft
 Ruberoidwerke Aktiengesellschaft

Scheidemandel Aktiengesellschaft
 Schering Aktiengesellschaft
 Schichau Unterweser Aktiengesellschaft
 Seilwohlf Aktiengesellschaft
 Siemens Aktiengesellschaft
 Spinnererei und Webereien Zell-Schönau
 Aktiengesellschaft
 Spinnerei und Weberei Pforsee
 Aktiengesellschaft
 STOLLWERCK Aktiengesellschaft
 Otto Stumpf Aktiengesellschaft
 Thüringer Gas Aktiengesellschaft
 Joseph Vögele Aktiengesellschaft
 C.J. Vogel Draht- und Kabelwerke
 Aktiengesellschaft
 Wella Aktiengesellschaft
 Wilkens Bremer Silberwaren
 Aktiengesellschaft
 Wintershall Aktiengesellschaft
 Württembergische Feuerversicherung
 Aktiengesellschaft
 ZANDERS Feinpapiere Aktiengesellschaft
 ZCAG Zementwerk Lauffen-Elektrizitätswerk
 Heilbronn Aktiengesellschaft

Foreign shares

Amsterdam-Rotterdam Bank N.V.
 FIAT S.p.A.
 Fisons Ltd.
 Lafarge Coppée S.A.
 The Rio-Tinto Zinc Corporation plc
 Aktiebolaget Volvo

Central Office: Frankfurt am Main/Düsseldorf

6000 Frankfurt am Main 1

Grosse Gallusstrasse 10 - 14 - Junghofstrasse 5 - 11

4000 Düsseldorf 1, Königsallee 45 - 47

Domestic branches:

Aachen
with 5 sub-branches
Aalen (Württ)
with 1 sub-branch
Achim (Bz Bremen)
Ahaus
Ahlen (Westf)
Ahrensburg (Holst)
Albstadt
with 1 sub-branch
Alfeld (I. eine)
Alsdorf (Rheinl)
Alsfeld (Oberhess)
Altena (Westf)
Altenkirchen (Westerw)
Alzey
Amberg
Andernach
Ansbach
Arnsberg
with 1 sub-branch
Aschaffenburg
Asperg
Attendorn
Augsburg
with 7 sub-branches
Aurich
Backnang
Bad Berleburg
Bad Driburg (Westf)
Bad Dürkheim
Baden-Baden
Bad Harzburg
Bad Hersfeld
Bad Homburg v. d. Höhe
Bad Honnef
Bad Iburg
Bad Kreuznach
Bad Laasphe
Bad Lauterberg
Bad Lippspringe
Bad Mergentheim
Bad Münstereifel
Bad Neuenahr
Bad Oeynhausen
Bad Oldesloe
Bad Pyrmont
Bad Reichenhall

Bad Sachsa (Südharz)
Bad Säckingen
Bad Salzflen
with 1 sub-branch
Bad Segeberg
Bad Tölz
Bad Wildungen
Bad Wörishofen
Bad Zwischenahn
Balingen
Bamberg
Barsinghausen
Baunatal
Bayreuth
Bockum (Bz Münster)
Bendorf (Rhein)
Bensheim
Bergheim (Erlf)
Bergisch Gladbach
with 1 sub-branch
Bergneustadt
Bernkastel-Kues
Betzdorf (Sieg)
Biberach (Riss)
Biedenkopf
Bielefeld
with 7 sub-branches
Bietigheim (Württ)
Bingen (Rhein)
Blomberg (Lippe)
Bocholt
Bochum
with 7 sub-branches
Böblingen (Württ)
Bonn
with 6 sub-branches
Bonn-Bad Godesberg
Boppard
Borken
Bottrop
with 1 sub-branch
Bramsche (Bz Osnabrück)
Braunschweig
with 12 sub-branches
Bremen
with 14 sub-branches

Bremen-Vegesack
Bremerhaven
with 3 sub-branches
Bretten
Brilon
Bruchsal
Brühl (Bz Cologne)
Brunsbüttel
Buchholz i. d. Nordheide
Bühl (Baden)
Bünde
Burgdorf (Han)
Burscheid (Rhein)
Buxtehude
Castrop-Rauxel
with 1 sub-branch
Celle
Clausthal-Zellerfeld
Cloppenburg
Coburg
Coesfeld
Cologne
with 27 sub-branches
Crailsheim
Cuxhaven
Dachau
Darmstadt
with 5 sub-branches
Datteln (Westf)
Deggendorf
Derdorf
Delmenhorst
Detmold
Dietzenbach
Dillenburg
Dinslaken (Niederrhein)
with 1 sub-branch
Donaueschingen
Dormagen (Niederrhein)
Dorsten
Dortmund
with 13 sub-branches
Dreieich
Dulmen
Düren (Rheinl)
with 1 sub-branch
Düsseldorf
with 31 sub-branches
Düsseldorf-Benrath
with 1 sub-branch

Duisburg
with 23 sub-branches
Duisburg-Hamborn
Einbeck
Eislingen
Eitorf
Ellwangen (Jagst)
Elmshorn
Elten
Eltville
Emden
Emmendingen
Emmerich
Emsdetten
Engelskirchen
Ennepetal
with 1 sub-branch
Erding
Erkelenz
Erkrath (Bz Düsseldorf)
Erlangen
Eschborn
Eschwege
Eschweiler
Espolkamp
Essen
with 26 sub-branches
Esslingen (Neckar)
Ettlingen
Fuskirchen
Eutin
Fellbach (Württ)
Flensburg
with 3 sub-branches
Forchheim
Frankenthal (Pfalz)
Frankfurt am Main
with 25 sub-branches
Frankfurt (Main) Höchst
Frechen
Freiburg (Breisgau)
with 6 sub-branches
Freising
Freudenberg (Kr Siegen)
Friedberg (Hess)
Friedrichshafen
Fürstentumbruck
Fürth (Bay)
with 1 sub-branch

Fulda
with 1 sub-branch
Gaggenau (Murgtal)
Garmisch-Partenkirchen
Geesthacht
Geislingen (Steige)
with 1 sub-branch
Geldern
Gelsenkirchen
with 5 sub-branches
Gengenbach
Georgsmarienhütte
with 1 sub-branch
Gerlingen (Württ)
Germering
Gornsbach (Murgtal)
Gersthofen
Geske (Westf)
Gevelsberg
Giengen (Brenz)
Giessen
Gifhorn
with 1 sub-branch
Ginsheim Gustavsburg
Gladbeck (Westf)
with 1 sub-branch
Goch
Göppingen
with 1 sub-branch
Göttingen
with 1 sub-branch
Goslar
with 1 sub-branch
Greifrath
Grenzach-Wyhlen
Greven (Westf)
Grevenbroich
Griesheim ü/Darmstadt
Gronau (Leine)
Gronau (Westf)
Gross-Gerau
Grünwald
Günzburg
Gutersloh
with 1 sub-branch
Gummersbach
Haan (Rheinl)
Hagen (Westf)
with 8 sub-branches

Haiger
Halle (Westf)
Hamburg
with 44 sub-branches
Hamburg-Altona
Hamburg-Bergedorf
Hamburg-Harburg
Hameln
Hamm (Westf)
with 3 sub-branches
Hanau
Hann. Münden
Hanover
with 18 sub-branches
Harsewinkel
Haslach (Kinzigtal)
Hattingen (Ruhr)
Heidelberg
with 4 sub-branches
Heidenheim (Brenz)
Heilbronn (Neckar)
with 1 sub-branch
Heiligenhaus (Düsseldorf)
Helmstedt
Hemer
Henriet (Sieg)
Heppenheim
Herborn (Dillkr)
Herdecke (Ruhr)
Herford
Herc
with 4 sub-branches
Herten (Westf)
Herzberg (Harz)
Herzogenrath
with 1 sub-branch
Heusenstamm
Hilden
with 1 sub-branch
Hildesheim
with 2 sub-branches
Hockenheim (Baden)
Höhr-Grenzhausen
Höxter
Holzminden
Horn-Bad Meinberg
Hückelhoven
Hückeswagen

Hürth (Bz Cologne)
Husum (Nordsee)
Ibbenbüren
Idar-Oberstein
with 1 sub-branch
Ingelheim (Rhein)
Ingolstadt (Donau)
with 3 sub-branches
Iserlohn
with 1 sub-branch
Itzehoe
Jever
Jülich
Kaarst
Kaiserslautern
with 1 sub-branch
Kamp-Lintfort
Karlsruhe
with 6 sub-branches
Kassel
with 5 sub-branches
Kehl
Kempfen (Niederrhein)
Kempten (Allgäu)
Kerpen
Kervelaer
Kiel
with 7 sub-branches
Kierspe (Westf)
Kirchheim unter Teck
Kleve (Niederrhein)
with 1 sub-branch
Koblenz
with 1 sub-branch
Königsbrunn
Königstein (Taunus)
Konstanz
with 2 sub-branches
Konz ü/Trier
Kornwestheim (Württ)
Korschenbroich
Krefeld
with 7 sub-branches
Krefeld-Uerdingen
Kreuzau
Kreuztal (Kr Siegen)
Kronberg (Taunus)
Künzelsau
Kulmbach

Laatzen
Lage (Lippe)
Lahnstein
Lahr (Schwarzw)
Landau (Pfalz)
Landsberg (Lech)
Landshut
Landstuhl
Langen (Hess)
Langenfeld (Rheinl)
Langenhagen (Han)
with 1 sub-branch
Lauenburg
Lauda d Pegnitz
Lauterbach (Hess)
Leer (Ostfriesl)
Leichlingen (Rheinl)
Leinfelden
Leimgo
Lengerich (Westf)
Lennestadt
Leonberg (Württ)
Leutkirch
Leverkusen
with 2 sub-branches
Leverkusen-Opladen
Limburg
Limburgerhof
Lindau (Bodensee)
Lingen
Lippstadt
Löhr (Westf)
Lörrach
with 1 sub-branch
Lohne (Oldb)
Ludwigsburg (Württ)
with 1 sub-branch
Ludwigshafen (Rhein)
with 6 sub-branches
Lübbecke
Lübeck
with 5 sub-branches
Lüdenscheid
Lüneburg
with 1 sub-branch
Lünen
with 1 sub-branch
Mainz
with 4 sub-branches

Mannheim with 17 sub-branches	Neuss with 4 sub-branches	Radevormwald	Siegen with 4 sub-branches
Marbach	Neustadt (b Coburg)	Radolfzell	Sindelfingen
Marburg (Lahn)	Neustadt (Weinstr)	Rastatt	Singen (Hohentwiel)
Marktoberdorf	Neu-Ulm	Ratingen with 3 sub-branches	Soest
Marl (Kr Recklinghausen)	Neuwied with 1 sub-branch	Raunheim	Solingen with 4 sub-branches
Mayen	Nienburg (Weser)	Ravensburg with 1 sub-branch	Soltau
Meckenheim (Rheinl)	Nördlingen	Recklinghausen	Sonthofen
Moersbusch with 1 sub-branch	Norden	Regensburg with 4 sub-branches	Spaichingen
Meinerzhagen (Westf)	Norderney	Roinbek (Bz Hamburg)	Sponge
Melle	Norderstedt	Remagen	Speyer
Memmingen	Nordhorn	Remscheid with 5 sub-branches	Sprockhövel (Westf)
Menden (Sauerl)	Northeim	Rendsburg	Stade
Meppen	Nürtingen	Reutlingen with 1 sub-branch	Stadthagen
Meschede	Nuremberg with 14 sub-branches	Rheda-Wiedenbruck	Stadtlohn
Mettmann	Oberhausen (Rheinl) with 9 sub-branches	Rheinbach	Starnberg
Metzingen (Württ)	Oberkirch (Baden)	Rheinberg (Rheinl)	Steinfurt with 1 sub-branch
Miltenberg	Obertshausen	Rheine (Westf) with 2 sub-branches	Stolberg (Rheinl)
Minden (Westf)	Oberursel (Taunus)	Rheinfelden (Baden)	Straubing
Mönchengladbach with 8 sub-branches	Öhringen	Rinteln (Weser)	Stuttgart with 13 sub-branches
Mönchengladbach-Rheydt	Oldes	Rodgau	Stuttgart Bad Cannstatt
Moers with 2 sub-branches	Oerlinghausen	Rosenheim (Bay)	Sundern (Sauerl)
Monheim (Rheinl)	Offenbach (Main) with 2 sub-branches	Rottenburg	Tausenstein
Montabaur	Ottoburg (Baden)	Rottweil	Tettmang
Mosbach (Baden)	Oldenburg (Oldbg) with 1 sub-branch	Rüsselsheim (Hess) with 1 sub-branch	Titisee-Neustadt
Mühlacker (Württ)	Olpe (Westf)	Salzgitter-Bad with 2 sub-branches	Tönisvorst
Mühdorf (Inn)	Osnabrück with 4 sub-branches	Salzgitter-Lebenstedt with 1 sub-branch	Traben-Trarbach
Mühlheim (Main)	Osterholz-Scharmbeck	Salzgitter-Watenstedt	Triberg (Schwarzw)
Mülheim (Ruhr) with 3 sub-branches	Osteroede (Harz)	St. Georgen (Schwarzw)	Trier with 1 sub-branch
Müllheim (Baden)	Ottobrunn	Schmallenberg (Sauerl)	Troisdorf
Münster (Westf) with 8 sub-branches	Paderborn	Schopfheim	Tübingen with 1 sub-branch
Munich with 46 sub-branches	Papenburg	Schorndorf (Württ)	Tuttlingen
Munster	Peine	Schüttorf	Übach-Palenberg
Nagold	Pforzheim with 3 sub-branches	Schwabach	Überlingen (Bodensee)
Neckarsulm	Pfullingen (Württ)	Schwäbisch Gmünd with 1 sub-branch	Uelzen
Nettetal with 1 sub-branch	Pinneberg	Schwäbisch Hall	Ulm (Donau) with 1 sub-branch
Neuburg (Donau)	Pirmasens with 1 sub-branch	Schweinfurt	Unna
Neuenrade	Planegg	Schwelm	Vechta
Neu-Isenburg	Plettenberg	Schwerte (Ruhr)	Velbert (Rheinl) with 1 sub-branch
Neumarkt (Oberpf)	Plochingen	Schweizingen	Verden (Aller)
Neumünster	Quakenbrück	Seesen	Vörl
Neunkirchen (Kr Siegen)		Siegburg	Viernheim (Hess)
			Viersen with 3 sub-branches

VS Schwenningen
 VS Villingen
 Voerde
 Vohburg
 Vreden (Westf)
 Waiblingen
 Waldbröl
 Waldkirch (Breisgau)
 Waldshut
 Waltrop
 Wangen (Allgäu)
 Warendorf
 Wodet (Holst)

Weener (Fms)
 Wegberg
 Wehr (Baden)
 Weiden (Opf)
 Weil (Rhein)
 Weilheim
 Weingarten (Württ)
 Weinheim (Bergstr)
 with 1 sub-branch
 Weissenthurm
 Werdöhl
 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
 Wipperfürth
 Wissen (Sieg)
 Witten
 with 2 sub-branches
 Wittlich

Woltenbüttel
 Wolfsburg
 with 4 sub-branches
 Worms
 Wülfrath
 Würselen (Kr Aachen)
 Würzburg
 with 2 sub-branches
 Wuppertal
 with 15 sub-branches
 Xanten
 Zell (Mosel)
 Zirndorf
 Zweibrücken

German subsidiaries

Deutsche Bank Berlin Aktiengesellschaft,
Berlin
77 offices

Deutsche Bank Saar Aktiengesellschaft,
Saarbrücken
17 offices

Handelsbank in Lübeck Aktiengesellschaft,
Lübeck
40 offices

Deutsche Centralbodenkredit-Aktiengesellschaft,
Berlin–Cologne
11 offices

Frankfurter Hypothekbank Aktiengesellschaft,
Frankfurt am Main
11 offices

Lübecker Hypothekbank Aktiengesellschaft,
Lübeck
10 offices

Deutsche Kreditbank für Baufinanzierung Aktiengesellschaft,
Cologne
16 offices, 11 representative offices

GEFA Gesellschaft für Absatzfinanzierung mbH,
Wuppertal
19 offices

Subsidiaries:

GEFA Leasing GmbH,
Wuppertal

Efgee Gesellschaft für Einkaufs-Finanzierung mbH,
Düsseldorf

Deutsche Gesellschaft für Fondsverwaltung mbH,
Frankfurt am Main

DWS Deutsche Gesellschaft für Wertpapiersparen mbH,
Frankfurt am Main

Our bases throughout the world

Foreign branches

Argentina

Deutsche Bank AG
Sucursal Buenos Aires
Casilla de Correo 995, 1000 Buenos Aires
Bmè, Mitre 401, 1036 Buenos Aires
Karl Ostenrieder, Gerente General
Jürgen Rebouillon, Gerente General
Reinhard Scheele, Gerente General
Raul G. Stocker, Gerente General

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Filiaal Antwerpen
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2000 Antwerpen
Hans Michael Lüttge, Directeur

Deutsche Bank AG

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Boîte Postale 140b, Boulevard du Régent 50
1000 Bruxelles
Hans-Detlev von Garnier, Directeur
Dr. Joachim Hausser, Directeur

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Filial São Paulo/SP
Caixa Postal 30 427
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01051 São Paulo/SP
Manfred Hamburger, Gerente Geral
Bernd Wilken, Gerente Geral

France

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Succursale de Paris
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Dr. Gunter Frowein, Directeur

Hong Kong

Deutsche Bank AG
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33rd Floor, Gloucester Tower
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Cornelius Koch, General Manager

Italy

Deutsche Bank AG
Filiale di Milano
Casella Postale 1773, 20100 Milano
Via Sant'Orsola, 3, 20123 Milano
Jean-Luc Spetz, Direttore Generale
Winfredo G. Verhoeven, Direttore Generale

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Dr. Hans-J. Beck, General Manager
Takasumi Yasui, General Manager

Deutsche Bank AG

Osaka Branch
Nihon Seimei Sakaisuji
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Dr. Hans-Dieter Laumeyer, Manager
Akira Suzuki, Manager

Paraguay

Deutsche Bank AG
Sucursal Asunción
Casilla de Correo 1426
14 de Mayo esq. Estrella, Asunción
Jürgen Born, Gerente

Spain

Deutsche Bank Aktiengesellschaft
Sucursal en España
Paseo de la Castellana, 42
Madrid 1
Karl Otto Born, Director Gerente
Dr. Thomas Feske, Director Gerente
Oficina de Barcelona:
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Hannes Christian Pauck, Subdirector

United Kingdom

Deutsche Bank AG
London Branch
P.O. Box 441, 6 Bishopsgate
London EC2P 2AJ
Manfred A. ten Brink, General Manager
Ove Lindemann, General Manager
Christian Strenger, General Manager

U.S.A.

Deutsche Bank AG
New York Branch
P.O. Box 890, New York, NY 10101
9 West 57th Street, New York, NY 10019
Executive Vice Presidents
and General Managers:
Hans Joachim Buhr,
Dr. Helmut v. Natzmer,
Detlev Staedcker

Representative offices abroad

Arab Republic of Egypt

Deutsche Bank AG
Representative Office
P.O. Box 2306, 23 Kasr el Nil, Cairo
Michael Rücker
Region: Egypt, Ethiopia, Sudan

Australia

Deutsche Bank AG
Representative Office
G.P.O. Box 3479, Sydney, NSW 2001
15 Castlereagh Street, 12th Floor,
Sydney, NSW 2000
Bernard L. O'Neill
Region: Australia, New Zealand, Oceania,
Papua New Guinea

Bahrain
Deutsche Bank AG
Representative Office
P.O. Box 20619
Manama Centre (Entrance 1, 6th Floor)
Government Road, Manama/Bahrain
Dr. Gerhard Fischer
Region: Bahrain, Iraq, Jordan, Kuwait,
Lebanon, Oman, People's Democratic
Republic of Yemen, Qatar, Saudi Arabia,
Syria, United Arab Emirates, Yemen Arab
Republic

Brazil
Representação do Deutsche Bank AG
Caixa Postal 1392, 20001 Rio de Janeiro/RJ
Av. Rio Branco 123/1510
20040 Rio de Janeiro/RJ
Alexander O. Schlitter

Canada
Deutsche Bank AG
Representative Office for Canada
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Christian Strenger, General Manager

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John C. Curran Jr.,
President and Chief Executive Officer

Asian-Pacific Region
European Asian Bank AG
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Board of Managing Directors: Michael
Böhm, J. Nikolaus Korsch, Jark H. Woydt

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Lahore, Macao, Manila, Pusan, Seoul,
Singapore, Taipei

Representative offices in Sydney and Tokyo

Subsidiary in Sydney
European Asian of Australia Limited

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Spain
Banco Comercial Transatlántico, Barcelona

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Euro-Pacific Finance Corporation Ltd.,
Melbourne

Belgium
European Arab Bank (Brussels) S.A., Brussels
European Banking Company S.A., Brussels

Middle East
European Arab Bank (Middle East) Ltd.,
Manama/Bahrain

United Kingdom
European Arab Bank Ltd., London
European Banking Company Ltd., London

U.S.A.
European American Bancorp with
subsidiaries in New York and their bases in
Chicago and Los Angeles

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Libreville - Lomé - N'Djamena - Rabat
Yaoundé

America
Bogotá - Montevideo - São Paulo

Asia
Bombay - Singapore - Seoul

Europe
Athens - Helsinki - London - Madrid

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F. Hoogendijk



Banca Commerciale Italiana

F. Cingano (since March 1983)
E. Braggiotti



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Société Générale de Banque S.A.

Comte E. de Villegas de Clercamp
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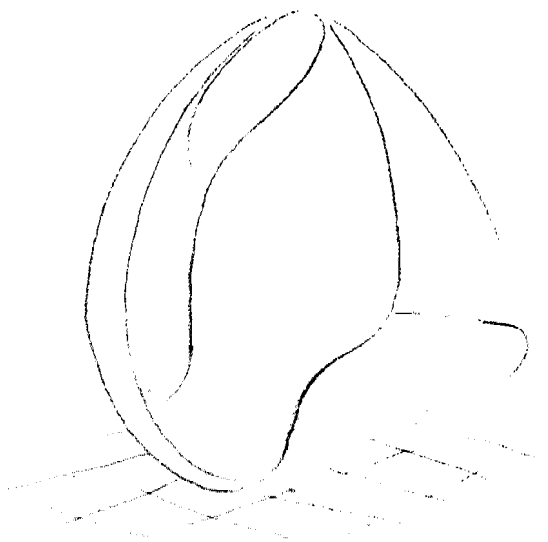


Société Générale (France)

J. Mayoux
M. Viénot

Secretariat

European Banks' International Company S.A. (EBIC S.A.),
Brussels



Max Bill, born 1908 in Winterthur, lives in Zumikon near Zurich. 1927–1929 studied at the Bauhaus, Hochschule für Gestaltung, Dessau. Since 1930 has worked as architect and painter, sculptor (since 1932), author (since 1936). Theoretical treatises covering all these areas. 1935 sculpture "unendliche Schleifen", 1935–1938 16 lithographs "quinze variations sur un même thème", a first experiment in serial and systematic thinking in painting. From the early 40's painting as product and steering of colour energies in space by means of geometrical structures. Favourite element: the square. 1950 co-founder of the Hochschule für Gestaltung, Ulm, first Rector. 1951 Grand Prix for Sculpture at the Sao Paulo Biennial. 1968 Kunstpreis der Stadt Zürich. 1979 Kulturpreis der Stadt Winterthur. Grand Cross of Merit of the Federal Republic of Germany. Honorary Doctorate of Engineering from the University of Stuttgart. 1982 Imperial Ring of the City of Goslar, Belgian Crown Medal. Honorary Member of the American Institute of Architects. Member of the Akademie der Künste Berlin, Foreign Member of the Koninklijke Academie voor Wetenschappen, Letteren en Schone Kunsten van België. Corresponding Member of the Académie d'architecture Paris.

Worldwide more than 80 works in public collections and museums. Has had more than 160 one-man exhibitions.

List of the screen prints depicted:

Front cover

- and Page 1 No. 96, "vier gleiche farbgruppen", 1969
 Page 12 No. 246, "vierteilige einheit aus dreiergruppen", 1982
 Page 18 No. 197, "vierfarbige rotation", 1976
 Page 36 No. 223, "kern mit farbstahlung", 1978
 Page 50 No. 245, "zwei quadrate mit verwanderten pythagoraschen dreiecken", 1982
 Page 56 No. 128, "zwei gleichgrosse gruppen", 1970
 Page 74 No. 243, "drei, vier und fünf gleiche farbreihen", 1982
 Page 140 Pencil drawing for the sculpture "kontinuität"