

## Deutsche Bank at a glance

<b>Deutsche Bank AG</b>	1984	1983
	DM m.	DM m.
Business volume . . . . .	143,400	122,800
Balance sheet total . . . . .	137,900	117,800
Funds from outside sources . . . . .	122,100	104,200
Total credit extended . . . . .	80,500	72,800
Capital and reserves . . . . .	6,235	5,518
Earnings on business volume . . . . .	4,217	4,146
Earnings on services . . . . .	1,167	1,076
Staff and other operating expenses . . . . .	3,545	3,316
Taxes . . . . .	937	940
Net income for the year . . . . .	503	469
Allocations to disclosed reserves . . . . .	150	150
Total dividend payment . . . . .	353	326
Dividend per share of DM 50 . . . . .	DM 12	DM 12
Shareholders . . . . .	245,000	240,000
Staff . . . . .	41,126	40,570
Customers (excl. banks) . . . . .	5.41 m.	5.31 m.
Offices . . . . .	1,162	1,157

<b>Group</b>	1984	1983
	DM m.	DM m.
Business volume . . . . .	238,400	215,700
Balance sheet total . . . . .	232,300	210,200
Funds from outside sources . . . . .	213,000	193,000
Total credit extended . . . . .	177,300	159,100
Capital and reserves . . . . .	7,699	6,772
Earnings on business volume . . . . .	5,650	5,488
Earnings on services . . . . .	1,350	1,257
Staff and other operating expenses . . . . .	4,238	3,952
Taxes . . . . .	1,241	1,238
Net income for the year . . . . .	674	654
Staff . . . . .	47,873	47,256
Customers (excl. banks) . . . . .	6.43 m.	6.34 m.
Offices . . . . .	1,411	1,407

**Report for the Year 1984**

**Deutsche Bank AG**



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## Honorary President

Hermann J. Abs, Frankfurt am Main

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## Supervisory Board

Hans L. Merkle, Stuttgart

*Chairman*

(from July 3, 1984)

Chairman of the Supervisory Board of Robert Bosch GmbH

Konrad Reeb, Munich\*, *Deputy Chairman*

Deutsche Bank AG

Dr. Hans Feith, Frankfurt am Main

Hagen Findeisen, Hamburg\*

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\*

Deutsche Bank Berlin AG

H. F. van den Hoven, Rotterdam

Dr. Karl Klasen, Hamburg

(until May 16, 1984)

President of Deutsche Bundesbank (retired)

Karlheinz Krippendorf, Cologne\*

Deutsche Bank AG

Dr. Hellmut Kruse, Hamburg

(from May 16, 1984)

Chairman of the Executive Board  
of Beiersdorf AG

Karl Messing, Düsseldorf\*

Deutsche Bank AG

Josef Pfaff, Cologne\*

Deutsche Bank AG

Dipl.-Ing. Dr.-Ing. E.h. Bernhard Plettner,  
Munich

Chairman of the Supervisory Board of Siemens AG

Gerhard Renner, Hamburg\*

Head of the National Section for Banks and Savings Banks in  
the National Executive of Deutsche  
Angestellten-Gewerkschaft

Irene Rodermund, Salzgitter\*

Deutsche Bank AG

Lorenz Schwegler, Düsseldorf\*

Member of the Main Executive Committee of Gewerkschaft  
Handel, Banken und Versicherungen

Franz Heinrich Ulrich, Düsseldorf

(Chairman until July 3, 1984)

Dipl.-Kfm. Günter Vogelsang, Düsseldorf

Lothar Wacker, Cologne\*

Deutsche Bank AG

Hannelore Winter, Düsseldorf

Housewife

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\* elected by the staff

## Advisory Board

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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)  
Chairman of the Board of Managing Directors of BASF AG

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

Professor Dipl.-Ing. Werner Breitschwerdt,  
Stuttgart  
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 Supervisory Board of BAYER AG

Dr. Carl H. Hahn, Wolfsburg  
Chairman of the Board of Managing Directors of  
Volkswagenwerk AG

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

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

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

Dr. Andreas Kleffel, Düsseldorf

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 Närger, Munich  
Member of the Board of Managing Directors of Siemens AG

Dr. rer. nat. Dietrich Natus,  
Frankfurt am Main (from May 16, 1984)  
Chairman of the Board of Managing Directors of  
Metallgesellschaft AG

Dr. Egon Overbeck, Düsseldorf (until May 16, 1984)  
Member of the Supervisory Board of Mannesmann AG

Professor Dr. Franz Josef Weisweiler, Düsseldorf  
(from May 16, 1984)  
Chairman of the Executive Board of Mannesmann AG

Casimir Prinz Wittgenstein, Frankfurt am Main  
(until October 23, 1984)

## Board of Managing Directors

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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

Rolf-E. Breuer, Deputy (from January 29, 1985)

Georg Krupp, Deputy (from January 29, 1985)

## **Executive Vice Presidents Senior Vice Presidents**

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### **Executive Vice Presidents**

Dr. Siegfried Gropper  
Dr. Hanns Kippenberger  
Christoph Könneker  
Heinrich Kunz  
Christian L. Vontz  
Dr. Winfried Werner  
Dr. Karl Friedrich Woeste

Chief Economist  
Dr. Franz Josef Trouvain

### **Senior Vice Presidents at the Central Office**

Horst Achenbach  
Dr. Klaus Albrocht  
Reinhold Bandomir  
Peter Beitel  
Dr. Helmut Bendig  
Claus-Werner Bertram  
Helmut von der Bey  
Dr. Dieter Bökenkamp  
Dr. Dieter Boschert  
Michael von Brentano  
Hans Buskase  
Ulrich Cutik  
Dr. Jürgen Delbrück  
Robert Dörner  
Dr. Michael Endres  
Dr. Hans-Peter Ferslev  
Hans Joachim Funck  
Dr. Klaus Gaertner  
Josef Gerhard  
Karl-Heinz Gersemsky  
Dr. Peter Grasnick  
Rudolf Habicht  
Dr. Frank Heintzeler  
Dr. Ulrich Hoppe  
Henning Jess  
Dr. Klaus Juncker  
Hans-Joachim Kesper  
Heinz Köhler  
Gerhard O. Koenig  
Paul Körtgen  
Dr. Klaus Kohler  
Dr. Jürgen Krumnow  
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 Olf  
Axel Osenberg  
Helmut Pottgiesser  
Werner Römer  
Dr. Peter Rösler  
Hans Rosentalski  
Wilhelm Schlaus  
Dr. Hans Walter Schlöter  
Ellen-Ruth Schneider-Lenné  
Dr. Karl Schneiders  
Dr. Werner Schwilling  
Rolf Sexauer  
Günter Sonnenburg  
Dr. Hans-Dieter Spanier  
Heinz Starzinski  
Dr. Ernst Taubner  
Erhard Ullrich  
Horst Volke  
Gerd Volkemer  
Walther Weber  
Dr. Olaf Wegner  
Johann Wieland  
Claus Wreth



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

Bielefeld  
Ernst Cremer  
Dr. Lothar Gruss  
Dr. Axel Wiesener  
Lothar Zelz

Bremen  
Dr. Roland Bellstedt  
Peter Hartmann  
Dr. Tessen von Heydebreck

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

Düsseldorf  
Günter Geller  
Wolfgang Möller  
Günter Sengpiel  
Dr. Rüdiger Weber

Essen  
Dr. Theodor E. Pietzcker  
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. Dieter Eisele  
Dr. Hans-Peter Hirner

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

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

Mainz  
Karl-Heinrich Scherer  
Dr. Klaus Stapper

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  
Dr. Wolfram Freudenberg  
Dr. Nikolaus Kunkel  
Michael Osterwind

Wuppertal  
Dr. Hans Hinrich Asmus  
Dr. Walter A. Blum  
Rolf-Peter Rosenthal  
Dr. Gerd Weber

## **Report of the Board of Managing Directors**

## On the Middle Classes

*According to Karl Marx, they should really no longer exist. The middle classes should have died out as a direct result of the growing intensity of the class struggle. Under his law of historical development, they would have been “overcome” by now.<sup>1)</sup>*

*Decades after Marx, Schumpeter said that the small and medium-sized firm would be ousted because technological progress displayed a one-sided and automatic tendency to favour big companies.<sup>2)</sup>*

*The scenario of decline that both predicted, though with totally different intentions, has not materialized. On the contrary: the middle classes have actually gained in importance. Has history deviated from its predestined path? Has it missed the target it is supposed to be working towards?*

*Karl Raimund Popper<sup>3)</sup> has urged us “to refuse to talk about meaning in history if what we are referring to is the “hidden meaning” in the drama of history . . .”. He says “that there are no discernible trends in history, . . . that not only the theories of progress . . ., but also the cyclical theories, the theories of retrogression and the prophecies of doom are untenable and utterly wrong in their general approach”.*

*What history is, what it reveals, depends on what we make of it. It is more in keeping with human dignity, more **meaningful**, to act on the principle that history receives its purpose from us, instead of from mystical, dialectical or organic historical powers.*

*Thus the structural foundations of our present-day society were laid by active politics. After the Second World War, we re-enacted – in quick motion, as it were – the whole process of building up an industrial democracy. The broad political objective behind this was to create a stratified, performance-oriented society with a stable foundation of general material prosperity. That is what was wanted and what political action actually brought about. If the majority had wanted something else, a different society would have evolved.*

*In our society, the broad middle classes have a special rôle and importance. The stronger they are, not only numerically, but also economically, intellectually, morally and politically, the less chance there will be of this society breaking up as a result of the antagonism between just two classes. This remark by Oswald von Nell-Breuning<sup>4)</sup>*

*indicates the various aspects of the socio-political influence exerted by the middle classes:*

Numerically: *They probably make up about half of the German population. They include a quarter of all workers, the majority of salaried employees and civil servants and most professional and self-employed people, scientists, academics and artists. Statistics clearly show that the ratio of industrial workers – counting them, for the sake of argument, as a separate group – to other population segments is not rising. The trend is actually just the opposite.*

*For most citizens in our community, to be a member of the middle classes is not only desirable, but also – judging by the trend – achievable. Today's society is turning more and more into a genuine middle-class society.*

Economically: *99.8% of all enterprises are small and medium-sized firms. They generate half of our national product. They account for 40% of total capital investment. They provide almost two-thirds of all jobs and – very important – roughly 80% of all training opportunities for young school-leavers, to whom they pass on their specific experience.*

*The middle classes are the source of most private savings. They pay over 60% of all taxes and social security contributions and – after deduction of transfers in the form of benefits and subsidies – bear over 80% of the state's entire financial outlay. Their net contribution actually makes them the "nation's paymaster".<sup>5)</sup>*

*The economic weight expressed in these figures necessarily has fundamental importance for the political order as such: the middle classes are at the very heart of our performance-oriented industrial society. "If the middle classes disappear, the free market economy and free competition will disappear with them, or at least be reduced to an extremely dubious economic system under threat of extinction."<sup>6)</sup>*

Intellectually: *Today almost 80% of students and 80% of professors come from the middle classes. Literature, art and the sciences are actively and passively shaped by the middle classes. The intellectual interest characteristic of the middle classes makes them the principal factor behind the development of society; not necessarily in the sense that they continuously initiate social change – this is mostly the achievement of individuals or active minorities – but rather that they take up or reject stimuli to economic, cultural and political development. To do this, they need critical understanding, the degree of which depends on natural ability and education. In this context, education does not just mean the learning and formative phase in life, but rather a state of mind which welcomes intellectual challenge and regards it as an essential instrument for solving problems as they arise. If the broad middle classes can base their decisions – as in the past – on the authority of their own intelligence, the more successfully these problems will be solved.*

Morally: *The question of the morality of the social classes which constitute, as it were, the backbone of our society is closely linked with two extremely important, fundamental issues: that of the ethics of the capitalist system in general and that of individual sets of values in particular. These two areas are closely inter-related and are both vital to the survival of the social market economy. The reason is that our system, as a society of free individuals, places high moral demands on its citizens, demands that go far beyond purely economic imperatives. A strong economy, by itself, does not constitute a moral community. Here, morality is not just one criterion among many for judging individual forms of human behaviour. The fundamental question is: can a market system, given human nature and the scarcity of resources, be a moral economic order compatible with human dignity?*

*The answer to this can be derived from the possible extreme exaggerations in human behaviour with regard to the limited availability of goods: uncontrolled striving after profit and advantage can turn into*

*miserliness and greed and lead to curtailment of the diversity of individual goals; unlimited accumulation of private capital rights leads to a power problem; social status based solely on market success and position leads to uncritical, excessive subjectivism and to the neglect of disinterested solidarity.<sup>7)</sup>*

*We need a social and ethical framework which prevents developments that lead to such distortions. In its legal and social system, our democracy has created such a framework. But this framework must accord with the set of basic values that each democratic individual considers binding.*

*Here, a deep-reaching societal problem has become more and more evident during the last few years. With increasing differentiation between the sub-groups in our society, the behavioural standards expected of the members of these sub-groups have grown further and further apart. For example: values and norms of conduct in the field of production are forming an increasingly sharp contrast to those in the consumer, leisure and cultural sphere. Discipline, organization, performance, solidarity and self-denial in the first area, spontaneity, non-commitment, self-expression and satisfaction in the second. In this situation there is the threat that the sense of common social purpose and a united will to surmount the diverse challenges of our times will be lost. It would be fatal to overlook the fact that, out of a purely hedonistic preoccupation with self-realization, that essential awareness of the reality of everyday economic, political and social imperatives is in danger of being forfeited.*

*The middle classes are also exposed to this danger. So far they have largely withstood it and this is one important reason why they have survived. The general orientation in their values has remained conservative in the sense of wanting to preserve what has been tried and tested; at the same time, they are progressive in being willing to absorb mod-*

*ern insights in so far as they are compatible with real life and practical requirements.*

Politically:

*The rôle and importance of the middle classes as set out under the above headings culminate in the political relevance of this segment of the community. They constitute one of the most important guarantees of our liberal and peaceful democratic structure. There is one thing we should not overlook: the success achieved so far by the social market economy in creating and distributing wealth and economic security has given a growing number of people the opportunity and time for political and ideological activities which may also run counter to our system. As a group which can contain or combat disruptive social tendencies from within, the middle classes ease such tensions. Today, they are largely free of ideological radicality and intellectual-political intolerance. This and their permeability, stemming from the freedom to enter and leave at will, give the middle classes a sociologically integrating character that tends to defuse differences. They act like a collection and transit area in the continuous process of social ascent and descent. They ensure that the process of differentiation does not lead to exclusive groups, but to a more fluid structure offering the incentive of "upward mobility".*

*In this way, they establish a democratic plurality as the basis for further progress in freedom.*

*To quote Popper again:*

*"A pluralistic social order is the necessary framework for any objective, for any policy that goes beyond the immediate present; for any policy that has a sense of history and wants to make sense of history."<sup>(8)</sup>*

*A policy like this needs strong and responsible middle classes. To create and preserve them makes demands that are tantamount to fundamental political principles:*

- *Our goal must be to guarantee an open society, with a differentiated structure stemming from decentralized self-determination and not from hierarchical regulation. The principle of permeability must be given special priority for the simple reason that our community is characterized by a growing diversity and multiplicity of groupings that can often be mutually exclusive.*
- *We must not impose a structural and financial burden on the productive middle classes, the self-employed, entrepreneurs and firms that reduces their efficiency and undermines their motivation. The limits to taxability have been reached, indeed overstepped in many cases. A confiscatory level of taxes and other levies weakens the economy, puts too much emphasis on redistribution as an objective and leads, through imperfect allocation of resources, to the abuse of state welfare, on the one hand, and, on the other, to irritation on the part of those who should actually be a pillar of the state.*

*The business community itself, however, should also endeavour to preserve the middle classes. The big conglomerates of trade and industry, for example, should not exert too much pressure through their buying and pricing power if they wish to retain a healthy supplier and customer structure.*

- *The state must pursue an education policy that creates equal opportunities, but looks for unequal results. The diversity of talents should be able to flourish in an atmosphere of the greatest possible intellectual and institutional freedom, in which competition disciplines and performance is seen to be rewarded.*
- *Only the moral quality of politics will leave its mark on society in the long term. Certainly no democratic government can persist in doing something that would reduce its chances of re-election. It, too, is committed to interests. The question, however, is not just one of retaining power, but also of legitimation. This calls for the credibility*



*that comes from action that accords with words. Being able to depend on this is what most citizens want as an everyday experience, not as a utopian dream.*

*Politics and the middle classes, therefore, are mutually linked within the context of society and social goals: the middle classes need political decisions that activate their strengths for the development of our free system and politics needs middle classes that are aware of their responsibility for the community and serve it by active participation in shaping our political life. They will be all the more willing and able to do this if their acceptance of society and state is rooted in something deeper and more stable than mere satisfaction with the material conditions of life.*

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- <sup>1)</sup> cf. Karl Marx, *The Communist Manifesto*, 4th authorized German edition (Sozialdemokratische Bibliothek, Vol. 33), London 1890, p. 15
- <sup>2)</sup> cf. Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, 4th edition, London 1954, p. 134
- <sup>3)</sup> Karl R. Popper, *Selbstbefreiung durch das Wissen*, in: *Auf der Suche nach einer besseren Welt*, Munich 1984, pp. 149–163, here p. 151 ff.
- <sup>4)</sup> Oswald v. Nell-Breuning, *Mittelstand*, in: *Staatslexikon*, fifth volume, 6th edition, Freiburg 1960, Cols. 783–790, here Col. 783 f.
- <sup>5)</sup> cf. Eberhard Hamer, *Der Mittelstand als Finanzier des Sozialstaates*, in: *Das Parlament*, 1983, No. 35, p. 6
- <sup>6)</sup> Franz Böhm, *Die Bedeutung des Mittelstandes und die Ursachen seiner Gefährdung*, in: Alexander Rüstow et al., *Der mittelständische Unternehmer in der Sozialen Marktwirtschaft*, Ludwigsburg 1956, pp. 9–20, here p. 12
- <sup>7)</sup> cf. Peter Koslowski, *Ethik des Kapitalismus*, 2nd edition, Tübingen 1982, p. 70 ff.
- <sup>8)</sup> Karl R. Popper, *op. cit.*, here p. 161

General Economic Situation

The upswing firms

The economic recovery in the Federal Republic which had got under way in the previous year continued in 1984. Real GNP expanded by 2.6%, inflation slackened, and the surplus on current account rose further. While the number of unemployed remained high, the picture brightened slightly in the second half of the year.

The overall constitution of the German economy has grown stronger, backed to a considerable extent by the progress made in reducing public-sector deficits and by improvements in overall conditions for private investment. These strengthened confidence in a more stable development over the medium term and helped in overcoming the strains caused at times by labour conflict and world economic uncertainties more easily than originally anticipated.

Exports the main driving force

The strongest impulses came from export business in 1984. Deliveries to other countries rose by 9% in real terms; that was the highest growth since 1976.

Exports profited from the dynamic business activity in the U.S.A. with its spill-over onto the world economy, the improved propensity to invest in the other industrial countries and the higher dollar rate.

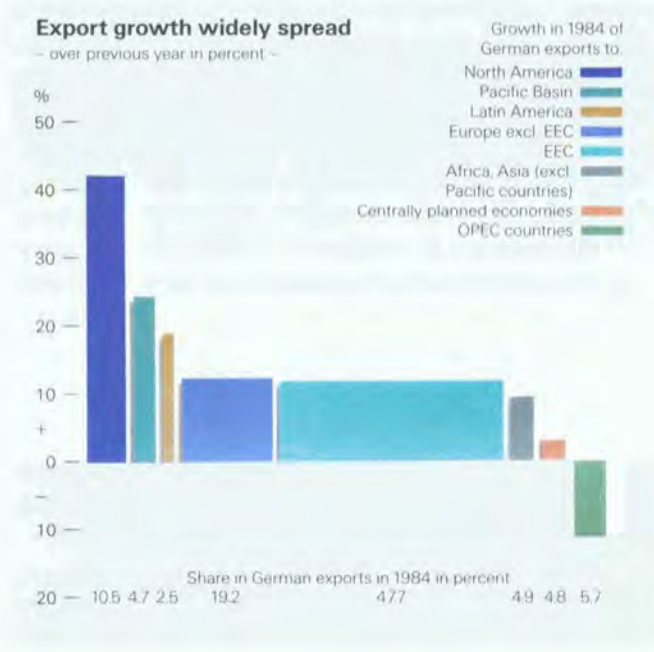
Besides these factors, however, the monetary stability achieved at home also played an important part. It underpinned the German exporting sector's competitiveness from the cost side. Unit labour costs remained almost unchanged in the Federal Republic in 1983/84, whereas they in-

creased 5% in the U.S.A., 3% in Japan, 9% in the United Kingdom and 16% in France.

Extraordinary export growth was achieved in 1984 in trade with the U.S.A. (43% in nominal terms). Our deliveries to Japan were also stepped up appreciably (24%). Exports to European countries rose 12%, those to Latin America 19%. Also gratifying was the strong expansion of deliveries to the newly industrializing countries of the Asian-Pacific region (28%), it was the result not least of greater efforts to build up Germany's market position in this growth area of the world economy.

Improved propensity to invest ...

An encouraging development, particularly as regards the durability of the upswing and its fu-



ture effects on employment, is that corporate propensity to invest improved in the course of the year. In the second half the capital goods industry received 6% more orders in real terms from domestic customers than in the corresponding pre-year period.

The growth in spending on machinery and equipment in the year as a whole (2%) does not adequately reflect the improved propensity to invest. This is partially due to the fact that a number of projects had been brought forward to take advantage of the investment bonus which expired at the end of 1983. In addition, plans were delayed because of the labour conflict in the metalworking and printing industries.

### ... owing to higher earnings

The stronger propensity to invest was linked with, among other factors, the good export performance, which improved sales prospects. At the same time, greater efforts were made to strengthen international competitiveness. On top of that, rising capacity utilization (83% in industry in December 1984, compared with 81% a year earlier), along with a more favourable wage-cost development and tax relief measures (special depreciation allowances at small and medium-sized firms and for investment in research and development, the cut in property tax for companies etc.), improved the corporate sector's financial situation. Gross income of companies in producing industry, which had risen by 15% in 1983, increased again by 11%.

### Greater use of new technologies

A large proportion of the demand for capital goods in 1984 centred on new technologies.

Many companies increased their efforts to update production methods and to improve further the quality of their products. Medium-sized and small firms also made greater use of the possibilities offered by microelectronics for increased automation and flexibility in their operations. Over half of all industrial investment in recent years was probably connected with product and process innovations.

We see this as a sign that the German business sector has increasingly accepted the challenge presented by the new technologies. There can be no talk, at least with respect to our country, of a general shortage of innovation or a general technology gap. The Federal Republic is slightly ahead of the U.S.A. and Japan in research and de-





velopment expenditure measured in terms of GDP (2.8% compared with 2.6% in both cases). With a share of 21% of foreign registrations it is in second place in the world behind the U.S.A. (31%) in international patent statistics.

There is no doubt that German industry does have ground to make up in some sectors with great potential, especially in microelectronics. Its strength, however, lies precisely in its wide product range, in the intelligent combination of high-technology products with classical engineering, and in its great ability and willingness to provide "tailor-made" solutions to problems.

### **Unified economic region needed in Europe**

One feature which is proving a disadvantage, especially in the field of modern technologies, is the narrowness of the German market and the fragmentation of the European markets. Whereas American and Japanese companies, with their own large domestic markets, are able to develop new products for large-scale production immediately and to test them in stiff competition, European firms only have a chance of achieving the necessary sales volume if they manage to penetrate foreign markets straightaway. Even within the European Community there are still too many obstacles to such a dynamic exchange of goods and services posed by differing national safety and security regulations, industrial norms, anti-pollution controls, border formalities and legal and taxation systems. It is therefore important, also in the interest of underpinning international competitiveness, that the European Community finds the élan and strength to dismantle the trade barriers that still exist within the Community and to create a truly unified economic region similar to a single domestic market.

### **Demand for housing construction weakens**

Construction investment increased by 2% in real terms in 1984. Demand in the housing construction sector weakened noticeably in the course of the year. This is connected primarily with the high level of real interest rates and lower general growth expectations. In addition, the number of housing units in the Federal Republic practically equals the number of households. With the population declining slightly, new buildings help above all to improve housing standards and to provide the accommodation required in areas that are still growing. Besides, renovation and modernization of older properties is increasing. The construction industry faces the difficult task of adjusting its production capacities to these changed long-term trends in demand.

### **Private consumption growing slowly**

Private consumption rose 3%, parallel to the expansion of disposable income. In real terms this meant a rise of half a percent. The saving ratio remained unchanged on balance at 12½%.

### **Reduction of unemployment remains central task**

At the end of the year the number of unemployed was 24,000 lower than a year earlier at 2.33 million. The number of short-time workers had fallen from 514,000 to 268,000. Vacancies rose from 64,000 to 80,000.

A very gratifying feature was that the number of young people out of work fell by 28,000 during the year to 163,000. In 1984 the Federal Republic had the lowest youth unemployment rate after Japan

among the large industrial countries. This result was to a large extent attributable to the German "dual system" of vocational training combining schooling and work experience. In the reporting year the business sector redoubled its efforts to further increase the number of apprenticeships offered.

The reduction of unemployment remains the central task of economic and social policy. The development of the labour market in 1984 can certainly not be considered satisfactory despite the positive tendencies already mentioned, but it does give hope of a gradual improvement. In the second half of the year total employment rose again on balance. Given continued strong propensity to innovate and invest, this trend may be expected to last. The more progress structurally

weak sectors make in overcoming their problems and in eliminating, as they will inevitably have to, untenable jobs, the stronger the positive results of high investments will make themselves felt. Another point which should always be remembered is that the employment level is a function not only of the growth rate but also of the price of labour, i.e. of the level of wage costs in the wider sense. So all attempts to arrive at a new "social consensus" with the trade unions deserve support.

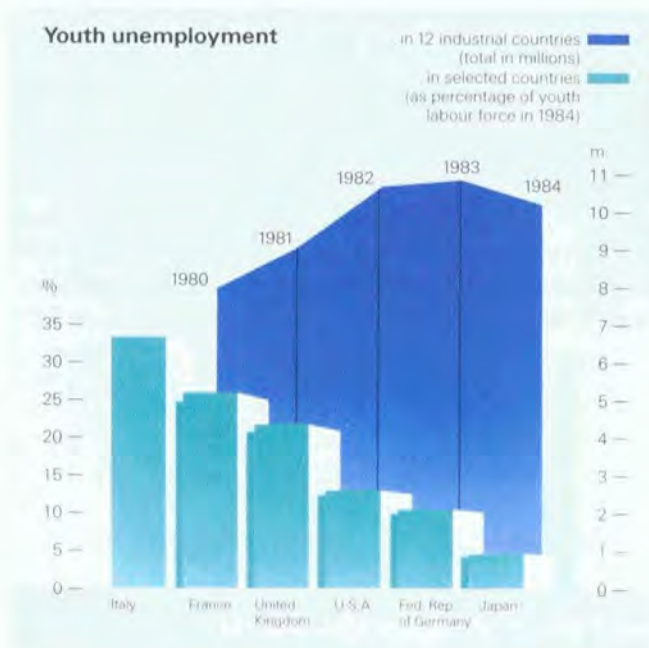
### More flexibility needed on the labour market

Government demand-side programmes we still consider to be the wrong approach in trying to ease the unemployment problem; they do not create permanent jobs and would threaten the fiscal consolidation course, which is vital to the promotion of growth.

It would, however, be helpful if the labour-law barriers to new recruitment were removed. Germany's labour and social legislation became too rigid in the times of full employment. We need more scope for dated employment contracts and better conditions for part-time work. The Employment Promotion Act presented by the Federal Government in the reporting year is a step in the right direction.

### Public deficits reduced again

One key asset of the economy last year was the further reduction of the budget deficits. The Federal and Länder Governments and local authorities registered a deficit of DM 45 bn. in 1984 after DM 54 bn. in the previous year. That was equivalent to 2.6% of GNP (1983: 3.2%).



This was achieved primarily through a disciplined spending policy. Expenditure of the Federal and Länder Governments and local authorities rose by only a good 2% in 1984 and increased less in the last three years taken together (8%) than, for example, in 1980 alone. Expenditure of the Federal and Länder Governments, local authorities and social insurance funds, which had been equivalent to 50% of GNP in 1982, declined to 48½%.

### Use benefits of consolidation to lower taxation

Consolidation of the budgets was essential in order to restore the confidence of savers and investors in the solidity of public finances and

hence to put the economic upswing on a sound footing. These achievements must not be jeopardized.

The decision to cut income tax from 1986 is, in our view, an important step towards taxation more in line with individual performance. Company taxes should also be reduced further as soon as fiscal leeway is available. Improved depreciation allowances would encourage investment and would therefore also benefit the labour market. In the medium term the cut in the expenditure ratio must be accompanied by a lowering of the tax ratio if economic policy is to remain successful.

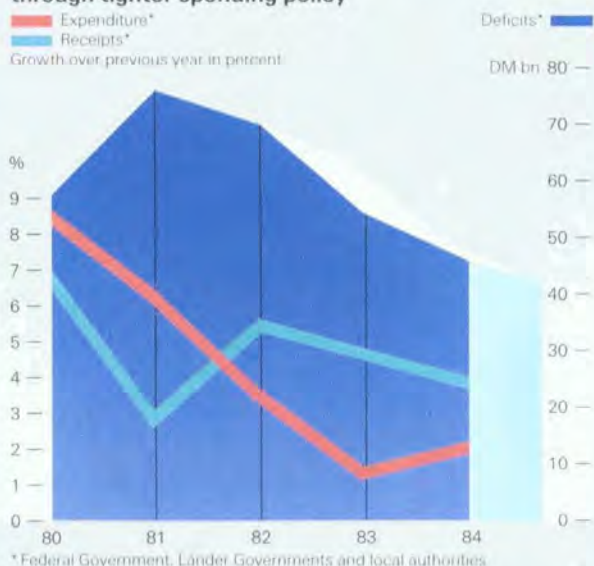
### Current account improved

The current account closed in 1984 with a surplus of DM 17.7 bn. after DM 10.5 bn. in the previous year.

The surplus on visible trade rose DM 11.9 bn. to DM 54 bn. While German exports grew by 13% in nominal terms, imports increased by 11%.

The deficit in the balance of services and transfers, which had fallen by DM 8.1 bn. in 1983, showed a further slight decline in the reporting year (DM 35.5 bn.). The Federal Republic's net contribution to the EEC budget increased from DM 6.0 bn. to DM 7.3 bn. State pensions and other benefits paid to non-residents were DM 2.3 bn. higher at DM 6.2 bn. – largely as a result of the pension contributions refunded to foreign workers who elected to return to their home country. The travel deficit was down slightly (1984: DM 24 bn.). The surplus in the balance of investment income was DM 1½ bn. above the pre-year figure at DM 5 bn.

#### Lower public deficits through tighter spending policy





## Inflation lower again

Inflation decreased from 5.3% in 1982, and 3.3% in 1983 to 2.4%. At year's end the rate of price rise was only 2.0%.

It is worth noting that the reduction was achieved despite a rise in import prices (6%) due mainly to exchange rate movements.

Industrial producer prices rose by 2.9% in 1984 (previous year 1.5%) and residential construction prices by 2.6% (previous year 2.0%).

## Successful central bank policy

The success in slowing the rate of inflation confirms the monetary course followed in recent years to have been correct. If the Bundesbank had pursued a less strict policy, the Federal Republic

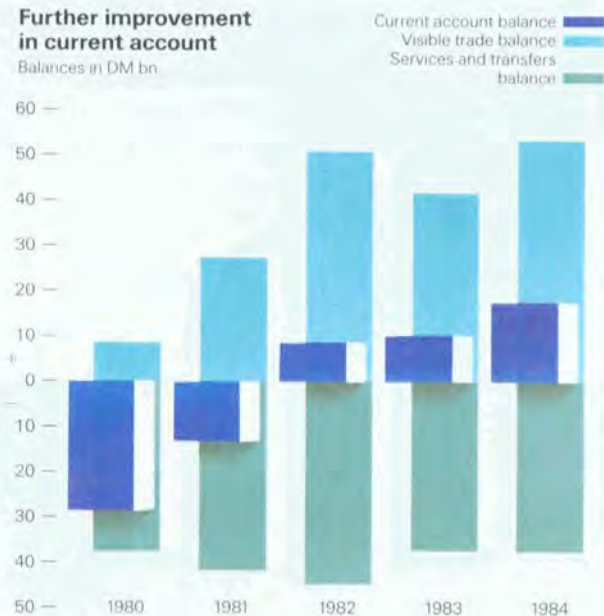
would most probably have neither such low inflation nor such relatively low interest rates. In acting as it did the Bundesbank therefore did much to help secure growth and employment over the long term.

In 1984 the central bank continued its undogmatic, stability-oriented policy. It aimed to steer liquidity flexibly using open-market policy instruments. For the first time, the Bundesbank's profits were not distributed in one sum but in instalments spread over the period from April to August.

At the end of June the Bundesbank widened re-discount quotas by DM 8 bn. At the same time it raised the discount rate from 4 to 4½%. But neither had any major effect on money market interest rates. At 5%, money stock growth was in the middle of the target zone (4 to 6%). The Bundesbank therefore achieved its self-imposed money stock target for the sixth year in succession.

### Further improvement in current account

Balances in DM bn



## Bond market: interest rates down over the year

On the German bond market the decline in interest rates which had commenced in 1981 continued with fluctuations. The average yield on domestic bonds in circulation fell from 8.3% at the end of 1983 to 7.0% at the end of 1984. At the beginning of December a Federal bond issue was floated with a coupon of 7% for the first time in almost six years. Rates moved up again, however, at the beginning of 1985 in connection with the strong dollar and rising interest rates in the U.S.A.

The gap between German and US interest rates widened in 1984 compared with the previous year from an average of 2.8 to 4.0 percentage points.

The gross volume of new domestic bond issues totalled DM 227 bn. The lower funding requirements of the mortgage banks and banks

with special functions were the main reason why the increase was very slight for the first time since the mid-seventies.

Domestic non-banks made up the main buyer category on the bond market in 1984. Their share in sales of fixed-interest securities climbed to 58% (1983: 47%).

Non-residents acquired German securities worth DM 17 bn. (net) in 1984. Capital yield tax on interest from domestic bonds held by non-residents, also known as coupon tax, was abolished retroactively from August 1, 1984. The easier access to the German capital market which this gives foreign investors is a positive development even though it could make interest rates more vulnerable to external influences.

## Share market: progress with new company listings

Owing to the favourable development of earnings and interest rates, quotations on the German share market showed a further increase of 7.9% on balance (previous year 36%). At year's end they reached a new all-time high.

Further gratifying progress was made in introducing companies to the stock exchange. In 1984 21 companies went public with a placement volume of DM 1.7 bn.

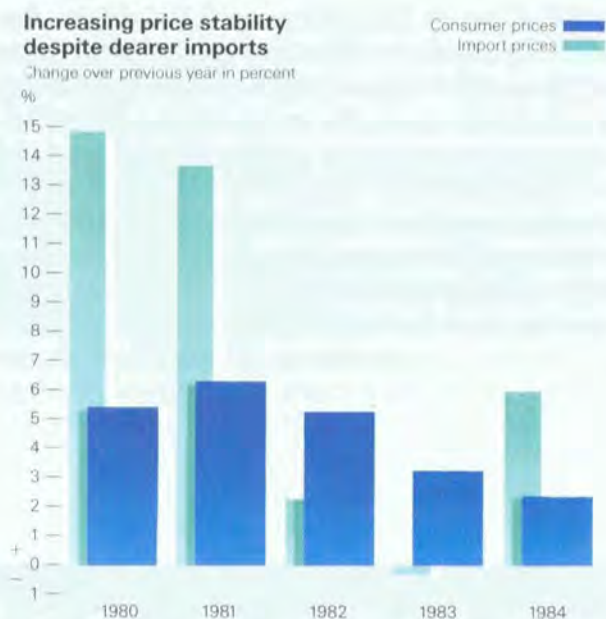
The total amount of shares issued by listed companies in 1984, DM 4.1 bn. (market value), was 16.5% up on the pre-year figure thanks to higher issue prices. Chemicals, banks and mechanical engineering shares made up 55% of the increase in listed ordinary capital.

Additional investment capital – and potential equity – was mobilized in the past two years through a growing number of stock warrant issues. At the end of 1984 the market capitalization of the warrants was roughly DM 4.1 bn.; it was therefore ten times as high as at the end of 1982.

Despite the achievements so far, there must be no slackening of efforts to strengthen the corporate sector's equity base. It is especially important that the new trend be supported and fostered by the removal of further tax obstacles. In addition, the legal framework needed to turn unofficial trading into a "regulated market" should be established in good time, for the adoption of the EEC guidelines in the near future is likely to raise the barriers to admission to official trading quite considerably.

## World economy flourishing

The upswing in the world economy continued in 1984. The industrial countries' real GNP ex-





panded by roughly 5%, which was twice as strongly as in the previous year: a comparable result was last achieved eight years ago. The decisive impulse came from the dynamism of the US economy where total production increased by close on 7% in real terms (1983: 3.7%). In Japan, an export boom helped produce a marked recovery in domestic demand, which developed into a genuine upswing borne by private investment.

The Western European industrial countries followed the American economy with a much lower growth rate. The upward movement in the Scandinavian countries and in Italy was somewhat stronger than that in the Federal Republic of Germany or equally large. In the United Kingdom, on the other hand, which in the previous year had helped lead the world economic recovery, overall expansion slowed owing to the miners' strike. Inadequate progress with stabilization and unsolved structural problems curbed growth in France. In Belgium and the Netherlands, too, the pace of economic recovery was sluggish.

All in all the situation in the developing countries has improved with the upswing in the industrial countries. Their real economic growth accelerated to roughly 4% in the reporting year (1983: less than 2%). The majority of Latin American economies, which in the preceding years had seen production slump as a repercussion of adjustment policy, was able to resume modest growth.

The volume of world trade, which had risen only slowly in 1983 (2%), expanded by approximately 9% last year. The main stimulus came from growing demand in the industrial countries, especially in the U.S.A. But purchases by the non-OPEC developing countries also increased in total for the first time in three years (5%).

The revival of business activity was accompanied in numerous industrial countries by a further

slackening of inflation. On average for 1984 the cost of living was somewhat over 5% higher than in the previous year. But the inflation differential throughout the world was still appreciable (growth of consumer prices averaged a good 7½% in Europe, almost 4½% in the U.S.A., over 2% in Japan); this also applies to the developing countries (average inflation rate in Latin America over 150%, in Asia 5 to 10%).

### **Strongly diverging balances of payments**

In 1984 the international balance of payments pattern was determined even more strongly than in the previous year by extreme positions of individual countries. The current account deficit of the U.S.A., for instance, which had already expanded by US\$ 32 bn. to US\$ 42 bn. in 1983, increased to US\$ 102 bn. owing to swelling imports. The rise in the US current account deficit was matched on the other side above all by further strong growth in the surplus earned by Japan; it rose from US\$ 21 bn. to US\$ 35 bn. That is by far the highest surplus ever recorded by an industrial country.

Improvements were registered in the majority of other industrial countries; their aggregate balance on current account was positive at about US\$ 5 bn. Substantial surpluses were again earned by the Netherlands, Norway and Switzerland (some US\$ 3 to 4.5 bn.), as well as by the Federal Republic of Germany. France's deficit, which had still amounted to almost US\$ 5 bn. in 1983, was nearly eliminated in a situation of much weaker expansion of domestic demand than recorded by its main trade partners. In Italy, on the other hand, the current account moved into deficit

as business activity picked up (estimated at – US\$ 2 bn. after + US\$ 0.5 bn. in the previous year). The United Kingdom's external account was just about balanced in the reporting period after four years with sizeable surpluses (1983: + US\$ 3.5 bn.).

The OPEC countries' combined balance on current account improved in 1984 for the first time since 1980. The deficit, estimated at over US\$ 10 bn., was only about half as large as in the previous year. For although the oil market was still in a weak state despite the world economic upswing and the supply of oil from rival producer countries grew further, the OPEC countries continued to limit their development programmes and import plans. Their visible imports from industrial countries are estimated to have been down by more than 10% from the previous year.

The current account deficit of the developing countries, which had fallen sharply in the two preceding years, decreased further in 1984. At close on US\$ 35 bn. (after a good US\$ 40 bn. in 1983) it was back at the level of 1978, the last year before the second oil price hike.

### **Adjustment progresses in debtor countries**

There was a noticeable improvement in the foreign trade and payments situation of a number of highly indebted Third World countries, OPEC countries and centrally planned economies which are endeavouring to restore their solvency and creditworthiness on the international markets through drastic economic policy corrections. Initially, they adjusted mainly by cutting imports of goods and services; now, growing export receipts are helping increasingly to reduce the strain on their payments balances.

In the year under review the ten rescheduling countries with the largest external debt (Argenti-

na, Brazil, Chile, Mexico, Nigeria, Peru, Philippines, Poland, Venezuela and Yugoslavia) were almost all able to increase their export proceeds to a greater or lesser extent – by a good 10% on average – whereas they had contracted markedly in the preceding years. The positive influence of world business activity, especially the US import pull, more than compensated the additional burden imposed on the debtor countries by the rise in dollar interest rates in the first half of the year and enabled most countries to meet a growing proportion of their interest obligations from their own resources. Some countries were able to increase their imports and to add to their heavily depleted monetary reserves. The combined current account deficit of the ten countries mentioned, which had dropped from over US\$ 45 bn. to a good US\$ 10 bn. in the previous year, diminished to virtually zero; their external debt increased last year by only about US\$ 20 bn. to US\$ 400 bn. The external debt of all non-industrial countries came to some US\$ 960 bn. at the end of 1984.

### **International debt problems not yet solved**

The international debt situation has eased slightly against the background of the favourable balance of payments results and brighter prospects of major problem countries. The conditions for smooth functioning of the financial system have improved. One contributory factor was that many international banks increased their provision for risk and widened their capital base during the reporting year.

Debtor countries and creditors worked together responsibly. Recent experience has strengthened confidence that the debt problems can be solved by continuing to safeguard the necessary adjustment process financially on a case-to-case basis. But a return to a healthy situation cannot yet

be regarded as certain. There are still risks, especially with regard to the further development of the world economy and interest rates. Nor can the possibility of setbacks in individual debtor countries – mainly of a political nature – be ruled out. At any rate, and even under favourable world economic conditions, surmounting the debt and financing problems is going to be a long process that will extend into the next decade.

In the near term the emphasis must be on underpinning the advances debtor countries have made in their external trade and payments situation with convincing progress in domestic stabilization; this is still lacking in a large number of countries.

In striving to adjust, the debtor countries were supported again in 1984 with substantial financial aid from private and official lenders as well as from the relevant international institutions. The banks once more stretched maturities on a large scale. In addition, they provided fresh money amounting to roughly US\$ 11 bn. at medium term in connection with IMF programmes for the re-scheduling countries.

The International Monetary Fund (IMF) again played the main role in coordinating the financial support measures. At 7.3 bn. Special Drawing Rights (SDR), or US\$ 7.5 bn., credits provided by the Fund to developing countries in 1984 came to close on 60% of the pre-year amount. All in all, 29 standby and four extended arrangements in a total amount of SDR 14.8 bn. were in effect between the Fund and developing countries with external financial difficulties at the end of 1984.

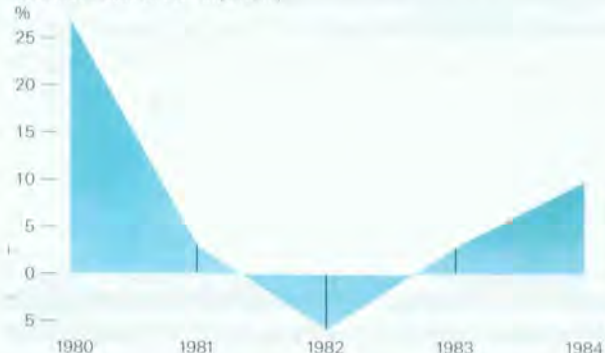
#### Economic growth in the industrial countries...

(Real increase over previous year in OECD countries' gross national product in percent)



#### ...and exports of the developing countries

(Nominal increase over previous year in exports of the developing countries – excl. OPEC – in percent)



#### Transition to longer-term consolidation strategies

In the reporting year a successful breakthrough was made from crisis management in the form of short-term financing programmes to longer-term consolidation strategies for debtor countries which had made sufficient progress in adjustment. The new scheme provides for the rescheduling of several years' maturities and for considerably longer repayment periods, in line with the conditions and requirements of each individual case. The debtor countries' success in adjusting will be reflected in larger or smaller cuts in interest spreads. By improving maturity profiles, it is intended that the countries will gain sufficient time and financial scope to enable them to strengthen their ability to repay their debts through moderate economic growth, and to return to the financial markets as early as possible.

Creditor banks from the non-dollar area are offered the possibility of converting part of their dollar claims into their domestic currencies, on which interest rates are lower in most cases. Such a change makes their exposure less dependent on fluctuations in the dollar rate and gives them a firmer basis for their funding operations. For the debtor countries the conversion means a saving on interest under the given conditions, although in some instances it may also involve a currency risk.

A rescheduling scheme containing these elements was worked out with Mexico, and subsequently with Venezuela, in the reporting year. Negotiations along these lines have commenced with Brazil and other countries.

It is anticipated that in future long term rescheduling plans may be set up with a growing number of debtor countries which have made appropriate progress in adjusting. That the target can only be achieved in close cooperation between all involved also holds true for this second, strategic phase of solving the problems. The debtor countries' own efforts definitely continue to be of decisive importance. Continuous support for the process of consolidation from the IMF and the World Bank is indispensable. In view of the close links between short to medium-term stabilization tasks and long-term structural problems a high degree of coordination and more intensive cooperation will be required between the two institutions. As IMF credit and economic programmes expire, there will be greater need for strengthening the Fund's surveillance function. For the World Bank and the regional development banks, which are responsible for promoting the structural adjustment and development process, the economic-policy dialogue with debtor countries is growing in importance. One major aspect here is the strengthening of the private sector – by,

among other things, creating an environment conducive to direct investment by foreign companies.

In their bilateral relations with the more advanced debtor countries the governments of the industrial nations must back the extensive financial support provided by the banks with a corresponding, longer-term rescheduling of their own claims and a constructive policy in the field of export financing and insurance.

The debtor countries will only succeed in implementing the necessary structural change if supported by a complementary policy on the part of the industrial countries. This means above all rejection of protectionist measures of any kind. It also calls for monetary and fiscal policies geared towards sustained, inflation-free growth in the industrial nations and which take sufficient account of the close ties and dependences that bind the world economy.

### **Shifts on international financial markets**

The international financial markets expanded vigorously in 1984, though with large differences from sector to sector. The growth was prompted by the abundance of liquidity in the international banking system and held by institutional investors and companies, and by intensive competition among the banks for first-class borrowers. In this – partial – debtor's market numerous existing credit agreements were restructured at more favourable terms and conditions or replaced by other financing instruments or packages. Quite a few borrowers took advantage of the market situation to "stock up" with facilities. Private and public-sector borrowers of appropriate standing were observed to move from the international credit markets to the money and capital markets when

raising longer-term funds. With the growing use of new, flexible forms and methods of financing the boundaries between the individual markets have become increasingly blurred.

In the bond sector the Euromarket became more closely linked with the national markets following the abolition in July of US withholding tax on issues placed abroad and the removal of coupon tax on domestic DM bonds. The spectrum of issues on the Eurobond market was widened from December when a larger circle of non-Japanese issuers was given access to the Euroyen market.

### **More dollar bonds issued in Europe**

The sum raised through international bond issues in Europe in the reporting year was equivalent to roughly US\$ 90 bn., which was 40% higher than the pre-year result. Virtually the entire increase was due to heavier issuing of Eurodollar bonds, which were in demand among investors worldwide owing to the continuing strength of the US currency on the foreign exchange markets and attractive yields. Their share in total new issue volume rose to 65% (1983: 56%), while the proportion of bonds denominated in Swiss Francs and D-Marks decreased to 14% (21%) and 7% (10%) respectively, though the absolute amounts showed little change. Sterling and ECU bonds gained greater importance in 1984 with market shares of close on 5% and 3% respectively.

Among the great variety of different types of issue, floating-rate notes advanced even further during the reporting year. This type of fungible paper accounted for almost half of total new issues on the Eurodollar market, with banks playing a dominant role both as investors and as issuers. It is estimated that more than half of the fixed rate

issues, which made up about 45% of new funds raised on the Eurodollar capital market, were linked with an interest-rate or currency swap. As in the previous year, convertible bonds and stock warrant issues accounted for less than 10% of dollar issues in Europe.

In 1984 European borrowers' proportion of funds raised in all Eurocurrencies was roughly the same as in the previous year at 37% after 39%. The market scene received a new slant through the dynamic issuing activity of US borrowers, who increased their share to one quarter, doubling it from the previous year. The share of Japanese issuers remained practically unchanged at roughly 17%. The proportion taken up by international organizations, on the other hand, decreased from 17% to close on 10% and was therefore appreciably lower than the long term average of approximately 15%.

### **Fewer traditional Eurocredits**

In the reporting year banks concluded medium and long-term international credit agreements in the record sum of roughly US\$ 115 bn. The sharp rise of almost 45% in new commitments compared with the previous year was due exclusively to the high volume of – largely unutilized – standby credit lines in connection with takeovers (a good US\$ 26 bn.) and a significant rise in longer term credit arrangements to back up the issue of other financial instruments. The value of such new back-up lines, obtained mainly for the issue of money market paper, trebled in 1984 to roughly US\$ 29 bn.

By contrast, traditional longer-term international credit business weakened. The overall development of this sector is determined largely by the volume of syndicated Eurocredits. At close on



US\$ 52 bn. in 1984 it was almost 15% lower than in the previous year. As already mentioned, the new "managed" credits extended to rescheduling countries, which are contained in this amount, totalled US\$ 11 bn. as compared with US\$ 14 bn. in the previous year. The fresh money provided by the creditor banks in 1984 was for three Latin-American countries – Brazil, Mexico and Chile.

Sovereign and other borrowers from industrial countries took up traditional Eurocredits worth a good US\$ 27 bn. (1983: close on US\$ 30 bn.) in the reporting year; their share in the – lower – total amount of new commitments increased from 49% to 53%. The corresponding figure for the non-European developing countries declined from 39% to 36% (including fresh money in both cases). The OPEC countries as a group reduced their borrow-

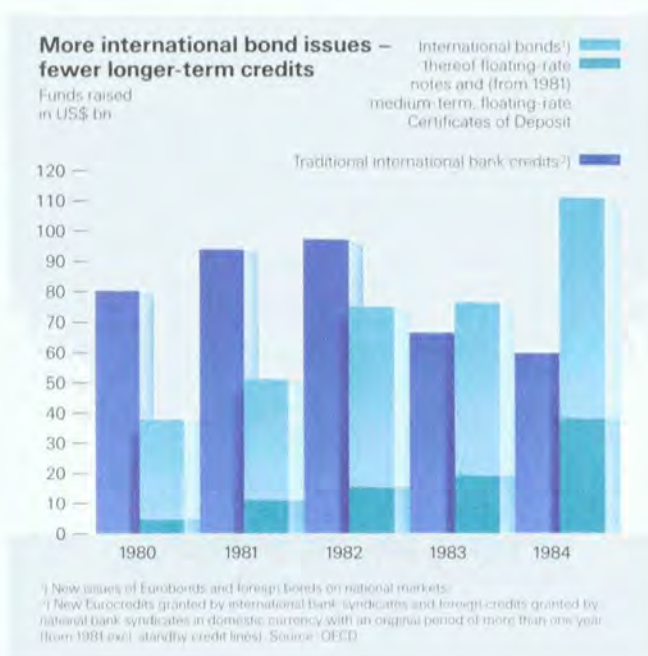
ing again in 1984, by half. At a good 5%, their market share was roughly the same as that of the centrally planned economies, which were the only borrower group to take greater recourse to the market in 1984, owing to increased borrowing activity by the GDR, Hungary and the USSR.

The stiffer competition among banks for prime addresses from the industrial countries, but also the improved external position of major debtor countries in the Third World and Eastern Europe, led to generally lower spreads in the course of the reporting year, though distinctions were still made according to borrower and country risk. The average term for traditional syndicated Eurocredits lengthened from seven years to eight.

## US dollar soars again

Developments on the foreign exchange markets were dominated again in 1984 by the strong attraction exerted by the US dollar and by pronounced fluctuations in this key currency. After dipping for a time in spring, the dollar exchange rate firmed substantially on all markets under the influence of the unexpectedly strong surge in business activity and climbing interest rates in the U.S.A. The exchange rate continued to rise in the second half of the year when, with inflation running at a modest level, the Federal Reserve Board countered the slackening of economic growth by relaxing its monetary policy, and the dollar's interest-rate lead over most currencies contracted. The unusually high US deficit on current account was easily compensated again in 1984 by a massive net capital inflow.

Against the D-Mark the US dollar reached a new record for the period since the transition to floating exchange rates in spring 1973 with the top official quotation of DM 3.16 registered on



September 21. Deutsche Bundesbank intervened in favour of the D-Mark by selling considerable dollar amounts on several occasions from September.

Within a year the D-Mark fell a good 13% against the US dollar – as in the previous year. In relation to the Canadian dollar and to the Japanese yen, which benefited from the country's strongly rising current account surpluses, the D-Mark also weakened in the reporting year, by 8% and 6% respectively. By contrast, it gained 8% in value against sterling and 3% against the Swiss franc in 1984. There were virtually no shifts in exchange rates with the EMS currencies. Taken over the year, the weighted external value of the D-Mark vis-à-vis the currencies of 14 major trade partners declined by 1.9% although prices and costs as well as other fundamental economic data in the Federal Republic developed favourably on an international comparison.

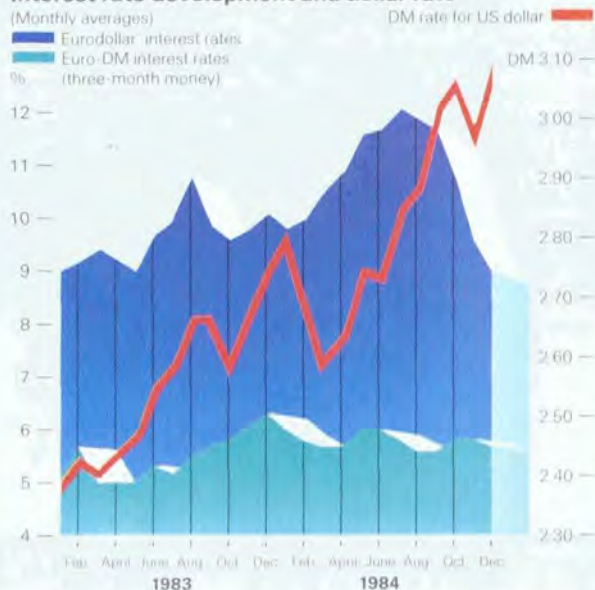
### More convergence in the EMS

The European Monetary System (EMS) functioned smoothly during the reporting year. The long period of calm on the exchange-rate front since the realignment in spring 1983 was to a certain extent due to the firm US dollar and the relative weakness of the D-Mark. At the same time the EMS was strengthened from within during the reporting year: while inflation slackened in nearly all member countries, the differential within the system narrowed appreciably as a result of a consistent, and in some cases more market-oriented, stability policy on the part of the countries with potentially weaker currencies; further progress was made in consolidating current account bal-

ances. Some member countries have eased administrative restrictions on cross-border payments and capital movements.

Against this background and in view of the continuing uncertainty about the development of the US dollar, discussion on the promotion of monetary integration in Europe revived again. Proposals in this vein put forward by the EEC Commission, covering greater convergence in economic policy, further steps to liberalize international capital movements and the use of the European Currency Unit (ECU) in transactions between central banks, did not lead to any concrete resolutions up to the end of the reporting year. In the private sector the ECU was used increasingly in 1984 mainly

**Interest rate development and dollar rate**



by borrowers and investors in the weaker-currency countries.

In September the composition of the ECU currency basket underwent a regular re-examination and was revised for the first time. The shares of the D-Mark and the Dutch guilder, which were overly high owing to revaluation, were reduced (in

the case of the D-Mark from 37% to 32%) and the weightings of the other currencies were increased to bring them back into line with the economic strength and the role of the member countries in intra European trade. The Greek drachma was incorporated into the currency basket for the first time.



## Development of the Group and Deutsche Bank AG

### A. Business policy, overall development and result

#### Stabilization at level attained . . .

The development of the Group and the parent bank, Deutsche Bank AG, was decisively influenced in the year under review by the economic recovery at home and abroad. Business volumes increased more strongly than in the previous year. Our services business also expanded markedly. There was a further gratifying increase in our earnings from own-account trading. On the other hand, the interest margin narrowed slightly.

Overall, the good operating result achieved in 1983 was repeated. However, the need for new adjustments and provisions for possible loan losses was also roughly the same as in the previous year. We therefore propose to the General Meeting that a dividend of DM 12 per share, as in the previous year, be paid on the increased share capital.

#### . . .and further strengthening of capital base

Disclosed reserves were raised – not least in view of the tighter equity ratio stipulated in the revised Banking Act – by the same amount as in the previous year (DM 150 m.). This, taken together with the capital increase of a nominal DM 113 m. carried out in spring 1984, brought capital and reserves at Deutsche Bank AG to DM 6.2 bn. and in the Group to DM 7.7 bn. as at year's end. In the last five years the capital base of Deutsche Bank AG has been increased by DM 2 bn., that of the Group by DM 2.6 bn.

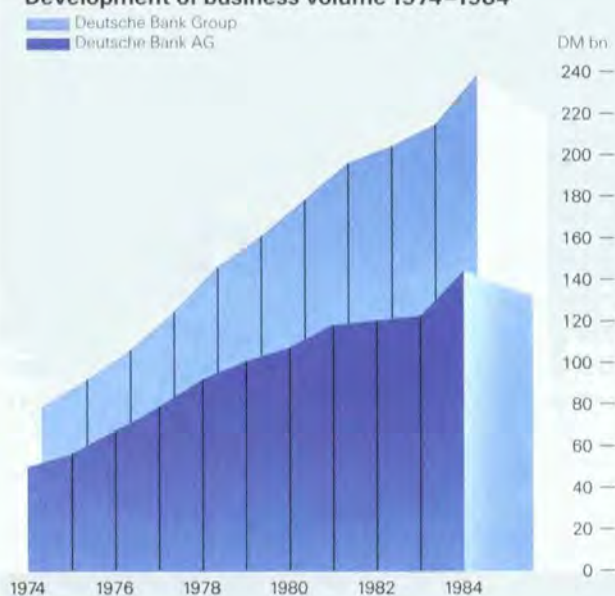
#### Group business volume rises by a good 10%

Group business volume expanded by 10.6% in the year under review to DM 238.4 bn. The increase was almost twice as big as in the previous year.

In contrast to the years before, most of the expansion in 1984 took place at the parent company (+ 17%). Consequently, there was a slight increase, compared with a fall in the previous years, in the share of Deutsche Bank AG in the aggregate business volume of the Group (end of 1984: 52.6%).

The Group mortgage banks increased their business volume by 8.2% in the reporting year, the specialized banks and investment companies by 12%. The growth of close on 20% at international banks and financing companies was largely due to exchange rate movements.

Development of business volume 1974–1984



## Improvement of range of services

To strengthen our position on the markets, our business policy aimed at

- expanding and improving our range of services for customers by means of new financing techniques and investment possibilities,
- using computer and telecommunications technology so as to offer conventional banking services more quickly, more efficiently and at lower cost, and
- intensifying our service to internationally operating customers through our foreign branches, subsidiaries and representative offices.

With a view to achieving these objectives, the cooperation between individual Group companies is being intensified. This is taking place not only to make even better use of the complementary and synergetic effects within the Group. The tighter Banking Act regulations regarding equity funds also leave us no alternative but to place even more emphasis than in the past on earnings optimization when reviewing and steering the services offered by all the Group companies.

## 1,411 offices

At the end of 1984, the Group was represented worldwide by 1,411 offices, 1,345 of which were in the Federal Republic of Germany and 66 abroad. In the year under review, five offices were opened at home and two were closed. We opened one sub-branch abroad (in the Tokyo district of Shinjuku)

The technical standard of the equipment used by our branches was further improved. An increasingly important role here is being played by customer self-service facilities (automatic cash dispensers, statement printers, terminals with in-

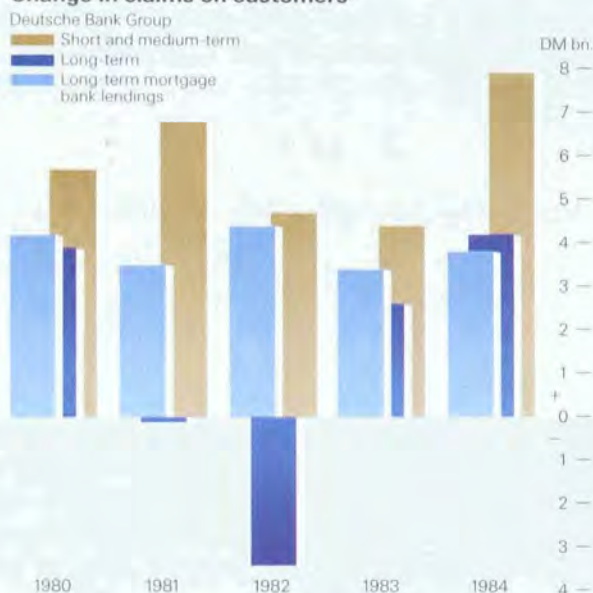
quiry and information capabilities). These machines allow customers to settle routine business, where no personal counselling is required, quickly, cheaply and, in part, outside traditional banking hours.

At the same time, we are using this technology to reduce our own costs and improve our internal information system in future. To support our customer counsellors we used portable personal computers for the first time in 1984.

## Group operating result

Total credit extended by Group companies increased by DM 18 bn. to DM 177 bn. Funds from outside sources expanded by DM 20 bn. to DM 213 bn.

**Change in claims on customers**





The Group reported a partial operating result (surplus on current business excluding profits from own-account trading) of DM 2,877 m.

Including profits from own-account trading, the Group operating result was on a par with that of the previous year (+ 1%).

### Deutsche Bank AG: strong volume growth

At Deutsche Bank AG business volume expanded by close on DM 21 bn. in the year under review to DM 143.4 bn. This growth was due primarily to the strong rise in interbank claims and liabilities, which reflected above all the movement of monies for the intra-Group funding of subsidiaries. However, the rise in the dollar exchange rate also contributed to the expansion of volumes – especially at our foreign branches.

The bank's balance sheet total, which stood at DM 138 bn. at the end of 1984, expanded slightly less strongly than business volume. The endorsement liabilities reported below the line in the balance sheet were DM 600 m. higher than in the previous year because, after the increase in rediscount quotas, we discounted a larger volume of bills at Deutsche Bundesbank.

### Rising share of long-term loans

Total credit extended by Deutsche Bank AG increased in 1984 by DM 7.7 bn. to DM 80.5 bn. The decisive factor here was the growth in claims on customers (+ DM 6.3 bn.). Lendings to banks rose by DM 0.9 bn. to DM 7.0 bn.

With growth of DM 4.0 bn., long-term lendings to customers expanded almost twice as strongly as short and medium-term lendings in 1984. The share of long-term debtors in total claims on customers increased again – as in 1983 – (from 39.5% in 1983 to 41.8% in 1984).

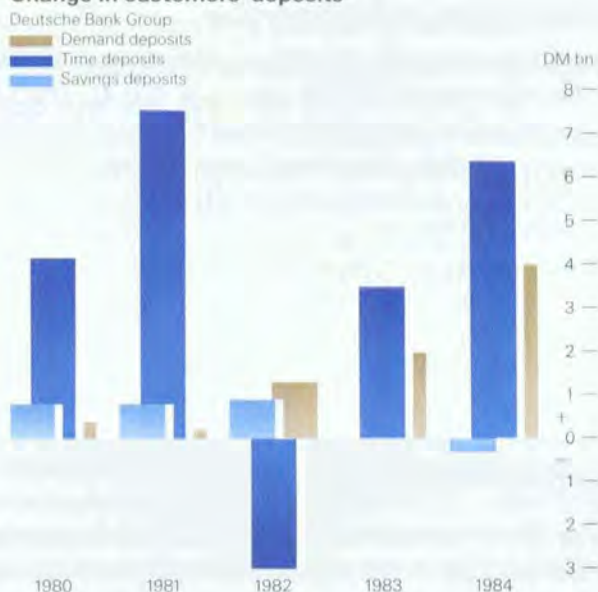
### Funding: growing importance of time deposits

In the period under review, we took in net new funds from outside sources amounting to DM 18 bn. We again endeavoured to keep the cost of funds as low as possible by using the services of our international bases.

For the funding of our lending business, we resorted on a larger scale to banks' and customers' time deposits; they accounted for roughly two-thirds of the increase in total funds from outside sources.

Customers' demand deposits increased by DM 3.5 bn. to DM 19.8 bn. and thus more strongly than in the previous years. The volume of savings deposits, on the other hand, decreased further. The decline was restricted to balances with

Change in customers' deposits



agreed periods of notice; savings balances subject to the legal period of notice increased slightly.

The volume of our own bonds in circulation, which had decreased in the previous years, expanded by DM 1 bn. in 1984 to DM 2.6 bn. The principal reason for this rise was the 4% convertible bond issue for DM 750 m. floated in the year under review.

### **Operating result of Deutsche Bank AG at pre-year level**

The operating result of Deutsche Bank AG, which had almost doubled in the preceding three years together, recorded only slight growth in 1984. It was below half of the previous year's figure in the first six months, but higher from July to December.

### **Slightly higher interest surplus**

Earnings on business volume rose by only 1.7% in 1984 (to DM 4.2 bn.), although average business volume increased by 6.5%. The incremental earnings resulting from the higher volume of business were largely offset by the fall in the interest margin (to 3.16% on average for the year).

The interest margin narrowed above all in the first half of the year. This was due to the higher cost of customers' time deposits and the lower average interest rates for credits.

### **Rising commission surplus**

The commission surplus on services business increased 8.5% in the year under review to DM 1.2 bn. Two-thirds of the growth stemmed from secu-

rities and syndicated business, one third from our foreign business. Payment business was still far from covering costs; we are trying to keep the deficit within bounds through greater use of modern technology.

The share of the commission surplus in the operating result has risen. This is a positive development because commission business does not tie up equity funds.

### **DM 3.5 bn. in staff and other operating expenses**

Staff and other operating expenses at Deutsche Bank AG increased by 6.9% in 1984 to DM 3.5 bn.

Staff expenses rose by 5% to DM 2.5 bn. Agreed-scale salaries were raised 3.4% flat as of March 1, 1984; other salaries were adjusted accordingly. Compulsory social security contributions rose 11%; this increase was connected with the full inclusion of the special payment to agreed-scale salary earners under the proportionate annual income limit for the calculation of social insurance contributions.

The bank's general operating expenses grew considerably more strongly than in the year before (1984: + 11% compared with + 5.4% in 1983). The main reasons for this were the increasing use of modern technology, rising leasing costs for banking premises and higher advertising expenses.

The normal depreciation on physical assets included in staff and other operating expenses on the suggestion of the Federal Association of German Banks rose by 16%.

### **Partial operating result below previous year ...**

The partial operating result calculated as the balance of regular income (excluding own account trading) and staff and other operating expenses came to DM 1.8 bn. in 1984. It was 3.5 % lower than in the previous year.

### **... but again higher contribution from own-account trading**

Earnings from own account trading in securities, foreign exchange and precious metals, which had already made substantial contributions to the operating result in the previous years, increased again in the year under review. Decisive here were the profits on securities and foreign exchange trading. Owing to the weak market development, the result achieved in own-account trading in precious metals was down on the previous year.

### **Risk provision: still no all-clear**

In the annual statement of accounts we have again valued the risks in our lending business with the usual care and formed appropriate adjustments and provisions. The permissible limits to cautious valuation were, as before, observed in all cases. Provision for country risks was made in the form of risk markdowns standardized throughout the Group.

In this provision policy we have taken into account that the risk situation as a whole has not worsened. The threats to our total lending, for which we make allowance by value adjustments, are, however, still present in the domestic and international sectors. On the domestic side, the consequences of the many years of attrition, above all of small and medium sized companies,

are still by no means resolved; unsolved structural problems are a further burden on our economy. On the property market, for example, the uneven development of the values of properties used as security for advances has clearly increased the risks. In international business, the acute dangers to important newly industrializing countries have abated – as described above in the section “General Economic Situation”. The debt crisis, however, does not seem to us to have been finally resolved. Our lending business, therefore, will continue to be exposed to considerable risks, for which we have made provision. It should also be borne in mind that the rise in the dollar exchange rate, too, caused a substantial increase in the adjustment requirement for country risks in 1984.

Write downs for loan losses in the year under review were again substantial. 90% of the total amount written off was covered by earlier adjustments. This shows how necessary our adjustment policy in former years had been.

In the light of our provisioning in the past years, we consider it possible that the cover requirement will place a smaller burden on the extraordinary account in the coming reporting periods. Ultimately, though, this will depend on how economic activity develops at home and abroad.

We value securities at the lower of cost or market; write-downs were only necessary on a small scale in this area. With respect to subsidiaries, associated companies and trade investments, write-downs had to be made in connection with European American Bancorp. (EAB).

In the year under review, as in the previous years, we made full use of the possibility to offset profits and earnings from own-account trading in securities with write downs of and adjustments to claims and securities (Section 4 of the Order concerning Banks' Statements of Accounts). The write downs of and adjustments to claims and

securities which we report after this offsetting in the Profit and Loss Account of Deutsche Bank AG, amounted to DM 673 m. after DM 826 m. in the previous year. Taking the last five years together, the total amount offset comes to DM 4.1 bn. at the parent company and DM 6.3 bn. in the Group.

## **B. Individual business sectors**

### **1. Domestic corporate customers: stronger demand for credit ...**

Our domestic corporate customers borrowed from us on a larger scale in the year under review than in the years before. Group companies' lending to these customers increased 8% to DM 41.7 bn.

The strongest growth was recorded in Euro credits (+ 20.4% to DM 6.6 bn.).

### **... and higher deposits**

Deposits placed with Deutsche Bank AG by domestic corporate customers increased 17.8% in 1984 to DM 17.3 bn. Demand deposits rose 22.7% (to DM 9.7 bn.), time deposits by 9.3% (to DM 7.4 bn.). Many companies showed a marked interest in our money and capital investment offers.

### **Rising demands on the quality of services**

In the year under review, we developed a comprehensive service for internationally operating companies and groups. The objective is to make even better use of the resources available in the Group, to extend the possibilities of cross-selling and in this way to sustain and further expand our corporate customer business in the face of tougher competition.

In 1984 we introduced an international cash management system named "db direct". Here, we attached special importance to cost efficiency, user friendliness and flexibility. "db direct" also features security arrangements that go beyond normal present-day standards for payment orders.

The turnover transfer system "db-transfer", which we improved again, is very popular with large customers as well as small and medium-sized companies.

**Additional funds for small and medium-sized customers**

Much of the growth in our lending volume in 1984 stemmed from our far more than 100,000 small and medium-sized corporate customers. During the past years we have steadily expanded our services for these customers.

Availment of the Small Business Loan, which we offer specifically to small and medium-sized companies, increased 19% in the year under review to DM 2.4 bn. The proceeds from the 4% convertible bond issue, which we offered our shareholders in August, were one source of funds to finance inexpensive fixed-rate credits to small and medium-sized customers.

In many cases we supplemented our services with funds from public promotion plans of the Federal and Länder governments. On the basis of global agreements with the European Coal and Steel Community (ECSC) we were able, during the period under review, to provide companies with funds at subsidized interest rates for investment purposes, if this investment created jobs for workers from the coal and steel industry or resulted in additional consumption of coal from the EEC area.

**Venture capital . . .**

In the year under review we increased our efforts to improve the supply of equity capital to the business sector. Besides our activities in the new issue field (cf. p. 48) we continued to promote the development of a market for venture capital. As

we have observed, the quality of projects submitted to venture capital companies for financing is gradually improving.

The two venture capital companies, in whose formation we participated in 1983 (VC-Gesellschaft für Innovation mbH, Berlin, and TVM TECHNO VENTURE Beteiligungsgesellschaften), developed their business according to plan in 1984.

Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt am Main, was reorganized. The aim was to put the company on a private basis so that it can react more flexibly to the challenges of the market. The risk-sharing agreement with the Federal Republic of Germany was terminated. Deutsche Bank AG has a 30% share in the new WFG Deutsche Gesellschaft für Wagniskapital mbH.

**. . . and "traditional" capital holdings**

In addition to venture capital we also offer "traditional" capital holdings through our subsidiary Deutsche Beteiligungsgesellschaft mbH. This company, in which Schmidt-Bank in Hof (Saale) also has a holding, increased its capital participation in small and medium-sized companies by DM 30 m. in the year under review to DM 180 m. The funds are invested in 37 companies (end of 1983: 31 companies) with a total turnover of more than DM 3 bn.

In 1984, too, we were able to introduce a partner company, ZANDERS Feinpapiere AG in Bergisch-Gladbach, to the stock market. During the past years a total of three companies from the portfolio of Deutsche Beteiligungsgesellschaft have gone public.

To mobilize investment-seeking capital of a broader circle of shareholders for companies not yet capable of issuing their own securities, we set

up Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft, Königstein, jointly with Schmidt-Bank at the end of 1984. This new company (capital and reserves: DM 60 m.) will, in cooperation with Deutsche Beteiligungsgesellschaft, acquire holdings in successful small and medium-sized companies. When the portfolio has been built up, the shares of the company are to be offered to the general public and listed on the stock exchange.

### **Leasing**

As in the preceding years we offered our customers a broad range of financings in the form of leasing, tied investment credits, factoring and forfaiting. The consolidated Group company GEFA-Leasing GmbH has leased equipment worth more than DM 3 bn. since it was set up. Much of its business concerns machines and equipment from the information and office technology sector, which are particularly suitable for leasing owing to the rapid pace of technological development. Our subsidiary GEFA Gesellschaft für Absatzfinanzierung mbH grants longer-term tied instalment credits for the financing of investments and purchases claims arising out of goods delivered, services rendered and leasing business.

We offer a property leasing service through dil Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH. The company, in which we have a 50% holding, has so far taken roughly 450 properties with an investment volume of DM 5 bn. into its portfolio.

### **DB Consult**

In the year under review we set up DB Consult Gesellschaft mbH, Frankfurt am Main. It advises domestic and foreign customers who, for strate-

gic reasons, are diversifying or considering the divestment of production divisions or the sale of entire firms. Its range of services includes company diagnosis and market analysis as well as the location of suitable partners and the development of cooperation and participation models. If desired, it will also take part in contract negotiations and assist in the financing of the acquisition and the investment of sales proceeds.

### **2. Retail customers: positive development continues**

Deutsche Bank AG has been in the broad retail banking business for 25 years. On May 2, 1959, we offered the first Small Personal Loans to the general public (at that time up to DM 2,000). During the past years, the total volume of loans extended to retail customers has risen strongly, especially as a result of the considerable expansion of building financing.

In 1984, total Group lending to self-employed and wage or salary-earning domestic private individuals rose 7.5% to DM 57.1 bn. The parent company accounts for DM 31.5 bn. of lending to retail customers.

At Deutsche Bank AG retail customers' total deposits rose by DM 0.3 bn. to DM 33.5 bn.

### **Tougher competition**

Competition in retail banking business has increased during the past years. In 1984, in particular, there were growing indications that non-banks are considering ways of supplementing their consumer services with typical banking services. In particular, the competition from the Federal Post Office has increased considerably. We are in favour of competition. It is a matter of concern, though, if this competition is distorted by



state monopolies, e.g. on public communications systems, or by other privileges.

### New developments in Personal Loans

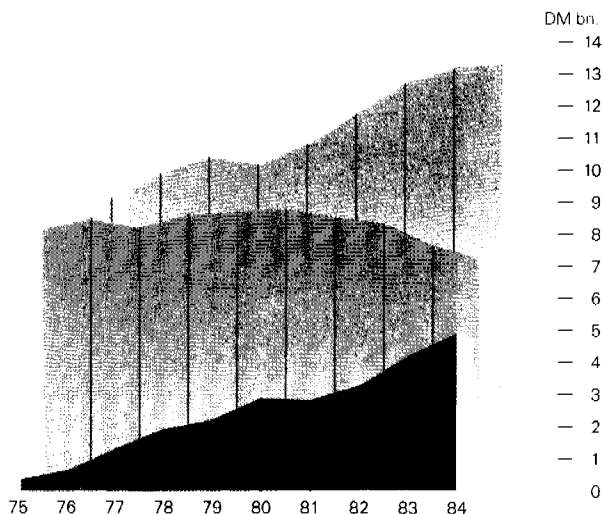
The new Personal Loans which we extended for the purchase of consumer goods expanded 2.1% in 1984. At DM 4.5 bn. total claims in this area were roughly the same as in the previous year.

In the period under review we introduced a new form of loan where the customer agrees with us a line of up to DM 50,000 which he can dispose over freely at any time. At the end of the year we had granted loans of this type for a total of DM 450 m.

Customers continued to make lively use of our rent account overdrafts to cover their short-term requirements.

### Savings deposits and savings certificates

▨ Savings deposits with legal period of notice  
▨ Savings deposits with agreed period of notice  
■ Savings certificates



### Building financing continues to expand

The total building loans extended by Deutsche Bank Group came to DM 50.4 bn. at year's end, with DM 17.9 bn. at the parent company. About three quarters of the financings were for residential buildings

The strong growth we recorded in this area during the past years slackened off during the period under review. Loan commitments fell from DM 15 bn. in 1983 to DM 14 bn. Debtors increased 8% (previous year 10%). Two-thirds of the commitments were given by the parent company. In 1984 our mortgage bank subsidiaries received new loan business worth DM 2.1 bn. through branches of Deutsche Bank AG.

### Brisk business in savings certificates and securities

Total new saving by our customers (changes in savings deposits and savings certificates in circulation plus the balance of purchases and sales of securities via savings accounts) was 4.7% higher than in 1983 at DM 3.2 bn. Interest centred, as in the previous year, on savings certificates and securities. The volume of savings certificates outstanding increased 16.7% to DM 4.9 bn. Over and above that our customers' net purchases of securities to the debit of savings accounts totalled DM 2.8 bn.

At the end of 1984 savings deposits including interest credited came to DM 20.7 bn. The decrease of 1.3% was due to the high volume of matured savings contracts (1984: DM 1.4 bn.).

There was strong demand for our savings scheme which can be coupled with insurance cover. By the end of 1984 more than 100,000 contracts for a total volume of roughly DM 2 bn. had been signed. There was particular interest among

customers wishing to obtain an additional annuity for their retirement or to make financial provision for their families. We regard this demand as an indication that what the bank had to offer in terms of longer-term provision with risk cover was still inadequate. A general inroad into insurance business is not intended, especially as the insurance risk, as already practiced in connection with other bank services, is covered at insurance companies.

The volume of savings deposits subject to the legal period of notice has increased by DM 3.2 bn. during the last five years. Our customers continue to regard these funds as a reserve which they can mobilize easily in the short or medium term.

#### **Important customer groups: the self-employed ...**

The self-employed are an important customer group in our retail banking business. Lendings to these customers by the parent company totalled roughly DM 11 bn. at the end of 1984. Their deposits came to DM 5.4 bn. (demand, time and savings deposits).

Among the services we offer the self-employed, practical counselling and target-oriented problem-solving in the field of financial investment and financing play an important role. Over and above that we have developed a comprehensive information package for small and medium-sized businesses comprising brochures on various topics and public presentations.

#### **... and young adults**

We offer services tailored specifically to the needs of young people. In addition to financial counselling, they include assistance with career planning in the form of information and orienta-

tion aids. At public functions (youth fora) held in the year under review, we encouraged the dialogue between school-leavers and representatives of the business community.

#### **Joint payment systems**

As in the previous years, we participated intensively in the efforts of the banking industry to develop standardized payment systems. The focus was again on the eurocheque. At the end of the year our retail customers were able to obtain cash using the eurocheque card from about 1,800 automatic cash dispensers in the Federal Territory and Berlin (previous year 800 dispensers). At the cross-border level, a successful test was carried out with cash dispensers in the summer of 1984 in Spain.

EUROCARD, a joint service of the German and European banking industries, was used by 280,000 German bank customers in the year under review. The card is accepted worldwide at 3.3 million hotels, restaurants and retailers.

#### **3. Securities business: another good year**

Thanks to the favourable condition of the capital markets, securities business developed very well in 1984, too. Turnover with private and institutional customers topped DM 100 bn.

Business with non-banks centred on bond-trading. Turnover in fixed-interest securities (including *Schuldscheine*) expanded 18%. The strongest rise was recorded in foreign currency paper, above all US\$ bonds. But there was also strong demand for DM internationals. At first, growth was lower in business with domestic bonds; turnover picked up, however, when interest rates fell in the second half of the year and foreign investors entered the market on a larger

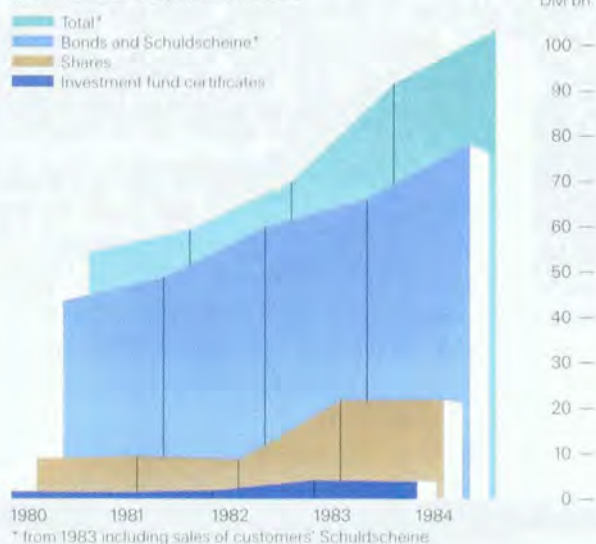
scale after the abolition of coupon tax. At the same time, turnover decreased in the *Schuld-schein* sector, where above-average growth had been recorded in the previous years.

The turnover in shares was maintained at the previous year's very good level (+0.4%). Business in domestic paper, above all, developed positively. Here, the numerous first-time listings brought us new investors. Additional impulses came from foreign investors' demand for German shares. A further factor here was that the market for warrants also expanded. Flexibly operating investors made increasing use of the possibilities offered by option business.

On the other hand, turnover in foreign shares, above all American stocks, eased slightly. A noteworthy feature was investors' growing interest in Japanese shares and other European markets.

### Securities business

Turnover of Deutsche Bank AG  
with institutional and private customers



### Successful portfolio management

In our portfolio management business, we again achieved good growth in portfolio values. There was an increase in the number and volume of portfolios managed by us and of assets entrusted to our management in connection with estates.

The number of safe-custody accounts held for customers rose to 1.1 million in 1984. Their market value increased 14% to DM 117.7 bn.

### Net receipts in investment fund business

Sales of investment fund certificates were high, but below the previous year's very good result. Our two subsidiaries in the investment fund business – DWS Deutsche Gesellschaft für Wertpapiersparen mbH and Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF) – raised the assets they managed by DM 2.4 bn. to DM 17.8 bn.

Of this total, DM 10.5 bn. is accounted for by the 15 public funds managed by DWS; among them, there was particular demand for the internationally investing bond funds in 1984. At DEGEF, where net receipts were higher than in the previous year, 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 118 (previous year 110).

The open-end property fund "grundbesitz-invest", which is managed by our subsidiary Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne, increased its assets to DM 1.77 bn. as of September 30, 1984. In the year under review DM 260 m. was placed at long term in commercially used investment properties at good locations.

In December we launched a closed-end property fund with a volume of DM 465.5 m. for our new Central Office premises in Frankfurt. The limited-liability capital of DM 225.5 m. was placed within a short period among our customers.

#### **4. Issuing business: successful new listings ...**

The outstanding features of our issuing business in 1984 were the new listings on the German share market and the remarkable growth and diversification on the international capital markets.

On the German share market we introduced the shares of 13 companies to the stock exchange in the year under review. We managed the placement of shares worth a total of DM 1.6 bn.; that was more than 90% of the entire volume of new placements on the market. The companies that went public included small and medium-sized firms and also companies known throughout the world such as Nixdorf Computer AG and Dr.-Ing. h. c. F. Porsche AG.

This development is the result of efforts made over many years to reactivate the share. From conversations with customers we have the impression that the ice has now been broken. As the number of newcomers to the stock market increases, other companies become less shy of the general public and the publicity associated with a stock market listing. In many cases, this increased publicity actually leads to new business contacts at home and abroad.

In the year under review we also participated in 35 capital increases for cash at companies already listed (for a total of DM 2.7 bn.).

#### **... and strong growth and diversification in international bond issues**

In the international new issue business we participated in 366 bond issues in a management capacity in 1984 (previous year 275). Thus the number of issues where we have acted in a management or co-management position has almost trebled in the last five years (1980: 128).

By far the largest proportion of our issuing business is today denominated in US dollars. In 1984 we acted in a management capacity in 185 dollar bond issues, compared with 87 D-Mark issues. Four years ago D-Mark issues still made up almost half of our total business (59 of 128 new issues). In the reporting year we also acted for the first time in a lead management capacity for ECU bonds issued by a French borrower: one fixed-rate issue and one floating-rate issue for ECU 70 million each.

Over and above that, we expanded our activities in connection with new forms of issue and new financing techniques such as interest and currency swaps. In December 1984 we floated a US\$ 100 m. issue through Deutsche Bank Finance N.V., Curaçao; the bonds were floated at par, the interest is payable at final maturity (capital growth bonds).

To strengthen our range of services in the new issue and placement business, we shall be setting up an international investment banking subsidiary in London. It will operate under the name Deutsche Bank Capital Markets Limited and engage chiefly in new issue business in foreign currencies and in Eurobond dealing and placement.

In particular, the company will cooperate closely with our New York investment bank Deutsche Bank Capital Corporation (until 31. 12. 84: Atlantic Capital Corporation). With this change of name, we wish to underline the integration of this com-

pany into the overall range of services offered by Deutsche Bank Group.

### **5. Foreign exchange and precious metals: successful in difficult market conditions**

In view of the persistent exchange rate uncertainty, our foreign exchange dealing section devoted special attention to assisting customers with hedging. Besides expert counsel, this service also includes the arrangement of forward cover. At the centre of interest here was the US dollar currency risk.

For about two years now, we have offered exporters and importers currency options in addition to the traditional hedging instruments. Only limited use has been made of them so far, however.

In 1984 our foreign exchange dealing turnover rose parallel to the increase in the dollar rate. We were able to surpass the good dealing results of the previous year.

Precious metals business suffered as a result of the weak condition of the markets. Industrial demand developed favourably owing to the improvement in business activity and lower prices, but this did not make up for the lack of interest on the part of investors. In business with producers and consumers we were again able to improve our position. Viewed against the unfavourable market situation, our precious metals profits were satisfactory.

### **6. International business: market position strengthened**

Commercial foreign business, i.e. the financial settlement of exports and imports, profited in 1984 from the strong growth in German foreign

trade. We achieved a tangible increase in turnover and earnings.

Through intensive efforts to obtain new business and through the offer of new products, we strengthened our market position.

It is gratifying that payments business and short-term trade financings can again be settled smoothly, to a large extent, with the countries that have agreed or applied for reschedulings or were not able to meet their foreign payment obligations when due. This applies both to the countries of Latin America and to the European centrally planned economies in the process of rescheduling.

### **Medium and long-term foreign trade financing**

In the field of medium and long-term trade financings AKA Ausfuhrkredit-Gesellschaft mbH again improved its range of services in the period under review. It provided fixed-rate credits with no restriction on amount and available as from contract signing (according to a decision of the credit committee).

In the financing of large projects in the plant construction sector, which had decreased markedly in the previous years owing to a receding order volume in this branch, the situation has relaxed slightly. There were again negotiations with a number of countries on new projects. Business remained difficult only with states that had payments problems, in so far as Hermes cover was not available. In each case we made every effort to use all conceivable financing possibilities through co-financings, forfaiting etc.

## Successful foreign branches

The business volume of our foreign branches expanded markedly in 1984, partly owing to exchange rate movements.

In lending business our foreign branches not only served locally domiciled German customers to an increasing extent, but also medium-sized local firms. On the funding side they made use of the opportunities available on international and local financial markets; in this way they made an important contribution to the funding of the Group as a whole.

In developing our foreign branches, it is our aim to make full use of the local advantages offered at each centre. In London, New York and Tokyo we strengthened our good position among foreign banks; in Japan above all in the field of short-term trade financings. In Paris we began to build up a portfolio management service.

## Bases, subsidiaries and associated companies abroad

At year's end our foreign network comprised 15 branches, 9 wholly-owned subsidiaries and 14 branches of European Asian Bank AG. In addition there were 19 representative offices abroad.

In the period under review we expanded our presence in Japan by opening a new sub-branch in Tokyo (Shinjuku district). In Japan we now have three banking offices and two representative offices.

In autumn we acquired 4.99% of the voting capital of Morgan Grenfell Holdings Ltd., the parent company of the London merchant bank Morgan Grenfell and Co. Ltd. We expect this to lead to a further intensification of the good cooperation between our two companies, particularly in securi-

ties business on the London market, in corporate financing and in export and project financing.

Our associated bank Banco Comercial Transatlántico, Barcelona, a Spanish commercial bank with 100 branches largely situated in the province of Catalonia, was able to sustain the favourable development of profits in 1984, despite the country's persistently difficult economic situation.

The banking house H. Albert de Bary u. Co. N.V., Amsterdam, which engages chiefly in the financing and settlement of foreign trade business and in which we have a 50% holding, provided customers active in international trade with a larger volume of credit. With strong growth in net income for the year and balance sheet total, the bank's good results for the business year ended on September 30, 1984 were similar to those in the previous year.

European Asian Bank AG, in which we have a 60% holding, has strongly expanded its business activity during the last years in line with the dynamic economic development of the region as a whole. The growth recorded in 1984 was due to exchange rates. Business volume as of 31. 12. 1984 was DM 9.3 bn. Signs of economic crisis, due not least to overcapacities in various branches of industry and commerce in several South East Asian countries, had repercussions on the banking sectors in these countries and caused Eurasbank's adjustment and provision requirement to rise strongly; provision was made for all discernible risks, in part with the involvement of the shareholders.

European American Bancorp. (EAB) closed the year under review with a loss. This was due to adjustments and depreciation that had to be made for technical equipment and problem loans. EAB received US\$ 40 m. in new capital and US\$ 40 m. in additional subordinated loans. At the same time, personnel changes were made in the bank's

management and other measures taken to achieve a lasting improvement in the bank's earnings situation.

Deutsche Bank (Canada) can look back on a year in which balance sheet total and earnings increased and a good number of new relationships were established.

The same applies to Deutsche Credit Corporation, which operates in the U.S.A. in the sales financing sector. Its range of financings is also particularly interesting for small and medium-sized German exporting firms.

In the course of streamlining our activities in the Group, we sold a number of smaller holdings in foreign development banks, mostly to local institutions.

### **Eurocredits: new business in industrialized countries**

In medium and long term Eurocredit business, which is handled largely by our Luxembourg subsidiary, we paid particular attention to risk in 1984, too. The growth in total lending was for the most part attributable to the higher valuation of the dollar against the D-Mark.

Business was characterized by the rapidly growing popularity of new financing forms; they developed out of the intensive competition for good addresses and the resulting persistent pressure on the spread structure in traditional Eurocredit business.

Loans to countries exposed to particular risks increased slightly compared with the corresponding figure for the previous year. The rise was due largely to exchange rate developments and to the provision of fresh money in connection with reschedulings. In new engagements we concentrated on trade-related facilities and on projects that would strengthen the ability of the countries concerned to repay their debts.

### **Project financings**

We further intensified our activities in project financing. We participated in a management capacity in several important projects. These were chiefly mining and energy projects in the North Sea, North America and Australia.



## **Our Staff**

### **More personnel to advise customers**

The number of staff in the Deutsche Bank Group increased during the reporting period by 617 to 47,873. Most of the expansion was at the parent company, where the number of employees rose by 556 to 41,126. The additional staff members were required mainly in customer counselling and account management.

At the same time we maintained our intensive efforts to raise and widen the qualifications of our employees.

Just how much the demands on our staff have risen is shown by the changed salary pattern. In the past ten years the proportion of employees performing simple work (groups 1-3 of the salary scale) has more than halved from 22.7% to 10.3%. Over the same period the proportion of staff in the banking section (groups 4-9) rose from 63.5% to 73.7%. The proportion of employees outside the agreed salary scale increased during the same period from 13.8% to 16.0%.

### **Employees abroad**

At the end of the reporting year 3,421 members of our total staff were working at our foreign branches and representative offices or at subsidiaries and associated companies abroad (previous year: 3,330). They included 353 German members of staff *seconded abroad for a limited period*. We attach great importance to the regular exchange of personnel between the domestic and foreign networks. It has a positive influence on the experience, qualifications and know-how of the staff and reflects the mobility required throughout the bank.

### **Low staff turnover**

Staff turnover remained low in our bank. The overall severance ratio, which covers all grounds for leaving, was the same as in the previous year, namely 6.6%.

In 1984, 65 members of staff celebrated 40 years of service with the bank and 351 celebrated their 25th anniversary. One member of staff was able to look back on 50 years with the bank. We view the many years of service these members of staff have devoted to Deutsche Bank AG as a sign of loyalty and attachment to our company, for which we are grateful.

### **Further increase in apprenticeships**

In the reporting year Deutsche Bank AG took on 1,937 apprentices (previous year: 1,910). At the end of 1984, 4,497 young people were receiving vocational training. In the past five years we increased the number of apprenticeships we offer by a total of 650.

Our aim in raising the number of places was to provide as many young people as possible with the opportunity, given the difficult situation on the labour market, of gaining vocational qualifications. At the same time we ensured that we will have the banking staff we need to meet future requirements.

In 1984 apprentices made up 11.6% of our domestic staff. Calculated in relation to the number of staff excluding apprentices, the apprentice ratio came to 13.1%. This made us one of the most training-intensive companies in the Federal Republic.

We demand high standards of training at our bank. In 1984, 97.5% of the young people passed the final examination; over half obtained distinc-



tions or merits. All who qualified as bank clerks were offered the opportunity to join our staff on completion of their training (recruitment ratio over 80%)

The system of basic banking training which we had started to introduce at our foreign branches (Brussels, Buenos Aires, Madrid, São Paulo) in the previous year, went ahead as planned. In 1984 36 local members of staff were receiving training. This apprenticeship is intended to help prepare local employees for specialized work and management positions at our foreign bases.

### Training after apprenticeship too

After completing the apprenticeship, young bank clerks with above-average qualifications are given special training in preparation for deployment to the new business and customer-counseling areas at home and in other countries. This group of promising young people was enlarged from 100 to 150 in 1984.

### More trainees

The number of university graduates taking part in a trainee programme was raised to 230 in the reporting year. We draw a substantial proportion of the staff we require for international banking business from this group. In view of the growing need for qualified staff in international lending and investment business, the trainee scheme will be extended to include periods at the various foreign banking centres.

### Growing importance of further training

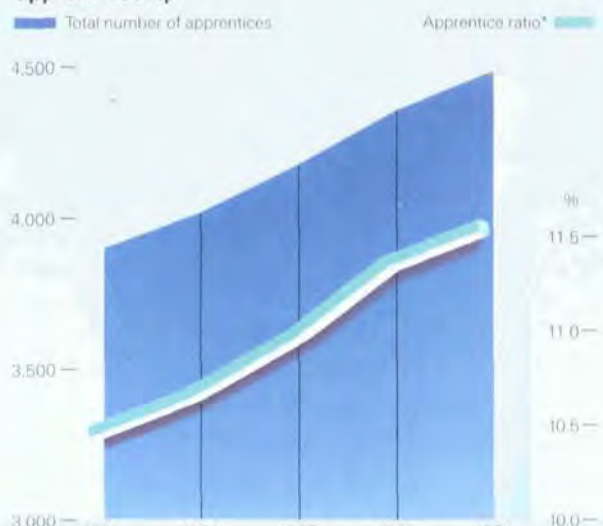
In 1984 we held 1,148 seminars (previous year: 909). They were attended by a total of 20,582 members of staff (previous year: 16,877). In line

with business policy requirements, the greatest emphasis was on seminars for customer counselors and account managers in wholesale and retail banking business. Besides transmitting specialized information we consider it most important that the knowledge be properly applied in dealings with customers. The introduction of new services and financing facilities was always backed up by special seminars.

In view of the growing use of technology we widened the range of EDP training further during the reporting year. Information about technological developments also played an important role in the seminars for our management personnel.

Expenditure on basic and further training increased to DM 118 m. in 1984. That was equivalent to 6.2% of total wages and salaries. Vocational training accounted for DM 62 m.

### Rising number of apprenticeships



\*Apprentices as a percentage of domestic staff (incl. apprentices)

Early retirement scheme for agreed-scale salary earners

In the reporting year arrangements for early retirement were introduced in the banking sector under the collective salary agreement. They permit employees who have been with their bank for at least 25 years to leave the bank two years before the earliest date at which they can draw a state pension; those who have been at least ten years with the bank can leave one year before that date. The arrangements are valid up until 1988.

Early retirement represents a considerable burden for the bank. A total of 1,800 employees on agreed-scale salaries qualify for early retirement between 1984 and 1988. Up to the end of the reporting year one third of those eligible to retire in 1984 and 1985 had applied to leave early. The premature departure of these members of staff means a loss of experience that is difficult to compensate quickly. In addition, early retirement entails higher staff expenses, since the benefits paid during that period are not matched by work done. One positive aspect is that the early retirement arrangements enhance the rate at which young bank staff move up into the vacancies created.

New company pension arrangements

The company pension scheme for our staff was reorganized in the reporting year in consultation with the General Staff Council. The aim was to eliminate the imbalance in favour of retirement pensions which existed in some cases compared with the salaries of present members of staff, and to keep the total costs accruing to the bank under the company pension scheme within reasonable limits.

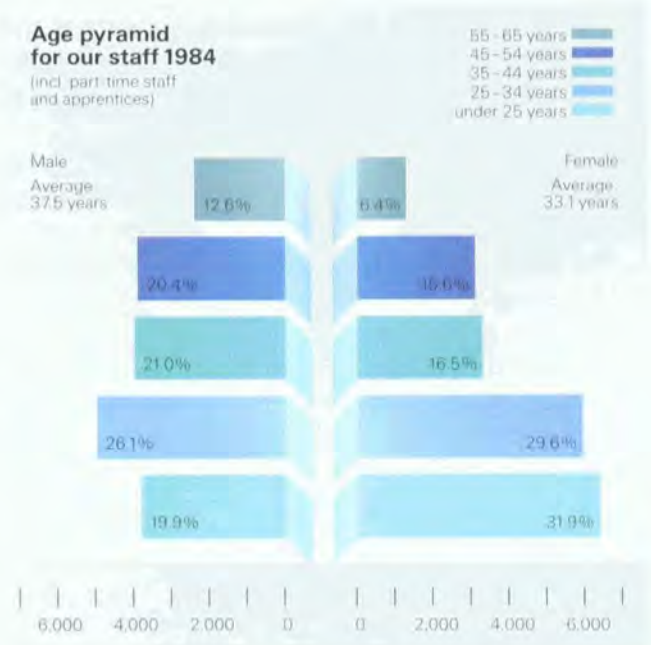
The new pension regulations apply to all members of staff entering the bank from April 1, 1984. No alterations were made to existing commitments.

Including the state pension under the compulsory social insurance system and the retirement pensions paid by the Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes, our employees are assured in future, too, of adequate provision for old age.

At present 10,018 former members of staff and widows draw a company retirement pension; we also support 217 orphans.

Staff shares at preferential price

In 1984 we again offered our employees staff shares at a preferential price taking full advantage



of the tax allowances. 79.6% of all those entitled to participate (employees and pensioners of Deutsche Bank AG and its subsidiaries) and 86.5% of our bank's present staff made use of the offer. Participation was therefore only a little lower than in the previous year although the issue price was considerably higher owing to the rise in the share price.

The expenditure incurred by Deutsche Bank AG in 1984 in connection with the issue of staff shares amounted to DM 24.8 m. Total expenditure to date for this type of capital formation comes to DM 143.4 m.

At the end of 1984 Deutsche Bank AG had 43,800 staff shareholders; they held 3.5% of the bank's share capital.

### **Election of Staff Councils**

In spring 1984 the regular Staff Council elections were held at our branches. The turnout was above average at 81.6%. Almost two-thirds of the total number of 1,006 members elected had already been members of the Staff Councils prior to the election.

After the election the new General Staff Council, its committees and the Group Staff Council convened for the first time.

The election of youth representatives was also held during the reporting year and the General Youth Representation subsequently convened.

The Board of Managing Directors discussed all personnel, social and business matters of topical

relevance in cordial cooperation with the General Staff Council and its committees and with the Group Staff Council. The emphasis was on information about business development and questions relating to the increasing application of technology in banking. We would like to thank the members of the Staff Councils, the General Staff Council, the Economic Committee and the Group Staff Council, the youth representatives and the spokesmen for the severely disabled for their constructive cooperation.

### **Committee of Spokesmen**

The Board of Managing Directors discussed the matters of specific concern to management personnel and the development of the bank's business with the Committee of Spokesmen for Senior Executives. The Committee of Spokesmen once again proved instrumental in promoting the exchange of ideas between the Board of Managing Directors and the senior executives. We wish to thank the members of the Committee of Spokesmen for their personal commitment and for their objective and clear-sighted endeavours.

### **Thanks to our staff**

Our special thanks are due to all our members of staff, whose enthusiasm and effort made it possible for the bank to operate successfully.



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

Anneliese Becker, Cologne  
Rudolf Beran, Wiesbaden  
Margarete Boll, Frankfurt  
Karl Brangs, Düsseldorf  
Willi Brichta, Frankfurt  
Wilhelm Brings, Düsseldorf  
Klaus Busch, Viersen  
Elmer Centanni, New York  
Magda Claussen, Hamburg  
Bernhard Gindele, Stuttgart  
Helmut Gruber, Stuttgart  
Werner Grundmann, Munich  
Frich Halupczok, Hanover  
Günter Henrichvark, Osnabrück  
Gerhard Hoffmann, Bremen  
Peter Holzky, Regensburg  
Andreas Jabor, Wuppertal  
Wolfgang Kahnt, Frankfurt  
Bernhard Karrenbrock, Osnabrück  
Herbert Laux, Frankfurt  
Dirk Lender, Hamburg  
Claudia Lingk, Bottrop  
Heinrich Linnemann, Hamburg  
Michael Manko, Düsseldorf  
Lothar Müller, Frankfurt  
Udo Nagelschmidt, Frankfurt

Edgar Quasdorff, Düsseldorf  
Hans Günter Renfordt, Iserlohn/Werdohl  
Walter Ritter, Frankfurt  
Alfred Rossa, Munich  
Herbert Rossing, Dortmund  
Christiane Rusch, Hameln  
Lothar Rybold, Düsseldorf  
Gerd Schaeffers, Essen  
Herbert Schmitz, Cologne  
Hartwig Schneider, Hanover  
Klaus Peter Schroeter, Kassel  
Georg Schuhmacher, Siegen  
Werner Speck, Leonberg  
Monika Spranger, Essen  
Wolfgang Stein, Frankfurt  
Johann Stenvers, Gronau  
Christine Tesche, Salzgitter  
Traude Traub, Offenburg  
Dagmar Ulrich, Ludwigshafen  
Max Wagner, Braunschweig  
Bernd Wedler, Hamburg  
Annemane Wutschka, Recklinghausen  
Ingrid Zieler, Taunus Zentrum Eschborn  
Siegfried Zimmer, Stuttgart  
Hans Znotzka, Frankfurt  
Werner Zöllner, Hamburg

We mourn the passing away of 312 retired employees of our bank  
We shall always honour their memory

# Notes on the Statement of Accounts of Deutsche Bank AG for 1984

## Balance Sheet

### Business volume

The bank's *business volume* (balance sheet total + endorsement liabilities) rose DM 20.7 bn. (+ 16.8%) to DM 143.4 bn. in 1984. The strong expansion is due to increased claims on customers and to deposits with banks – primarily banks within the Group.

The growth in business volume took place almost exclusively in the second half of the year, with December in particular bringing a greater rise.

*Balance sheet total* increased to DM 137.9 bn. (+ 17.1%) as of 31. 12. 1984.

The *financing balance* on page 61 gives details of the balance sheet changes by source and use of funds.

*Turnover* on non-bank customers' accounts increased by 6.6% compared with the previous year, to DM 4,519 bn. With an average effective staff of 35,000 (1983: 34,700), turnover per employee was DM 129 m. (1983: DM 122 m.). The number of business transactions booked per employee was 16,400.

Compared with the end of 1983, there were the following changes in the balance sheet:

Assets	DM m.
Cash reserve	+ 704
Cheques and other items received for collection	– 366
Bills of exchange	69
Claims on banks	+ 11,588
Treasury bills and discountable	
Treasury notes	– 79
Bonds and notes	+ 1,329
Other securities	+ 342
Claims on customers	+ 6,312
short and medium term	+ 2,302
long term (4 years or more)	+ 4,010
Subsidiaries, associated companies and trade investments	+ 185
Land and buildings	+ 33
Office furniture and equipment	+ 91
Other assets	+ 10
Remaining assets	+ 23
<i>Balance sheet total</i>	+ 20,103

Liabilities	DM m.
Liabilities to banks	+ 7,673
Liabilities to customers	+ 9,174
including: demand deposits	+ 3,482
time deposits	+ 5,970
savings deposits	– 278
Bonds and notes	+ 1,008
Own acceptances and promissory notes outstanding	+ 460
Provisions	+ 1,233
Share capital and disclosed reserves	+ 717
Remaining liabilities	– 162
<i>Balance sheet total</i>	+ 20,103

### Liquidity

*Cash liquidity* decreased slightly from the previous year, to 4.8% (31. 12. 1983: 4.9%). While the cash reserve increased by DM 0.7 bn., liabilities to banks and to customers, bonds and notes, own acceptances, promissory notes and other liabilities

ties were up by DM 18.3 bn. to a total of DM 124.2 bn. as of 31. 12. 1984.

*Overall liquidity* – the ratio between the total liquid funds of DM 22.8 bn. and the above-mentioned liabilities – rose to 18.3% at the end of 1984 (31. 12. 1983: 18.0%).

The following table shows the composition of liquid funds and liabilities:

	End of 1984 DM m.	End of 1983 DM m.
Cash on hand . . . . .	555.5	448.2
Balance with Deutsche Bundesbank . . . . .	5,371.0	4,774.5
Balances on postal giro accounts . . . . .	13.0	12.3
<i>Cash reserve</i> . . . . .	<u>5,939.5</u>	<u>5,235.0</u>
Cheques and other items received for collection . . . . .	199.4	565.1
Bills of exchange rediscountable at Deutsche Bundesbank . . . . .	1,226.0	1,254.5
Claims on banks payable on demand . . . . .	7,472.7	4,949.9
Treasury bills and discountable . . . . .		
Treasury notes . . . . .	1,110.5	1,189.2
Bonds and notes eligible as collateral for Bundesbank advances . . . . .	6,802.2	5,868.3
<i>Total liquid funds</i> . . . . .	<u>22,750.3</u>	<u>19,062.0</u>
Liabilities to:		
banks . . . . .	45,898.8	38,226.2
customers . . . . .	73,599.1	64,424.8
Bonds and notes . . . . .	2,553.2	1,545.1
Own acceptances and promissory notes outstanding . . . . .	2,121.8	1,662.1
Other liabilities . . . . .	47.2	57.5
<i>Total liabilities</i> . . . . .	<u>124,220.1</u>	<u>105,915.7</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 1984.

## Assets

### Securities

*Bonds and notes* were increased by DM 1.3 bn. (+ 14.1%) to DM 10.8 bn. Most of the expansion was in fixed-interest securities of domestic banks with a life of up to 4 years. Out of total holdings, items with a value of DM 6.8 bn. (= 63%) were eligible as collateral in accordance with Deutsche Bundesbank regulations.

*Securities not to be shown elsewhere* rose DM 342 m. to DM 3.1 bn. Shares with syndicate commitments relate to DM 288 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 shown separately, come to DM 1,079 m. Holdings of 25% or more account for DM 1,035 m. of this amount.

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

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.

In the case of the shares of Didier-Werke AG, Wiesbaden, which were acquired at the turn of the year 1982/83 for the purpose of further placement, we are in the concluding phase of sales negotiations. There is no connection with the shares held in Didier-Werke AG, Wiesbaden, by Rossmann Beteiligungsgesellschaft mbH, Frankfurt am Main, of which we own 60%.

In conjunction with the stock exchange listing of Nixdorf Computer AG, Paderborn, in spring 1984 we sold the remainder of the Nixdorf shares that had been acquired in 1979.

Our entire securities holdings have been valued, as hitherto, at the lower of cost or market.

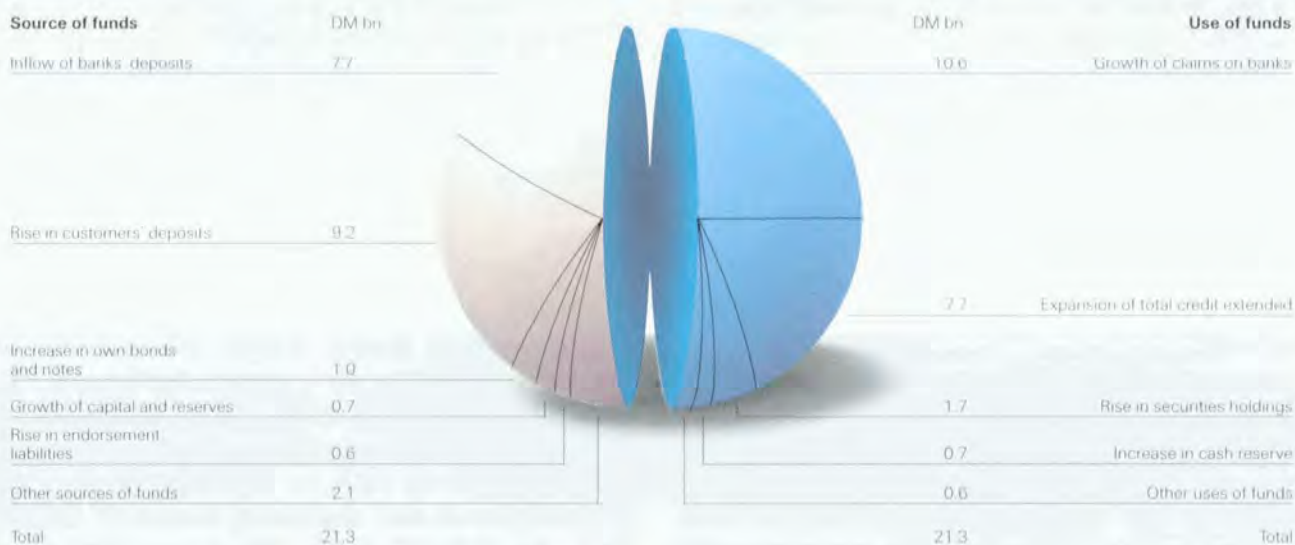
## Total credit extended

*Total credit extended* (excluding guarantees and letters of credit) increased by DM 7.7 bn. to DM 80.5 bn. at the end of 1984. Lending business picked up especially in the second half of the year, with the months of November and December contributing DM 4.2 bn. of the expansion.

*Claims on customers* accounted for four-fifths of the growth in credit business. They were DM 6.3 bn. higher at DM 65.7 bn. Since long-term claims on customers (+ DM 4.0 bn.) rose more than short/medium-term credits (+ DM 2.3 bn.), the maturity structure shifted – as in 1983 – in favour of the long-term sector. The proportion of long-term claims on customers moved up to 41.8%.

At the end of 1984, 47% of long-term claims on

## Financing balance 1984



<i>Total credit extended</i>	End of 1984		End of 1983		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium term	38,241	47.5	35,939	49.4	+ 2,302	= 6.4
long-term (4 years or more)	27,480	34.1	23,470	32.2	+ 4,010	= 17.1
	65,721	81.6	59,409	81.6	+ 6,312	= 10.6
Discounts	7,764	9.7	7,319	10.0	+ 445	= 6.1
Lendings to banks	7,037	8.7	6,090	8.4	+ 947	= 15.5
<i>Total credit extended</i>	80,522	100.0	72,818	100.0	+ 7,704	= 10.6

customers were due in less than 4 years or had already been sold forward.

In 1984 domestic corporate customers were particularly interested in long-term credits, which rose by DM 1.1 bn. (+ 16%) to DM 7.6 bn. In the second half of the year we offered our domestic corporate customers a credit programme at fixed terms and conditions to finance long-term investment and it has been in brisk demand.

Short and medium-term advances to domestic corporate customers were up DM 0.6 bn. at DM 14.9 bn. In connection with this growth figure it should be taken into account that our subsidiary in Luxembourg also provided loans at favourable interest rates. Euro-borrowing rose by DM 1.1 bn. to DM 6.6 bn.

Owing to changed exchange rates – especially of the US dollar – the foreign credit volume, which increased by 14.1%, showed stronger growth than total credit extended. More than three quarters of total volume was granted by the foreign branches.

Standardized loans to our retail banking customers were DM 2.1 bn. higher at DM 24.9 bn. As in the previous year, the growth was generated largely by the BauKreditSystem which expanded by DM 1.8 bn. to DM 17.9 bn. Demand was strongest for the Deutsche Bank mortgage with

right of notice, which allows the customer, at six months' notice, to replace his mortgage with another on which the interest rate is fixed for a longer period.

The proportion of claims on customers relating to domestic private borrowers contracted slightly to 48%.

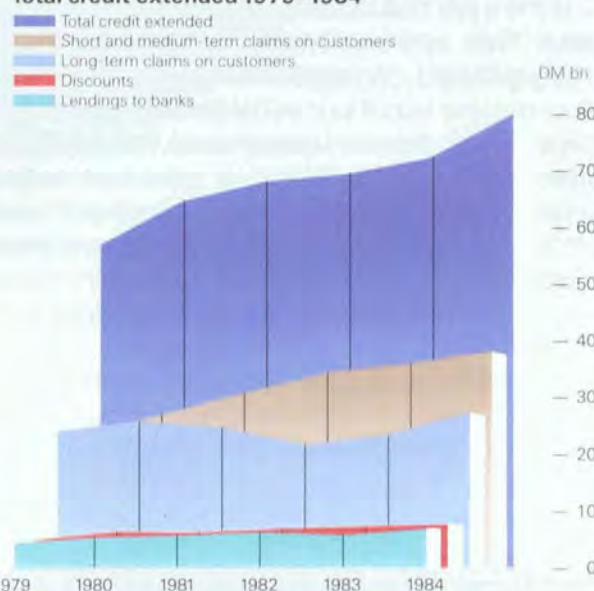
*Discounts* rose by DM 0.4 bn. (+ 6.1%) to DM 7.8 bn. Of this amount DM 0.8 bn. is made up of AKA/GEFI bills purchased within the framework of export financing.

The strongest expansion on the assets side was in *Claims on banks*, which increased by DM 11.6 bn. to DM 43.2 bn. Claims on foreign banks accounted for DM 37.1 bn. (= 86%). The growth in 1984 was produced largely by deposits placed by our foreign branches with Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, with the aim of strengthening intra-Group funding.

*Lendings to banks*, which are included in claims on banks, rose – especially towards the end of the year – by DM 0.9 bn. (= 15.5%) to DM 7.0 bn. The expansion stemmed partly from buyer loans granted via AKA (+ DM 0.3 bn.) and from Schuldscheine and registered bonds (+ DM 0.2 bn.). As of 31. 12. 1984, 74% of long-term lend-



### Total credit extended 1979–1984



am Main, showed an increase of DM 0.3 bn. at DM 2.9 bn.

The *breakdown by size* shows the wide range of our loans to customers. Loans of more than DM 100,000 up to DM 1,000,000 increased; this development is due primarily to building financing business.

The *breakdown by sector* of our domestic and foreign loans to customers is based on the system used in the borrower statistics of Deutsche Bundesbank. Manufacturing industry remains the most strongly represented business sector with 27.0%. The limits prescribed by Section 13 Banking Act with respect to large credits were observed at all times.

Our commitments in lending business were valued with undiminished care, and appropriate adjustments and provisions were made for risks. This applies both to individual borrowers and to the provisions for country risks. The general provision prescribed by the Federal Supervisory Office was made for latent risks. In addition, there is a taxed valuation 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 is similar to

ings to banks were due within 4 years or had already been sold forward to third parties.

Funds for specific purposes from public lending programmes were offered to our small and medium-sized corporate customers in the reporting year – frequently linked with loans from our bank. These funds, which were provided mainly by Reconstruction Loan Corporation, Frankfurt

Customer commitments				End of 1984		End of 1983	
				Number	%	Number	%
up to DM 10,000				665,357	= 58.2	666,861	= 59.0
more than DM 10,000	up to DM 100,000			368,442	= 32.2	365,009	= 32.3
more than DM 100,000	up to DM 1,000,000			100,923	= 8.9	90,672	= 8.0
more than DM 1,000,000				8,559	= 0.7	7,838	= 0.7
				1,143,281	= 100.0	1,130,380	= 100.0

Breakdown of customer credits (claims and discounts) by sector as at December 31		
	1984	1983
Steel construction, mechanical engineering and vehicle manufacture, manufacture of office equipment, data-processing equipment and systems	6.7%	7.4%
Electrical engineering, precision and optical goods; production of hardware, musical instruments, sports equipment, jewellery, photographic and film laboratories	4.5%	4.6%
Metal production and processing	2.6%	3.2%
Chemical industry, production and processing of nuclear fuels, petroleum processing	4.1%	3.7%
Leather, textile and clothing manufacture	2.4%	2.3%
Wood, paper and printing trades	2.6%	2.5%
Food industry, tobacco processing	2.0%	2.2%
Other industries	2.1%	2.2%
Manufacturing industry, total	27.0%	28.1%
Trade	14.3%	13.9%
Other business sectors and public authorities	30.3%	29.4%
Private borrowers (other than self-employed)	28.4%	28.6%
	100.0%	100.0%

ours or materially supplements 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, especially 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 participa-

tions 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 60.

A complete list of our subsidiaries, associated companies and trade investments, showing our respective capital holdings, is given on pages 128 to 131 of this report. The situation and business development of consolidated companies are dealt with in the Report of the Group. It also contains information on the bank's relations with Group companies.

Subsidiaries, associated companies and trade investments rose by DM 184.7 m. on balance in 1984 to DM 2,691.9 m.

Additions amounted to DM 240.8 m. Purchases account for DM 65.4 m. of this. They include the acquisition of 4.99% of the voting capital of Morgan Grenfell Holdings Ltd., the parent company of the London merchant bank Morgan Grenfell and Co. Ltd., London. This connection is intended to enhance cooperation with Deutsche Bank AG – but especially with Deutsche Bank Capital Markets Ltd., a subsidiary set up at the start of 1985 – in the London market.

The capital increases included in the additions amount to DM 117.7 m. and reflect the strengthening of the capital base at our subsidiaries Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, and Deutsche Bank (Canada), Toronto. A capital increase was carried out at Deutsche Grundbesitz Anlagegesellschaft mbH u. Co. Löwenstein Palais, Cologne, which owns the site of the Central Office building at Taunusanlage 12, Frankfurt am Main, to restructure the share ownership. Deutsche Bank AG now holds 99.7% of the capital.

Capital payments (totalling DM 34.7 m.) were made above all at our wholly-owned holding company German American Capital Corp., Balti-

more, U.S.A., which holds 20.125% of the capital of European American Bancorp. (EAB). This payment had become necessary because of losses incurred at European American Bancorp. (EAB) in 1984.

DM 22.9 m. was made available for the establishment of new companies. Our increased efforts to help channel capital available for investment to companies unable to float capital issues themselves led to the foundation of Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft, Königstein. In the course of the reorganization at Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt am Main, the bank also took a 30% holding in WFG Deutsche Gesellschaft für Wagniskapital mbH, Königstein, the general partner, which is carrying on the business, and the same percentage holding in WFG Deutsche Gesellschaft für Wagniskapital mbH u. Co. KG von 1984, Frankfurt am Main, which finances new business.

Deutsche Bank Consult Gesellschaft mbH, Frankfurt am Main, was set up to expand our services in the consulting field. The firm's capital of DM 1 m. was fully paid by us.

Sales, which totalled DM 3.2 m., related primarily to Korea Long Term Credit Bank, Seoul, S. Korea.

The greater part of the write-downs totalling DM 52.9 m. was attributable to German American Capital Corp., Baltimore, U.S.A.

Important changes were as follows:

#### *Purchases*

Deutsche Centralbodenkredit AG, Cologne-Berlin  
Deutsche Grundbesitz-Anlagegesellschaft mbH  
u. Co. Löwenstein Palais, Cologne

Frankfurter Hypothekenbank AG, Frankfurt am Main

Morgan Grenfell Holdings Ltd., London

#### *Capital increases*

Al-Bank Al-Saudi Al Alami Ltd., London

Deutsche Bank (Canada), Toronto, Canada

Deutsche Bank Compagnie Financière

Luxembourg S.A., Luxembourg

Deutsche Bank Saar AG, Saarbrücken

Deutsche Grundbesitz-Anlagegesellschaft mbH  
u. Co. Löwenstein Palais, Cologne

#### *Capital payments*

Deutsche Credit Services, Inc., Dover, DE, U.S.A.  
German American Capital Corp., Baltimore,  
U.S.A.

#### *New companies*

DB Consult GmbH, Frankfurt am Main

Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft, Königstein

WFG Deutsche Gesellschaft für Wagniskapital  
mbH, Königstein

WFG Deutsche Gesellschaft für Wagniskapital  
mbH u. Co. KG von 1984, Frankfurt am Main

#### **Fixed assets**

Land and buildings are shown at DM 816.2 m. The additions include DM 92.8 m. in costs of new buildings and renovations, and property purchases amounting to DM 2.4 m. Disposals came to DM 3.3 m. and depreciation to DM 40.2 m. Furthermore, we wrote back DM 19.1 m. of the special item with partial reserve character in accordance with Section 6b Income Tax Act and offset it against the additions.

Major building projects were completed in Aalen, Braunschweig, Coburg, Düsseldorf, Kassel, Minden und Singen. New projects were commenced in Celle and Eschborn.

The bank is using 7 leased properties. Another building in Hamburg is currently being converted for subsequent use. At the end of 1984 the value of the leased properties was DM 252 m. Leasing rentals paid came to DM 31.2 m.

The new Taunusanlage premises in Frankfurt am Main were completed and placed at the disposal of the bank, as tenant, on schedule by Deutsche Grundbesitz-Beteiligungsgesellschaft Dr. Rühl u. Co. – Anlagefonds 1 – KG, Frankfurt am Main, (renamed in 1984). In the reporting year DM

21.9 m. was paid by way of advance rent and rent for this property.

A closed end property fund with a volume of DM 465.5 m. was launched for the new Taunusanlage premises. The limited liability capital of DM 225.5 m., which was placed in December, is held by Beteiligungsgesellschaft Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne, as trustee.

*Office furniture and equipment* rose DM 90.6 m. to DM 414.5 m. The additions of DM 225.5 m. include minor items valued at DM 12.8 m. which were written off immediately. Total depreciation came to DM 134.7 m., disposals amounted to DM 0.2 m. The additions include DM 98.7 m. for fur-

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
D & C Holdinggesellschaft mbH, Frankfurt am Main our share 34%	Deinhard & Co KGaA, Koblenz
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

nishings for the new building on Taunusanlage, Frankfurt, and for EDP equipment to further modernize our business operations.

### Other asset items

Following scheduled repayments, *Recovery claims* on Federal and Länder authorities under Currency Reform Acts decreased by DM 16.1 m. in 1984 to DM 221.4 m.

*Loans on a trust basis* increased to DM 218.3 m. These loans were transmitted for specific purposes under our name, but for third party account.

Under *Other assets* we report claims and assets which cannot be included under other asset items. They consist chiefly of precious metals holdings such as gold bars, coins and medallions, as well as share rights not documented in security form and which we do not regard as business participations. The book value of these capital holdings of at least 25% increased to DM 440.2 m.

The table above shows the holding companies through which we indirectly hold shares of at least 25% of the capital of corporations. Only in one case does the bank's share in the corporation concerned exceed 25% of share capital.

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

### Own shares

The 134,057 Deutsche Bank shares of DM 50 par value purchased by us in the early months of 1984 at an average price of DM 393.78 were sold by us and our domestic subsidiaries as staff shares to our employees and pensioners in May 1984 at a preferential price of DM 187 per share.

The difference borne by the bank is included in staff expenses at DM 24.8 m.

In addition, we and related companies, with a view to protecting the efficiency of the market in our shares in accordance with Section 71(1)1 Joint Stock Corporation Act, bought and resold 2,224,276 Deutsche Bank shares of DM 50 par value each at current market prices in the course of 1984, spread over the entire year. The average purchase price was DM 365.80, the average selling price DM 367.70. The sales proceeds remained in working funds. The volume of own shares bought and sold in the course of 1984 corresponds to 7.57% of our share capital; the largest holding on any one day was 0.59% of our share capital, the daily average holding 0.21%.

Deutsche Bank AG held none of its own shares at the end of 1984.

As at 31. 12. 1984, 103,534 Deutsche Bank shares of DM 50 par value each, representing 0.35% of our share capital, were pledged to the bank and its related companies as credit security.



## Liabilities

### Funds from outside sources

Compared with the end of 1983, *funds from outside sources* increased by DM 17.9 bn. (+ 17.1%) to DM 122.1 bn. The bulk of the growth was in time deposits, which were taken up both from banks (+ DM 6.0 bn.) and from customers (+ DM 6.0 bn.). These monies are used in funding the higher credit volume and for investment with banks, especially the banks in the Group.

*Liabilities to banks* rose to DM 45.9 bn. (+ 20.1%) at year's end. The growth included a DM 3.4 bn. increase in time deposits for less than 3 months (level at end of 1984: DM 11.7 bn.) and a DM 2.4 bn. rise in deposits for at least 3 months but less than 4 years (level at end of 1984: DM 14.6 bn.).

*Customers' deposits* amounted to DM 73.6 bn. (+ 14.2%). Demand deposits came to approx. DM

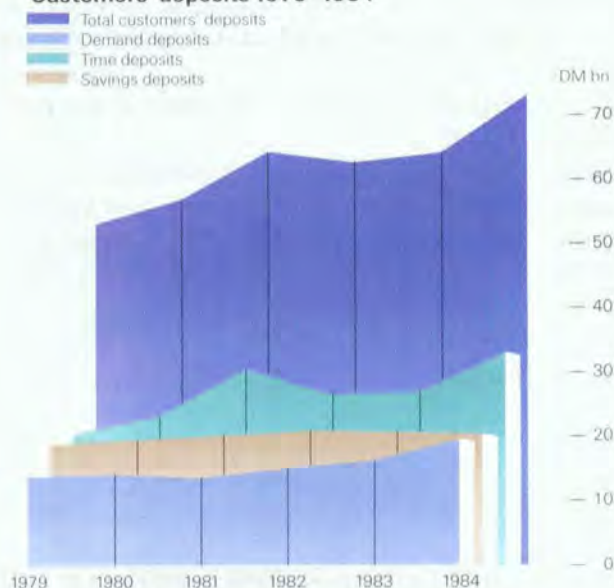
20 bn. (+ DM 3.5 bn.) at the end of 1984. Time deposits from customers were raised to DM 33.1 bn. (+ 22.0%). The growth was mainly in short-dated funds for less than 3 months.

The savings certificates included in customers' time deposits increased by DM 703 m. to DM 4.9 bn.

*Savings deposits* declined by DM 278 m. (– 1.3%) to DM 20.7 bn. The decrease is due to the high volume of savings under the state bonus and capital formation schemes which matured in 1984 (DM 1.4 bn.) and to the DM 0.5 bn. rise in net saving in securities to the debit of savings accounts. The item "other savings deposits" contracted accordingly by DM 392 m. to DM 7.3 bn., while deposits subject to legal period of notice expanded by DM 114 m. to DM 13.4 bn. The share of savings deposits subject to legal period of notice in total savings rose to 64.6%. Including savings certificates, the total volume of saving reflected in the balance sheet increased by 1.7% to DM 25.6 bn.

<i>Funds from outside sources</i>	End of 1984		End of 1983		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	10,568	8.7	8,816	8.5	+ 1,752	= 19.9
time deposits	35,160	28.8	29,171	28.0	+ 5,989	= 20.5
customers' drawings on other banks	171	0.1	239	0.2	– 68	= 28.5
	45,899	37.6	38,226	36.7	+ 7,673	= 20.1
Liabilities to customers						
payable on demand	19,843	16.3	16,361	15.7	+ 3,482	= 21.3
time deposits	33,100	27.1	27,130	26.0	+ 5,970	= 22.0
savings deposits	20,656	16.9	20,934	20.1	– 278	= 1.3
	73,599	60.3	64,425	61.8	+ 9,174	= 14.2
Bonds and notes	2,553	2.1	1,545	1.5	+ 1,008	= 65.2
<i>Total funds from outside sources</i>	122,051	100.0	104,196	100.0	+ 17,855	= 17.1

**Customers' deposits 1979–1984**



The diagram above shows the development of customers' deposits over the past 5 years. The most pronounced growth has been in customers' time deposits, which account for 45% (1979: 38%) of total customers' deposits at the end of 1984. The share of savings deposits was 28%. Five years earlier it was 36%. The proportion of deposits payable on demand rose from 26% to 27%.

*Total new saving* (changes in savings deposits and savings certificates in circulation, balance of purchases and sales of securities channelled via savings accounts) came to DM 3.2 bn. in 1984, which was a 4.7% increase over the pre-year figure. Net saving in securities was DM 0.5 bn. higher at DM 2.8 bn. Its share in total new saving rose to 87% (1983: 75%).

Our commitments of DM 136 m. arising out of gold and silver certificates, which are covered by

corresponding precious metals holdings reported under "Other assets", are included in customers' deposits payable on demand.

Own *Bonds and notes* in circulation increased by DM 1.0 bn. to DM 2.6 bn. in the reporting year. This expansion includes the 4% convertible bond issue in the nominal amount of DM 750 m. which we floated in the second half of the year.

Commitments arising out of Certificates of Deposit issued by our foreign branches, which are shown under liabilities to customers or banks, doubled compared with the end-1983 figure to DM 5.0 bn.

*Own acceptances and promissory notes* outstanding increased by DM 0.5 bn. to DM 2.1 bn.

## Provisions

*Provisions* taken as a whole rose by DM 1.2 bn. on balance in 1984 to DM 5.6 bn.

*Provisions for pensions*, which are reported at the actuarially calculated part value, increased by DM 117 m. to DM 1.6 bn.

*Other provisions*, which expanded by DM 1.1 bn. in 1984 to DM 4.0 bn., relate chiefly to tax provisions and provisions for credit/country risks. This item also includes commitments resulting from the Early Retirement Act.

## Other liability items

*Other liabilities* amounting to DM 47.1 m. contain liabilities which have arisen outside our banking business, including wage tax, church tax and social security contributions still to be transferred.

The liabilities of DM 0.1 m. to *Endowments and benevolent funds* relate to the Franz Urbig- und 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 7.0 m. Of this, DM 6.9 m. was invested in securities.

The *Deferred items on the liabilities side* (DM 1.2 bn.) contain income already received but imputable to later reporting years, chiefly deferred interest and handling fees in standardized lending business, as well as the discount on long-term loans.

### Special items with partial reserve character

*Special items with partial reserve character* decreased to DM 22.9 m.

The *Reserve in accordance with the Tax Act regarding Developing Countries* is reported at DM 9.2 m. after DM 2.1 m. had been written back.

An amount of DM 19.1 m. was written back from the *Reserve in accordance with Section 6b of the Income Tax Act* and used to write off purchase and building costs for land and buildings. Profit amounting to DM 1.9 m. on sales of land and securities, which was eligible under Section 6b of the Income Tax Act, was transferred to the reserve (level at the end of 1984: DM 10.0 m.).

The *Reserve in accordance with Section 3 of the Foreign Investment Act* decreased to DM 3.7 m. following the writing back of DM 1.4 m.

### Comments

*Own drawings* in circulation at the end of 1984 amounted to DM 9.6 m. They are used exclusively for financing connected with the business of our branch in Asunción.

*Endorsement liabilities* on rediscounted bills of exchange rose, following the increase in our rediscount facilities with Deutsche Bundesbank, by DM 561 m. to DM 5.5 bn.

Bills amounting to DM 137 m. were in the process of collection.

*Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements* stand at DM 21.0 bn. Foreign business accounts for 69% of the total amount (end of 1983: 67%).

*Commitments from the sale of assets subject to repurchase agreements* came to DM 154 m.

### Miscellaneous liabilities

There were *liabilities for possible calls* on shares not fully paid up in public and private limited companies and other shares amounting to DM 164 m. at the end of 1984. Our joint liabilities pursuant to Section 24 "GmbH" Act stood at DM 48 m. Where we have other joint liabilities, the standing of the other partners is beyond doubt in all cases.

There is an obligation arising out of our holding in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, to pay further capital of up to DM 57.0 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.

Loans of DM 10 m. taken up were secured on real estate.

Owing to legal requirements, we had to provide security in the amount of DM 181 m. in connection with the business operations of our foreign branches.

## Profit and Loss Account

### Earnings on business volume

Average business volume rose by 6.5% in 1984 to DM 125.8 bn. The main cause of the more rapid growth was the expansion of total credit extended and of deposits with banks and the respective funding. The interest margin narrowed by 0.16 percentage points on average for the year to 3.16%. The decrease was due to, among other factors, the higher cost of customers' time deposits and the lower interest rates charged for loans.

The larger volume and changed interest rates led to a DM 611.2 m. = 6.4% rise in interest income and a DM 539.7 m. = 10.1% increase in interest expenses.

As a result, the *earnings on business volume* (interest surplus) for 1984 showed an increase of only DM 71.5 m. = 1.7% to DM 4,217.4 m., developing as follows:

	1984 DM m.	1983 DM m.	Change
Interest income from lending and money market transactions	8,916.8	8,497.7	+ 4.9%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments (incl. profit transfer agreements)	1,201.7	1,009.6	+ 19.0%
Total interest income	10,118.5	9,507.3	+ 6.4%
Total interest expenses	5,901.1	5,361.4	+ 10.1%
<i>Earnings on business volume</i>	<u>4,217.4</u>	<u>4,145.9</u>	<u>+ 1.7%</u>



## Earnings on services

In the reporting year the bank achieved a *surplus from commissions and other service charges received* amounting to DM 1,166.8 m. (+ DM 91.4 m.). The bulk of the increase stemmed from securities business and syndicated transactions. Owing to the appreciable rise in exports and imports, there was also gratifying expansion of receipts from foreign business.

## Staff and other operating expenses

*Staff and other operating expenses* rose to DM 3,544.9 m. in 1984. The growth of DM 229.2 m. during the year was within the range of the previous year's increase (DM 239.9 m.).

At the suggestion of the Bundesverband deutscher Banken, normal depreciation on mov-

	1984 DM m.	1983 DM m.	Change
Staff expenses	2,539.2	2,417.6	+ 5.0%
General operating expenses	830.7	747.3	+ 11.1%
Depreciation of and adjustments to land and buildings and office furniture and equipment (excl. special dep'n under Sect. 6b Income Tax Act)	175.0	190.8	+ 16.1%
<i>Total staff and other operating expenses</i>	<u>3,544.9</u>	<u>3,315.7</u>	<u>+ 6.9%</u>

ables and real property, amounting to DM 175.0 m. (+ DM 24.2 m.), was included in staff and other operating expenses for the first time. The special depreciation on land and buildings in accordance with Section 6b of the Income Tax Act, which came to DM 19.1 m. (1983: DM 40.0 m.), was not, on the other hand, offset in the operating result.

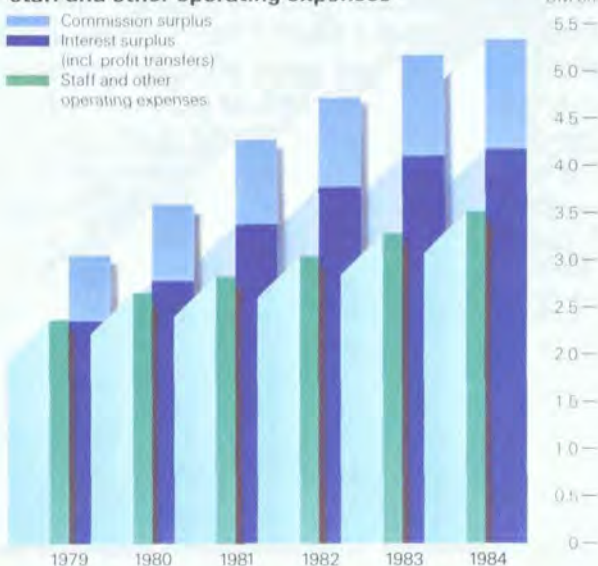
*Staff expenses* rose by DM 121.6 m. (1983: DM 185.9 m.) to DM 2,539.2 m.

At 6.5%, growth of *Salaries and wages* was once again higher than the agreed-scale increase of 3.4% flat (1983: 3.3%) plus the corresponding rise in salaries for staff outside the agreed scale. This was mainly due to new recruitment and to reallocations to different salary groups.

In the case of *Compulsory social security contributions* the full inclusion of the special payment to agreed-scale salary earners under the proportionate annual income limit for the calculation of social insurance contributions also led to higher costs.

The DM 21.8 m. decrease in *Expenses for pensions and other employee benefits* is connected with the fact that the special transfer of DM 70.2 m. to provisions for pensions in 1983, due to increased life expectancy, did not have to be re-

**Interest and commission surpluses, staff and other operating expenses**





peated. On the other hand, additional expenditure was required in the reporting year for the adjustment of current bank pensions.

The rate of increase in *General operating expenses* doubled to 11.1% (1983: 5.4%). The larger rise was due primarily to higher leasing costs for bank premises, increased payments for external services, growing expenditure for the modernization and automation of business operations and for advertising.

### Operating result

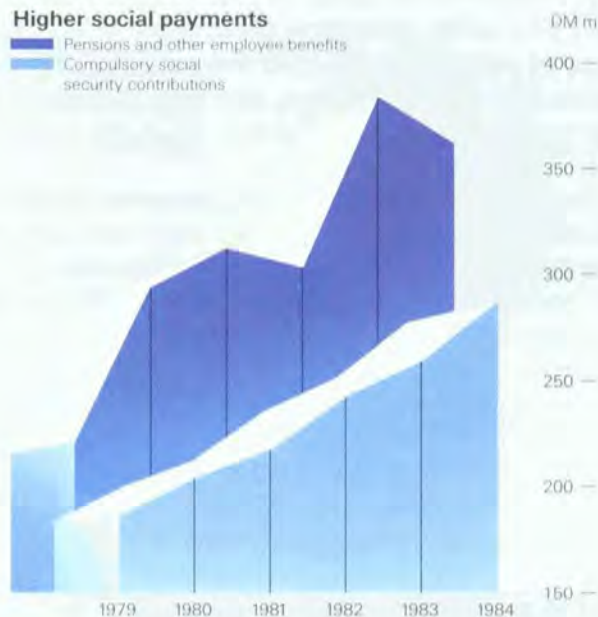
The *operating result*, i.e. the surplus on current business including own-account trading, stabilized in 1984 (+ 0.4%) at the high pre-year level. The growth in staff and other operating expenses was absorbed by higher regular income. Profits on securities and foreign exchange again played an unusually large part here.

### 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 the writing back of adjustments no longer needed in lending business. In the reporting year 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 361.6 m. (1983: DM 366.1 m.).

### Higher social payments

■ Pensions and other employee benefits  
■ Compulsory social security contributions



### Write-downs, depreciation and adjustments

After offsetting with the above-mentioned profit and income, which increased further in the reporting year, *Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses* totalled DM 672.8 m. compared with DM 825.6 m. in the previous year. This expense reflects the provision for possible loan losses in our domestic and international lending business, which is dealt with on pages 41 f. Apart from that, application of the minimum value principle necessitated slight write-downs of our fixed-interest securities and shares; however, higher profits were available from the sale of securities.

*Depreciation of and adjustments to land and buildings and office furniture and equipment* came to DM 194.1 m. (1983: DM 190.8 m.). Nor-

mal depreciation, which we now include under staff and other operating expenses for the purpose of calculating the operating result, accounted for DM 175.0 m. of this, and special depreciation in accordance with Section 6b of the Income Tax Act made up DM 19.1 m.

The *Write-downs of and adjustments to subsidiaries, associated companies and trade investments* amounting to DM 52.9 m. related primarily to German American Capital Corp., Baltimore, U.S.A.

### Remaining expenses

The *Other expenses* of DM 74.2 m., contain, among other things, the allocations to provisions not relating to lending business, especially the provisions required in connection with the obligation to pay early-retirement benefits.

Total emoluments of the Board of Managing Directors amounted to DM 13,740,104.81. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received DM 4,225,044.44. A fixed payment of DM 293,580 was made to the Supervisory Board. The dividend-related emoluments of the Supervisory Board amount to DM 1,140,000. Members of the Advisory Board were paid DM 481,080 and the members of the Regional Advisory Councils DM 3,361,735.30.

### Taxes

*Taxes on income and assets* decreased by DM 9.2 m. to DM 924.3 m.

This is chiefly due to the lowering of property tax pursuant to the Tax Relief Act of 1984.

*Other taxes* rose DM 6.2 m. to DM 12.6 m., owing above all to the company tax payable for the capital increase carried out in 1984.

### Proposed appropriation of profits

The Profit and Loss Account for 1984 closes as follows:

Income .....	DM	11,740,975,865
Expenses .....	DM	11,238,381,041
Net income for the year .....	DM	502,594,824
Allocation to disclosed reserves (voluntary) .....	DM	150,000,000
<i>Distributable profit</i> .....	DM	352,594,824

It will be proposed to the shareholders that a dividend of DM 12 per share of DM 50 par value, i.e. DM 352,594,824, be paid on the share capital of DM 1,469,145,100, the new shares from the capital increase in March 1984 being entitled to the full dividend for the 1984 financial year. The total amount distributed is therefore DM 27.1 m. higher than in the previous year. 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

On May 18, 1983 the General Meeting had authorized the increase of the bank's share capital by a total of DM 400 m. with the consent of the Supervisory Board once or more than once until April 30, 1988 through the issue of new shares against cash payment, with pre-emptive rights being granted to shareholders. This authorization was utilized in March 1984 for an amount of DM 113.0 m.

The shareholders were offered the new shares from the 1984 capital increase at 1 for 12 at a price

of DM 250 per DM 50 share. The respective premium of DM 452.0 m. as well as the additional proceeds totalling DM 2.2 m. from the sale of the new shares not taken up and the convertible bonds issued in 1984 were transferred to the legal reserve in accordance with Section 150 Joint Stock Corporation Act. With the capital increase the bank has taken precautions to ensure that even under the tighter equity regulations contained in the revised Banking Act it will still have scope to make use of business possibilities.

We have allocated DM 150 m. from net income for 1984 to other reserves (voluntary).

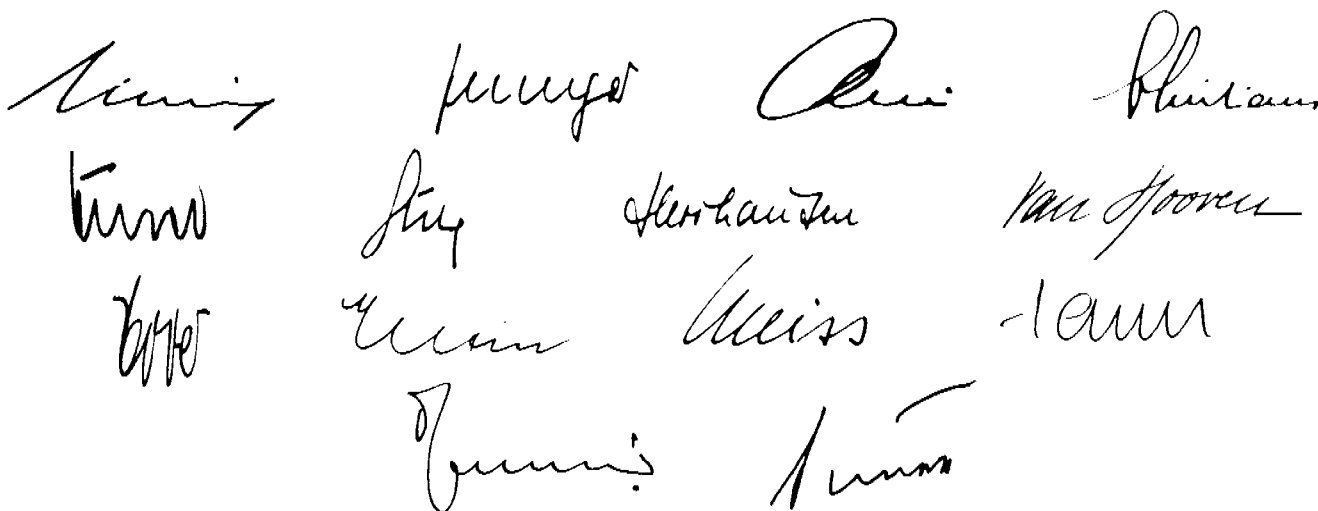
The bank's *capital and reserves* were strengthened by a total of DM 717.2 m. in 1984, and are made up as follows:

Share capital .....	DM	1,469,145,100
Disclosed reserves		
a) legal reserve .....	DM	2,911,925,956
b) other reserves (voluntary) .....	DM	1,854,147,280
<i>Total capital and reserves</i> .....	DM	6,235,218,336

By resolution of the General Meeting on May 16, 1984 the share capital was conditionally increased by DM 150 m. to grant irrevocable conversion rights to the bearers of the convertible bonds (DM 750 m.). Accordingly, there was conditional capital totalling DM 306.1 m. and authorized capital of DM 287.0 m. as of December 31, 1984.

Frankfurt am Main, March 1985

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 risks at home and abroad, provision for risk, the development of new activities in foreign business, the situation of the international financial markets, the steering of the Group and the structuring of 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 and 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 Wirtschafts-

prüfungsgesellschaft, 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, 1984, the proposed appropriation of profits and the Annual Report. 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.

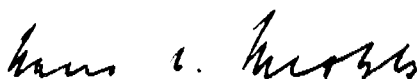
The Annual Statement of Accounts drawn up by the Board of Managing Directors has been approved by us and has thus been established. We agree to the proposed appropriation of profits.

At the meeting on July 3, 1984, the Supervisory Board elected Mr. Hans L. Merkle as Chairman to succeed Mr. Franz Heinrich Ulrich, who resigned from the office for health reasons.

At the meeting on January 29, 1985, we appointed Dr. Rolf-E. Breuer and Mr. Georg Krupp, previously Senior Vice Presidents of the bank, as Deputy Members of the Board of Managing Directors.

Frankfurt am Main, March 27, 1985

The Supervisory Board



Chairman



**Annual Balance Sheet as of December 31, 1984**

**Profit and Loss Account**  
**for the period from January 1 to December 31, 1984**

**Development of the Balance Sheet**  
**from January 1, 1952 to December 31, 1984**

## Assets

## Deutsche Bank Aktiengesellschaft

	DM	DM	31. 12. 1983 in DM 1,000
Cash on hand . . . . .		555,484,637	448,240
Balance with Deutsche Bundesbank . . . . .		5,371,052,039	4,774,440
Balances on postal giro accounts . . . . .		12,978,103	12,303
Cheques, matured bonds, interest and dividend coupons, items received for collection . . . . .		199,359,406	565,118
Bills of exchange . . . . .		2,050,011,322	2,119,000
including:			
a) rediscountable at Deutsche Bundesbank . . . . . DM	1,226,009,996		
b) own drawings . . . . . DM	202,126,003		
Claims on banks . . . . .			
a) payable on demand . . . . .	7,472,672,729		4,949,927
b) with original periods or periods of notice of . . . . .			
ba) less than three months . . . . .	16,912,407,436		10,589,822
bb) at least three months, but less than four years . . . . .	15,110,523,349		12,644,273
bc) four years or more . . . . .	<u>3,690,830,065</u>		<u>3,414,544</u>
		43,186,433,579	31,598,566
Treasury bills and discountable Treasury notes . . . . .			
a) of the Federal and Länder Governments . . . . .	32,469,012		325,719
b) of other issuers . . . . .	<u>1,078,024,379</u>		<u>863,471</u>
		1,110,493,391	1,189,190
Bonds and notes . . . . .			
a) with a life of up to four years . . . . .			
aa) of the Federal and Länder Governments . . . . . DM	1,841,962,736		
ab) of banks . . . . . DM	2,927,484,209		
ac) of other issuers . . . . . DM	<u>321,873,757</u>	5,091,320,702	3,991,576
including:			
eligible as collateral for			
Deutsche Bundesbank advances . . . . . DM	3,871,776,119		
b) with a life of more than four years . . . . .			
ba) of the Federal and Länder Governments . . . . . DM	733,636,131		
bb) of banks . . . . . DM	3,067,087,728		
bc) of other issuers . . . . . DM	<u>1,873,182,099</u>	<u>5,673,905,958</u>	<u>5,444,153</u>
including:			
eligible as collateral for			
Deutsche Bundesbank advances . . . . . DM	2,930,361,478	10,765,226,660	9,435,729
Securities not to be shown elsewhere . . . . .			
a) shares marketable on a stock exchange and investment fund certificates . . . . .	2,967,345,051		2,396,742
b) other . . . . .	<u>112,696,607</u>		<u>341,587</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	1,079,405,050	3,080,041,658	2,738,329
Claims on customers with original periods or periods of notice of . . . . .			
a) less than four years . . . . .	38,240,849,492		35,939,306
b) four years or more . . . . .	<u>27,480,241,260</u>		<u>23,469,718</u>
including:			
ba) secured by mortgages on real estate . . . . . DM	5,403,833,810	65,721,090,752	59,409,024
bb) communal loans . . . . . DM	1,476,267,124		
due in less than four years . . . . . DM	12,962,076,000		
Recovery claims on Federal and Länder authorities under Currency Reform Acts . . . . .		221,404,493	237,461
Loans on a trust basis at third party risk . . . . .		218,284,195	206,550
Subsidiaries, associated companies and trade investments . . . . .		2,691,881,600	2,507,227
including: investments in banks . . . . . DM	2,159,529,600		
Land and buildings . . . . .		816,176,300	783,591
Office furniture and equipment . . . . .		414,536,000	323,883
Own bonds . . . . .		24,908,065	1,524
nominal amount . . . . . DM	19,943,500		
Other assets . . . . .		1,434,029,130	1,424,040
Deferred items . . . . .		14,437,557	10,344
<b>Total Assets</b>		<b>137,887,828,887</b>	<b>117,784,559</b>
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies . . . . .		19,034,111,161	8,209,536
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a) . . . . .		1,752,704,793	1,583,792

## Liabilities

	DM	DM	DM	31. 12. 1983 in DM 1,000
<b>Liabilities to banks</b>				
a) payable on demand . . . . .		10,568,064,925		8,815,636
b) with original periods or periods of notice of				
ba) less than three months . . . . .	11,717,416,585			
bb) at least three months, but less than four years . . . . .	14,602,129,473			
bc) four years or more . . . . .	8,839,749,554	35,159,295,612		29,170,994
including: due in less than four years . . . . . DM 5,292,528,000				
c) customers' drawings on other banks . . . . .		171,414,307		239,605
			45,898,774,844	38,226,235
<b>Liabilities to customers</b>				
a) payable on demand . . . . .		19,842,974,297		16,360,618
b) with original periods or periods of notice of				
ba) less than three months . . . . .	20,664,282,518			
bb) at least three months, but less than four years . . . . .	5,782,921,388			
bc) four years or more . . . . .	6,653,140,141	33,100,344,047		27,130,100
including: due in less than four years . . . . . DM 6,268,061,000				
c) savings deposits				
ca) subject to legal period of notice . . . . .	13,353,571,440			20,934,108
cb) other . . . . .	7,302,257,123	20,655,828,563		64,424,826
			73,599,146,907	
<b>Bonds and notes with a life of</b>				
a) up to four years . . . . .		762,500		948
b) more than four years . . . . .		2,552,427,000		1,544,138
including: maturing in less than four years . . . . . DM 1,505,774,000			2,553,189,500	1,545,086
<b>Own acceptances and promissory notes outstanding</b> . . . . .			2,121,864,846	1,662,095
<b>Loans on a trust basis at third party risk</b> . . . . .			218,284,195	206,550
<b>Provisions</b>				
a) for pensions . . . . .		1,569,549,600		1,452,651
b) other . . . . .		4,045,626,508		2,929,086
			5,615,176,108	4,381,737
<b>Other liabilities</b> . . . . .			47,066,384	57,195
<b>Endowments and benevolent funds</b>				
Endowment assets . . . . .		6,961,481		6,562
less investments in securities . . . . .		6,855,458		6,283
			106,023	279
<b>Deferred items</b> . . . . .			1,223,474,109	1,393,552
<b>Special items with partial reserve character</b>				
a) in accordance with the Tax Act regarding Developing Countries . . . . .		9,229,988		11,295
b) in accordance with Section 6b of the Income Tax Act . . . . .		9,969,823		27,124
c) in accordance with Section 3 of the Foreign Investment Act . . . . .		3,733,000		5,130
			22,932,811	43,549
<b>Share capital</b> . . . . .			1,469,145,100	1,356,134
Conditional capital DM 306,116,100				
<b>Disclosed reserves</b>				
a) legal reserve . . . . .	2,457,701,630			
Allocation in accordance with Section 150 (2) 2 and 3 of the Joint Stock Corporation Act . . . . .	454,224,326	2,911,925,956		2,457,702
b) other reserves (voluntary) . . . . .	1,704,147,280			1,704,147
Allocation from Net income for the year . . . . .	150,000,000	1,854,147,280		
			4,766,073,236	4,161,849
<b>Distributable profit</b> . . . . .			352,594,824	325,472
<b>Total Liabilities</b>			137,887,828,887	117,784,559
<b>Own drawings in circulation</b> . . . . .			9,596,364	13,034
including: those discounted for borrowers' account . . . . . DM 9,596,364				
<b>Endorsement liabilities on rediscounted bills of exchange</b> . . . . .			5,520,338,288	4,959,950
<b>Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also page 64 of the Annual Report)</b> . . . . .			21,038,627,649	21,004,516
<b>Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements</b>			154,087,041	177,863
<b>Savings premiums under the Savings Premium Act</b> . . . . .			130,344,037	202,975
<b>Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of</b>			9,773,127,933	9,688,539

# Expenses

# Profit and Loss Account

	DM	DM	1983 in DM 1,000
Interest and similar expenses . . . . .		5,901,140,063	5,361,439
Commissions and similar service charges paid . . . . .		33,752,824	31,801
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses . . . . .		672,806,255	825,555
Salaries and wages . . . . .		1,889,929,666	1,775,270
Compulsory social security contributions . . . . .		287,816,334	258,996
Expenses for pensions and other employee benefits . . . . .		361,489,870	383,337
General operating expenses . . . . .		830,637,159	747,320
Depreciation of and adjustments to land and buildings and office furniture and equipment . . . . .		194,089,860	190,756
Write-downs of and adjustments to subsidiaries, associated companies and trade investments . . . . .		52,865,558	12,309
Taxes . . . . .			
a) on income and assets . . . . .	924,311,578		933,470
b) other . . . . .	<u>12,628,917</u>		<u>6,454</u>
		936,940,495	939,924
Expenses from assumption of loss . . . . .		810,642	—
Allocations to Special items with partial reserve character . . . . .		1,942,075	21,332
Other expenses . . . . .		74,160,240	45,723
Net income for the year . . . . .		502,594,824	469,202
<b>Total Expenses</b>		<b>11,740,975,865</b>	<b>11,062,964</b>

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 150,014,310 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 107%, 115%, 124%, 135% and 145% of the above sum.

Frankfurt am Main, March 5, 1985

**Deutsche Bank Aktiengesellschaft**

The Board of Managing Directors

*Blessing    Burgard    Cartellieri    Christians*  
*Ehret    Guth    Herrhausen    van Hooven*  
*Kopper    Mertin    Weiss    Zapp*  
*Breuer    Krupp*

Income

DM	DM	1983 DM	1983 DM
	502,594,824		469,201,546
	—		6,270,590
	<u>502,594,824</u>		<u>475,472,136</u>
—		—	
—		—	
150,000,000	150,000,000	150,000,000	150,000,000
<u>150,000,000</u>	<u>352,594,824</u>	<u>150,000,000</u>	<u>325,472,136</u>

Wirtschaftsprüfer



# Development of the Balance Sheet of Deutsche Bank AG

– Amounts in DM millions –

Balance Sheet	End of	1984	1983	1982	1981	1980
<b>Assets</b>						
Cash reserve		5,940	5,235	5,455	6,679	7,524
Bills of exchange		2,050	2,119	1,994	2,462	2,939
Claims on banks		43,186	31,598	34,608	34,246	26,165
Treasury bills and discountable Treasury notes		1,111	1,189	1,144	614	612
Bonds and notes		10,765	9,436	7,709	6,569	6,374
Securities not to be shown elsewhere		3,080	2,739	2,327	2,249	2,158
Claims on customers		65,721	59,409	56,572	56,089	52,874
short and medium-term		38,241	35,939	34,655	31,161	26,995
long-term (four years or more)		27,480	23,470	21,917	24,928	25,879
Recovery claims on Federal and Länder authorities under Currency Reform Acts		221	237	256	273	288
Loans on a trust basis at third party risk		218	207	212	227	233
Subsidiaries, associated companies and trade investments		2,692	2,507	2,048	1,829	1,681
Land and buildings		816	784	765	731	757
Office furniture and equipment		415	324	308	293	276
Other assets		1,434	1,424	1,341	1,471	1,760
Remaining assets		239	576	757	741	605
<b>Balance Sheet Total</b>		<b>137,888</b>	<b>117,784</b>	<b>115,496</b>	<b>114,473</b>	<b>104,246</b>
<b>Liabilities</b>						
Liabilities to banks		45,899	38,226	37,396	35,732	34,016
including: time deposits		35,331	29,411	28,621	27,153	26,752
Liabilities to customers		73,599	64,425	63,080	64,698	57,157
including: time deposits		33,100	27,130	26,614	30,654	23,296
savings deposits		20,656	20,934	21,114	20,353	19,628
Bonds and notes		2,553	1,545	2,659	3,081	3,635
Provisions		5,615	4,382	3,618	2,867	2,292
for pensions		1,569	1,453	1,291	1,269	1,148
other		4,046	2,929	2,327	1,598	1,144
Share capital		1,469	1,356	1,356	1,232	1,114
Disclosed reserves		4,766	4,162	4,018	3,641	3,284
legal reserve		2,912	2,458	2,458	2,084	1,729
other reserves		1,854	1,704	1,560	1,557	1,555
Remaining liabilities		3,634	3,363	3,071	2,981	2,525
Distributable profit		353	325	298	241	223
<b>Balance Sheet Total</b>		<b>137,888</b>	<b>117,784</b>	<b>115,496</b>	<b>114,473</b>	<b>104,246</b>
Own drawings in circulation (discounted)		10	13	49	73	31
Endorsement liabilities		5,520	4,960	4,525	3,604	3,165
<b>Business Volume</b>		<b>143,418</b>	<b>122,757</b>	<b>120,070</b>	<b>118,150</b>	<b>107,442</b>
Contingent liabilities from guarantees, etc.		21,039	21,005	21,013	21,182	18,245

## Figures from the Profit and Loss Account

	for the year	1984	1983	1982	1981	1980
Earnings on business volume (Interest surplus)		4,217	4,146	3,810	3,412	2,812
Earnings on services (Commission surplus)		1,167	1,076	941	892	807
Staff and other operating expenses		3,545	3,316	3,076	2,868	2,687
Taxes		937	940	757	553	482
Net income for the year		503	469	302	242	343
Allocations to Disclosed reserves		150	150	4	1	120
Distributable profit		353	325	298	241	223
Dividend in DM per share or in %*)		12.—	12.—	11.—	10.—	10.—
*) plus tax credit for shareholders with unlimited domestic tax liability:		(6.75)	(6.75)	(6.19)	(5.63)	(5.63)
<b>Number of staff at year's end</b>		<b>41,126</b>	<b>40,570</b>	<b>40,325</b>	<b>39,836</b>	<b>39,242</b>

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

1979	1978	1977	1976	1974	1972	1970	1960	1956	1952
2,385	2,099	1,955	1,708	1,636	997	901			
698	655	591	535	453	360	249			
2,398	2,197	2,007	1,849	1,621	1,152	884			
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 option 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 option 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
Capital increase: 1984 (1 for 12 at DM 250 per share of DM 50) and sale of convertible bonds not subscribed	113,011,200	454,224,326	567,235,526
Allocation from net income		150,000,000	150,000,000
	1,469,145,100	4,766,073,236	6,235,218,336

## Development of Reserves

Allocations from the Conversion Account	41,766,357
Allocations from net income	1,863,380,923
Premium from capital increases incl. sale of residual shares	2,860,925,956
<b>Total disclosed reserves</b>	<b>4,766,073,236</b>

**Deutsche Bank AG** 

**Report of the Group for 1984**

# Deutsche Bank Group

Capital and reserves DM 7,699 m.



The following companies were included in the Consolidated Statement of Accounts as at the end of 1984:

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 6.235.2 m	Own funds DM 375.0 m Holding 100%	Own funds DM 76.0 m Holding 69.2%	Own funds DM 77.0 m Holding 90.2%	
Mortgage banks	Deutsche Central bodenkredit AG Berlin - Cologne	Frankfurter Hypothekbank AG Frankfurt am Main	Lübecker Hypothekbank AG Lübeck		
	Own funds DM 572.0 m Holding 85.8%	Own funds DM 566.8 m Holding 91.4%	Own funds DM 149.3 m Holding 100%		
Specialized banks and investment companies	Deutsche Kreditbank für Baufinanzierung AG Cologne <sup>1)</sup>	Erste 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 100.0 m Holding 100%	Own funds DM 14.2 m Holding 100%	Own funds DM 82.0 m Holding 60.7%
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\$ 25.0 m Holding 100%	Own funds LF 9,456.0 m Holding 99.9%	Own funds SF 30.1 m Holding 99.9%	Own funds DM 429.9 m Holding 60.0%
	Deutsche Bank Capital Corp. New York	DB Finance (Hong Kong) Ltd Hong Kong	DB U.K. Finance Ltd London	Deutsche Bank Finance N.V. Curacao	Deutsche Credit Corp. Deerfield <sup>2)</sup>
	Own funds US\$ 281 m Holding 100%	Own funds US\$ 2.0 m Holding 99.9%	Own funds £ 12.4 m Holding 99.9%	Own funds US\$ 1.0 m Holding 100%	Own funds US\$ 40.3 m Holding 100%
Property management and leasing companies	GEFA-Leasing GmbH Wuppertal	Hessische Immobilien- Verwaltungs-GmbH Frankfurt am Main	Matura Vermögens- verwaltung mbH Düsseldorf	Südt. Vermögens- verwaltung GmbH Frankfurt am Main <sup>3)</sup>	Trinitas Vermögens- verwaltung GmbH Frankfurt am Main
	Own funds DM 40.0 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. <sup>1)</sup> Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne <sup>2)</sup> Deutsche Credit Services Inc., Dover <sup>3)</sup> Elektro-Export-GmbH, Nuremberg

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



# Report of the Group for 1984

## Deutsche Bank Group

### Foreword

Besides the requirements of the German Joint Stock Corporation Act regarding the presentation of consolidated accounts, the new Banking Act (Kreditwesengesetz), parts of which came into force on January 1, 1985, has now established consolidation requirements for banking supervisory purposes, too. Apart from consolidation pursuant to German company law, group companies where the parent has a direct or indirect holding of at least 40% in capital or voting rights must in future be consolidated for the purposes of banking supervision. After a transitional phase, group risk-bearing assets combined on the basis of proportional consolidation must not, pursuant to Principle 1 of the Banking Act, exceed 18 times the group companies' proportionally consolidated capital and reserves.

Since Deutsche Bank AG is responsible for ensuring that Group capital and reserves are at the required level, the steering of Group companies' volume growth and its effect of tying up capital has taken on greater importance, not only for business policy reasons, but also and in particular with regard to consolidation for banking supervisory purposes.

### General survey

The aggregate business volume of the 30 Group companies (including Deutsche Bank AG) consolidated as at 31. 12. 1984 pursuant to the German Joint Stock Corporation Act increased by DM 35.0 bn. to DM 272.6 bn. After consolidation

	Business volume end of 1984
4 German commercial banks .....	DM 155.0 bn.
3 mortgage banks .....	DM 59.0 bn.
5 specialized banks and investment companies .....	DM 7.5 bn.
11 international banks and financing companies .....	DM 49.7 bn.
7 property management and leasing companies .....	DM 1.4 bn.
<i>aggregate business volume .....</i>	<i>DM 272.6 bn.</i>

of intercompany claims and liabilities and capital consolidation totalling DM 34.2 bn., Group business volume (balance sheet total + endorsement liabilities) stood at DM 238.4 bn. at the end of 1984. It was thus DM 22.8 bn. (+ 10.6%) higher than at the end of 1983.

The tableau on page 92 shows the categories of company in the Group. The three German commercial banks shown in the same category as Deutsche Bank AG increased their business volume to DM 11.6 bn. (+ 4.7%). The operating results of these three institutions expanded 2.5% compared with the previous year. These banks have made sufficient provision for all discernible risks in domestic and international lending.

Deutsche Bank Berlin AG, Berlin, and Deutsche Bank Saar AG, Saarbrücken, propose to their General Meetings that an unchanged dividend be distributed for 1984. Handelsbank in Lübeck AG, Lübeck, will propose to the General Meeting that the dividend be increased.

The three mortgage banks which, within the Group, offer financing for private and commercial buildings settle their business in – partly close – cooperation with the branches of Deutsche Bank AG and the above-mentioned three German commercial banks. Thanks to this cooperation, the Group is in a position to offer customers tailored building financings. In 1984 mortgage loans expanded by DM 1.6 bn. to DM 24.5 bn. and communal loans by DM 2.2 bn. to DM 27.7 bn. Mortgage loan commitments were DM 0.1 bn. lower (end of 1984: DM 4.1 bn.) than at the end of the previous year, whereas communal loan commitments rose by DM 0.6 bn. (end of 1984: DM 4.7 bn.). The earnings situation at all three mortgage banks was again satisfactory. Deutsche Centralbodenkredit-AG, Berlin-Cologne, and Frankfurter Hypothekenbank AG, Frankfurt am Main, will propose to their General Meetings that an unchanged dividend be distributed for 1984. Lübecker Hypothekenbank AG, Lübeck, will propose to the General Meeting that an increased dividend be paid.

In the Group, Deutsche Kreditbank für Baufinanzierung AG, Cologne, provides a wide variety of specialized services in the building financing sector. In particular it extends credit for the development and purchase of land, builder's loans and interim financings for mortgages and building savings contracts. Deutsche Kreditbank für Baufinanzierung will propose to the General Meeting that, as in the previous year, an unchanged dividend be paid for 1984.

GEFA Group offers both commercial customers and private individuals special forms of financing within the Group. In particular these are installment loans and leasing and factoring business.

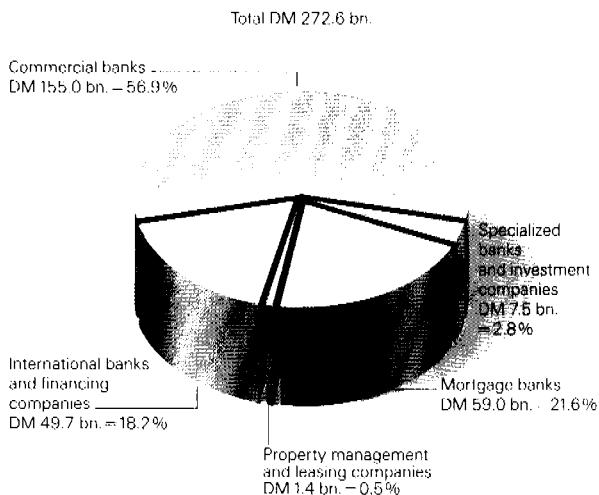
The portfolio investment business of Deutsche Bank AG is supplemented within the Group by the capital investment company DWS Deutsche Ge-

sellschaft für Wertpapiersparen mbH, Frankfurt am Main. This company adds investment fund saving to the Group's range of services. Deutsche Gesellschaft für Fondsverwaltung mbH, (DEGEF), Frankfurt am Main, manages individual special funds for institutional investors. The total assets of the 15 securities funds managed by DWS rose to DM 10.5 bn. in 1984. The total assets of the 118 funds managed by DEGEF had increased to DM 7.3 bn. by the end of 1984.

Our international subsidiaries and their offices are domiciled in 20 different countries across four continents. Operating within the Group, they not only serve German customers and their foreign subsidiaries in the field, but also maintain extensive relations with local clients. The aggregate business volume of our international banks and fi-

#### Composition of aggregate business volume End of 1984

Deutsche Bank Group



financing companies increased by 19.9% – partly owing to exchange rate changes – to DM 49.7 bn.

In 1984, Group business volume expanded by DM 22.8 bn. to DM 238.4 bn.; of this growth, total credit extended contributed DM 18.2 bn. (+ 11.5%). At year's end, the German commercial banks, including Deutsche Bank AG, accounted for 48.5% of total credit extended which stood at DM 177.3 bn. The mortgage banks accounted for 31.4% of total credit extended, the international banks and financing companies 17.3%, and the specialized banks, investment companies and other consolidated companies 2.8%.

The valuation of risks in lending business was carried out with our usual care and caution. We took account of all risks through the formation of adjustments and provisions. We provided for country risks in the Group by making uniform adjustments.

Funds from outside sources amounted to DM 213.0 bn. at year's end; in 1984, they increased by DM 20.0 bn. (+ 10.4%). The German commercial banks (including Deutsche Bank AG) accounted for 58.5% of this funding; 26.7% came from the mortgage banks, 12.6% from the international banks and financing companies and 2.2% from the specialized banks and other companies.

At the end of 1984 Deutsche Bank Group had a total staff of 47,873 persons (previous year: 47,256), of whom 44,452 (previous year: 43,926) were employed in the domestic sector. Our customers were served by 1,411 business offices, of which 1,345 were at home and 66 abroad.

## Consolidated companies

The following companies are included with Deutsche Bank AG, Frankfurt am Main, in the Consolidated Statement of Accounts as at December 31, 1984:

	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 . . . . .	85.8%
Frankfurter Hypothekenbank AG, Frankfurt am Main . . . . .	91.4%
Lübecker Hypothekenbank AG, Lübeck . . . . .	100 %
<i>Specialized banks and investment companies</i>	
Deutsche Kreditbank für Baufinanzierung AG, Cologne . . . . .	100 %
Elgee 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%
Deutsche Bank 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 %

Group's capital  
share pursuant  
to § 16 Joint  
Stock Corp. Act

*Other domestic companies*

Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne . . . . .	95.0%
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 *domestic* Group companies listed on pages 102 and 103 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 880 m. is equivalent to only 3.8‰ of the consolidated balance sheet total. Since the *foreign* Group companies which are also not consolidated owing to their minimal importance have an aggregate balance sheet total of only DM 615 m. (2.6‰ of consolidated balance sheet total), the Consolidated Statement of Accounts of Deutsche Bank AG provides a comprehensive view of Group assets and income and 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 for 1984:

## Commercial banks

*Deutsche Bank Berlin AG, Berlin*, increased its business volume in 1984 by 5% to DM 7,732 m.

Total credit extended grew 2.8% to DM 4,746 m. This expansion was attributable both to corporate customer business and to business with retail customers. Of total credit extended, lendings under the BauKreditSystem amounted to DM 1,190 m. (+ 13.8%).

Funds from outside sources increased 3.8% to DM 6,682 m., of which DM 1,805 m. were banks' deposits and DM 4,517 m. customers' deposits. The volume of own bonds and notes in circulation rose DM 55 m. to DM 360 m.

The operating result was 6% up on the previous year's figure. Provision was made for all discernible risks in domestic and international lending.

The sum of DM 28.0 m. was transferred to disclosed reserves from net income for the year of DM 56.0 m., and a further DM 12.0 m. by resolution of the General Meeting.

The parent company, Deutsche Bank AG, will receive a dividend of 20% on the share capital of DM 80 m., raised in 1984 by DM 10 m. from company funds.

The bank's capital and reserves now total DM 387.0 m.

At year's end, the bank employed 1,756 members of staff at 77 business offices.

*Deutsche Bank Saar AG, Saarbrücken*, raised its business volume by 3.6% to DM 1,818 m. in 1984.

Total credit extended grew by 9.9% to DM 1,008 m. Claims on customers expanded 11.4% to DM 859 m. The growth centred on short and medium-term classical lending business. The increase in long-term claims on customers relates in particular to building financing business. Funds from

outside sources rose 2.5% to DM 1,459 m. Of this figure, DM 944 m. are customers' deposits.

Account was taken of all discernible risks in the lending business by the formation of adjustments and provisions.

Of the net income for the year of DM 5.05 m., DM 1.0 m. was transferred to disclosed reserves. After this transfer and the capital increase in spring 1984 with total proceeds of DM 10 m., capital and reserves rose to DM 76.0 m. at the end of 1984. It is to be proposed to the General Meeting that an unchanged dividend of DM 6 be paid per share of DM 50 par value.

At *Handelsbank in Lübeck AG, Lübeck*, in which we have a holding of 90.2%, business volume expanded 4.7% to DM 2,045 m. in 1984.

Total credit extended rose 0.4% to DM 1,212 m. Total funds from outside sources increased 4.5% to DM 1,838 m. Customers' deposits (including bonds and notes) contained in this figure rose 2.8% to DM 1,326 m., with the strongest growth taking place in time deposits at + 9.1% (end of 1984: DM 317 m.).

The operating result was maintained at pre-year level. Through the formation of adjustments and provisions, account was again taken of risks in lending.

Of the net income for the year of DM 5.8 m., DM 2.2 m. was transferred to disclosed reserves. As a result of this, capital and reserves rose to DM 77 m.

It is to be proposed to the General Meeting that a dividend of DM 9 (after DM 8) be paid per share of DM 50 par value.

## Mortgage banks

*Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin-Cologne*, founded in 1870, transacts, as a mortgage bank, all business permitted

under the Mortgage Bank Act in the Federal Territory and West Berlin.

In 1984 the bank granted 7,607 mortgage loans for a total of DM 1,441 m., i.e. 7.5% less than in the previous year. The share of lendings secured against residential property rose from 73% to 77%, while the share of lending against commercial property receded from 27% to 23%. Total mortgage loans outstanding at the end of 1984 amounted to DM 10.3 bn. (+ 4.6%).

Communal loan business was expanded strongly, with advantage being taken of the favourable bond market situation. Overall, 218 communal loans were granted for a total amount of DM 2,220 m. (+ 20.2%). That brought total communal loans outstanding at the end of the year to DM 12.8 bn. (previous year: DM 11.7 bn.).

To fund new business, new bonds were issued for a total of DM 4,699 m. and loans taken up for DM 161 m.

Balance sheet total rose by 8.2% during the year under review to DM 25.8 bn.

After making provision for risk, the bank shows a slight increase in net income for the year in 1984 at DM 51.8 m. Of this, DM 25.0 m. was transferred to disclosed reserves. It is to be proposed to the General Meeting that a further DM 11.0 m. be transferred to the legal reserve from the distributable profit of DM 26.8 m. and that the remaining DM 15.8 m. be used to pay an unchanged dividend of DM 12 per share of DM 50 par value. This will bring the company's capital and reserves to DM 583.0 m.

*Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main*, was able to maintain its lending business at the high level of the two preceding years in 1984. A total of 7,194 loans were granted for an overall volume of DM 3,930 m. (— 1.2%). Mortgage loan commitments stabi-



lized at DM 1,955 m., with the above-average rise in commercial credit to DM 920 m. (+ 47%) roughly balancing out the fall in residential building financing to DM 1,035 m. (– 22%). Communal loan commitments eased slightly to DM 1,974 m. (– 2.5%).

The volume of long-term mortgage loans outstanding increased to DM 10.9 bn. (+ 7.6%). At the end of 1984, long-term communal loans totalled DM 13.0 bn. (+ 5.6%). The volume and number of loans for prolongation increased. The bank was able to keep on its books 84.2% of loans for which terms and conditions had to be renegotiated. Sales of securities came to DM 4,824 m. (+ 1.1%). Balance sheet total rose from DM 25.1 bn. to DM 26.8 bn. (+ 7.0%). Account was taken of all risks in lending business.

Of the net income for the year of DM 51.9 m., DM 25 m. was transferred to disclosed reserves. It will be proposed to the General Meeting that a further DM 10 m. be transferred to reserves, after which the bank's reported capital and reserves will amount to DM 576.8 m. Share capital is unchanged at DM 70.4 m. There is also authorized capital of DM 15 m. For the 1984 financial year it is again planned to pay a dividend of DM 12 per share of DM 50 par value.

*Lübecker Hypothekenbank Aktiengesellschaft, Lübeck*, increased its loan commitments in 1984 by 26% to DM 1,197 m. (1983: DM 950 m.). Of this figure, mortgages represented DM 696 m. (1983: DM 722 m.) and communal loans DM 501 m. (1983: DM 228 m.).

Mortgage lendings totalled DM 3.4 bn. at year's end. Communal loans are reported at DM 1.9 bn.

Balance sheet total expanded 13.4% to DM 6.3 bn.

After the transfer to provision for risk, the 1984 result also allows a transfer of DM 13.75 m. to dis-

closed reserves. Here, DM 9.0 m. is to be transferred from net income for the year and DM 4.75 m. from distributable profit. With share capital unchanged at DM 22 m. the bank's reported capital and reserves will then amount to DM 154 m.

For the 1984 financial year, it is planned to distribute a dividend of 20% after 18% in the previous year.

### Specialized banks and investment companies

The balance sheet total of *Deutsche Kreditbank für Baufinanzierung AG, Cologne*, as at 31. 12. 1984 amounts to DM 5,363 m., reflecting 13.6% growth on 1983.

In its new business, the bank almost equalled the commitment volume of the particularly brisk previous year. New loan commitments totalled DM 2,399 m. This figure was made up of roughly equal amounts of short and long-term business. Provision was made for all discernible risks.

The bank's share capital is DM 90 m., disclosed reserves amount to DM 100 m. An unchanged dividend of 14% is planned for the 1984 financial year.

The subsidiary of *Deutsche Kreditbank für Baufinanzierung AG, Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne*, manages its properties according to schedule.

*GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, and its subsidiaries *GEFA-Leasing GmbH, Wuppertal*, and *Efgee Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, increased their combined balance sheet total in 1984 by DM 183 m. to DM 2,689 m. The growth stemmed in equal parts from investment credit and leasing business. Provision was made for business risks.

Of the profits reported, DM 10 m. was transferred to disclosed reserves at GEFA and DM 3 m. at GEFA-Leasing GmbH. At the end of 1984 capital and reserves at GEFA then totalled DM 100 m. and at GEFA-Leasing DM 40 m. GEFA transferred DM 18.2 m. to Deutsche Bank AG under the existing profit and loss transfer agreement.

There are profit and loss transfer agreements between GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal, and its subsidiaries GEFA-Leasing GmbH and Efgee. GEFA holds, as previously, all the shares of GEFI Gesellschaft für Mobilien-Leasing und Finanzierungsvermittlung 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*, manages individual investment funds (special funds) for institutional investors. The number and assets of the funds it manages increased further during the past financial year. At the end of 1984, the total assets of the 118 funds managed by DEGEF amounted to DM 7.3 bn.

The Shareholders' Meeting resolved at the beginning of 1985 that the share capital be raised by DM 2.0 m. from reserves to DM 14.0 m. and that a dividend payment of DM 2.0 m. be made for the 1983/84 financial year.

*DWS Deutsche Gesellschaft für Wertpapier-sparen mbH, Frankfurt am Main*, continued to record a favourable development of business in 1984 and registered revenues of DM 915.3 m. from new sales of certificates.

The total assets of the 15 securities-based public investment funds managed by DWS increased to DM 10.5 bn. at the end of 1984. In the period

under review a total of DM 780.6 m. was distributed to certificate holders. As at the end of 1984 the DWS funds accounted for 27.3% of the total assets of the securities-based public investment funds associated in the Bundesverband Deutscher Investment-Gesellschaften (BVI).

By resolution of the Shareholders' Meeting the share capital of DWS, in which the Group has a majority holding, was raised by DM 3.0 m. out of company funds to DM 41.0 m. in November 1984. Including the transfer of DM 3.0 m. from the annual result to disclosed reserves, capital and reserves at DWS totalled DM 82.0 m. at December 31, 1984. For the 1983/84 financial year, which ended on September 30, 1984, an unchanged dividend of 6% was paid on the increased share capital of DM 41.0 m.

### **International banks and financing companies**

*Deutsche Bank (Asia Credit) Ltd., Singapore*, engages primarily in international lending business and money and foreign exchange dealing in the South East Asian area.

At the end of 1984 balance sheet total was the equivalent of DM 2.2 bn. After provision had been made for country risks, the net income for the year of DM 3.7 m. was used for payment of a dividend. Capital and reserves at the end of 1984 amounted to the equivalent of DM 82.2 m.

*Deutsche Bank (Canada), Toronto*, which operates as a commercial bank under the Canadian Bank Act, engages in lending and deposits business with corporate and private customers. It is also active in foreign exchange dealing and the settlement of foreign trade business.

In its third year, the bank was again able to expand its customer stock and business volume substantially. At the end of 1984, balance sheet to-

tal came to C\$ 309 m. (+52.5%), with total credit extended to customers of C\$ 201 m. (+49.7%). The earnings of C\$ 1.5 m. were transferred to provisions for risk.

To take account of the bank's growing volume of business, the capital, which is wholly owned by Deutsche Bank AG, was raised by C\$ 10 m. in November 1984. Capital and reserves at year's end amounted to C\$ 25 m.

Balance sheet total at *Deutsche Bank Compagnie Financière Luxembourg, Luxembourg*, rose 16.3% to Lux. Frs. 640 bn. (DM 31.8 bn.). The growth is largely attributable to exchange rate changes – particularly affecting the US dollar.

At year's end, total credit extended came to Lux. Frs. 535 bn. (DM 26.6 bn.). The growth (+16.5%) took place in the short and medium-term sectors, while long-term lending decreased. The bank's general policy on lending in the international sector was selective and cautious.

In the past year, the bank obtained the funding it needed for its lending business both in the Euromarket and from foreign branches of Deutsche Bank AG.

After the bank had strengthened its liabilities structure in the previous years by taking up long-term funds in order to reduce the follow-on financing risk in roll-over credits, the same purpose was served in 1984 by the issue of notes for US\$ 48 m. and in January 1985 by two bond issues for the equivalent of roughly DM 440 m. guaranteed by the bank and floated through Deutsche Bank Finance N.V., Curaçao.

Owing to the higher country risks, provisions were raised strongly again, causing the profit and loss account to close in balance.

Share capital was increased in November 1984 by Lux. Frs. 400 m. (DM 20 m.). The new shares were paid up with a premium of Lux. Frs. 800 m.

(DM 40 m.). Share capital and reserves now total Lux. Frs. 9,456 m. (DM 470 m.).

As a specialized portfolio investment company, *Deutsche Bank (Suisse) S.A., Geneva and Zürich*, serves its international private clientèle in the fields of investment counselling, portfolio management, and securities, foreign exchange and precious metals dealing. In 1984 – its 4th financial year – the bank again achieved an increase in the number of its customer relationships and in the assets entrusted to it.

Commission business developed positively in the financial year. In the flotation of bonds and notes in Swiss francs, the bank participated as syndicate member in numerous issues and thus confirmed its role in this field of business.

Balance sheet total expanded to Sfrs 362.9 m. (+12.6%).

Capital and reserves are unchanged at DM 30.1 m. It is to be proposed to the General Meeting that the net income for the year of Sfrs 2.0 m. be transferred to disclosed reserves.

*European Asian Bank AG, Hamburg*, operates primarily in the Asian-Pacific region.

In the year under review, balance sheet total rose to DM 9.1 bn. (+9.0%). Total lending increased 3.2% to DM 6.9 bn. Funds from outside sources rose to DM 8.4 bn. (+10.5%).

Owing to the further increase in risks in lending business, there was a considerable rise in expenses for risk provision. Account was taken of all discernible risks through the formation of adjustments and provisions, partly with the involvement of the shareholders.

The financial year closed with a balanced result. Capital and reserves were unchanged at DM 430 m. at year's end.

*Atlantic Capital Corporation, New York*, re-named *Deutsche Bank Capital Corporation, New York*, with effect from January 1, 1985, engages in securities and issuing business for an internationally-oriented clientèle. In 1984 the bank was again able to expand its position on the American market. Balance sheet total increased 25% compared with the previous year to US\$ 71.4 m. Despite difficult market conditions earnings of US\$ 1.6 m. were reported. Share capital and reserves came to US\$ 28.1 m. at year's end.

As part of the streamlining of our activities, the business of *DB Finance (Hong Kong) Ltd., Hong Kong*, which engaged primarily in securities dealing in the Asian-Pacific region, was transferred to the local branch of Deutsche Bank AG as at the end of the 1984 reporting year. Profit for the 1984 financial year was the equivalent of DM 3.6 m.

*DB U.K. Finance Ltd., London*, engages in particular in lending and money market business. Business volume increased in 1984 to DM 1,902 m., of which DM 1,544 m. is attributable to total lending. Capital and reserves came to £ 12.4 m. at the end of 1984. Net income for the past financial year was £ 2.1 m.

*Deutsche Bank Finance N.V., Curaçao, Netherlands Antilles*, set up as a financing company in 1981, has so far floated new issues for a total amount of US\$ 910 m. The proceeds of these issues were passed on to Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, which guaranteed the obligations of Deutsche Bank Finance N.V., Curaçao, towards bondholders.

Net income for the 1984 financial year was US\$ 340,000.

*Deutsche Credit Corporation, Deerfield, Illinois (U.S.A.)*, and its 6 branches engage in sales financing business in the U.S.A., primarily with tied loans to dealers and final customers. Business volume at the end of 1984 was US\$ 384 m. The net income for the year of US\$ 270,000 (previous year: US\$ 210,000) was transferred to profit carried forward. Capital and reserves at the end of 1984 amounted to US\$ 40.3 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 the training centre of Deutsche Bank AG in Kronberg (Taunus). A profit-transfer agreement was concluded between Hessische Immobilien-Verwaltungs-Gesellschaft and Deutsche Bank AG in 1984.

*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-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 an aggregate balance sheet total of DM 880 m. have not been included in the consolidated statement of accounts 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  
Capital Management International GmbH of Deutsche Bank, Frankfurt am Main  
Castolin Grundstücksgesellschaft mbH, Düsseldorf  
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt am Main  
ComCo Datenanlagen GmbH u. Co. KG, Korntal-Münchingen  
ComCo Verwaltungsgesellschaft mbH, Korntal-Münchingen  
DB Consult GmbH, Frankfurt am Main  
Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft, Königstein (Taunus)  
Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main  
Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main  
Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main  
Deutsche Grundbesitz-Anlagegesellschaft mbH & Co. Löwenstein Palais, Cologne  
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v. d. H.  
DIL Grundstücksgesellschaft für Verwaltungs- und Lagergebäude mbH, Düsseldorf

"Domshof" Schiffsbeteiligungs-Gesellschaft mbH, Bremen  
MS "Essen" Schifffahrts-Gesellschaft mbH, Bremen  
Essener Grundstücksverwertung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen  
Frankfurter Gesellschaft für Vermögensanlagen mbH, Frankfurt am Main  
GADES Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf  
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 Wohnungsbau-träger GmbH, Braunschweig (profit-transfer agreement with Deutsche Bank AG)  
Peina Grundstücksverwaltungsgesellschaft mbH, Düsseldorf  
Saarländische Immobilien-Gesellschaft mbH, Saarbrücken  
SB Bauträger GmbH, Frankfurt am Main  
SB Bauträger GmbH u. Co. Urbis Hochhaus-KG, Frankfurt am Main

SB Bauträger GmbH u. Co. Urbis Verwaltungs-KG,  
Frankfurt am Main  
Schisa Grundstücksverwaltungsgesellschaft mbH,  
Düsseldorf  
Selekta Grundstücksverwaltungsgesellschaft mbH,  
Düsseldorf  
Süddeutsche Bank GmbH, Frankfurt am Main  
Tauernallee Grundstücksgesellschaft mbH, Berlin  
Terraingesellschaft Gross-Berlin GmbH, Berlin  
Transgermania Verwaltungsgesellschaft mbH, Hamburg  
Franz Urbig- und Oscar Schlitter-Stiftung GmbH,  
Frankfurt am Main  
Westend Grundstücksgesellschaft mbH, Lübeck  
WINWE Beteiligungsgesellschaft mbH, Frankfurt am Main  
Wohnbau-Beteiligungsgesellschaft mbH, Lübeck  
Wohnungsbaugesellschaft Lubeca GmbH, Lübeck  
Wufa Kapitalverwaltungsgesellschaft mbH, Düsseldorf

We list below related domestic companies (aggregate balance sheet total at end of 1984: DM 866 m.) that are not under the uniform management 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.  
Futura Beteiligungs-GmbH, Bielefeld  
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 conditions.

## Principles of consolidation

The consolidated balance sheet and profit and loss account are based on the special sheets published for banks with the legal form of an "Aktiengesellschaft" (joint stock corporation) and for mortgage banks.

The figures shown in the individual balance sheets were taken over unchanged into the consolidated balance sheet. Interim statements as at 31. 12. 1984 were drawn up pursuant to Section 331 (3) Joint Stock Corporation Act for three companies 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 capital and reserves.

Claims and liabilities between the consolidated members of the Group were offset. In so far as consolidated companies' balance sheets contain provisions which represent adjustments for the Group, these amounts were converted and the corresponding assets adjusted accordingly. 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 –

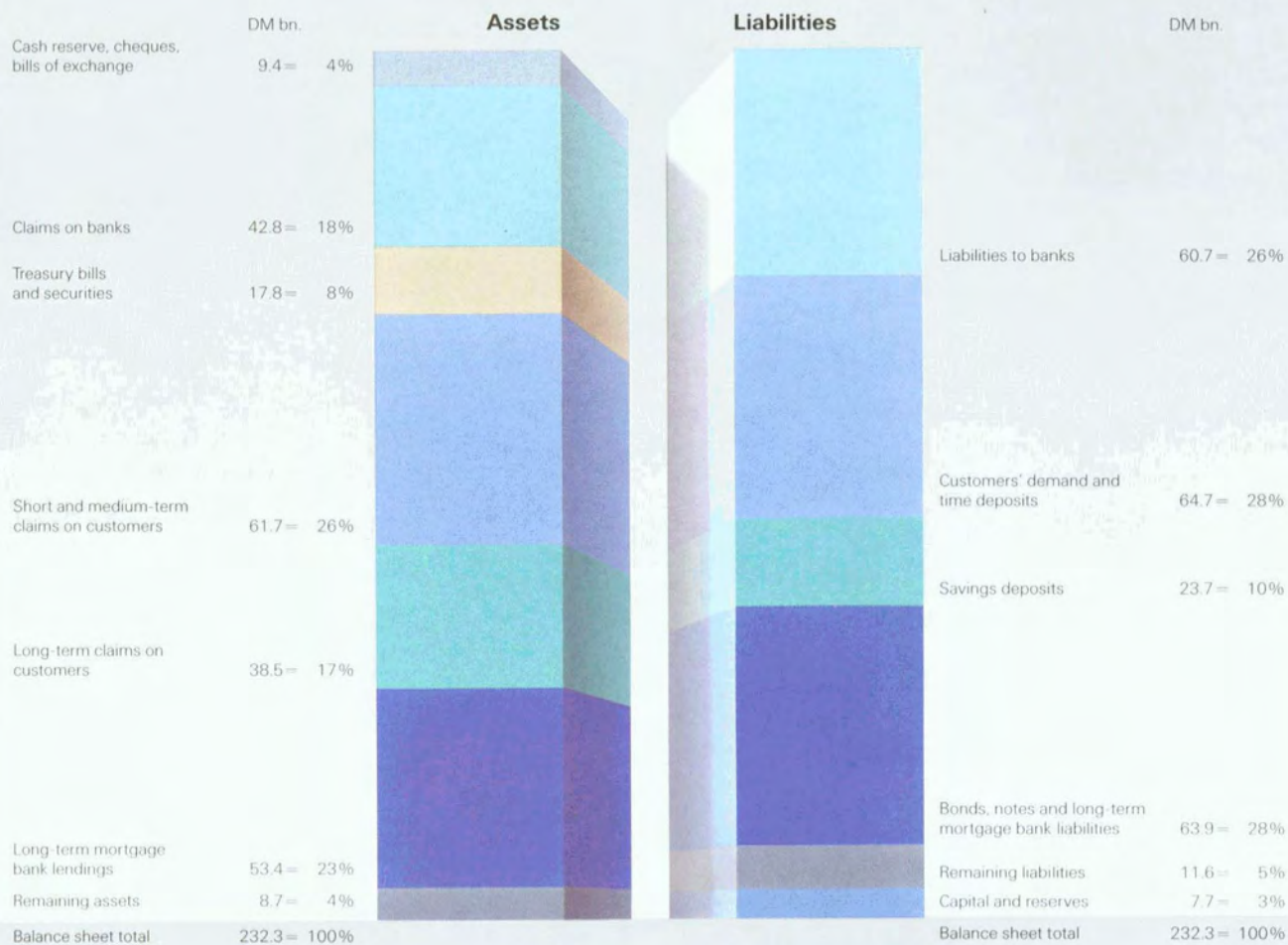


almost exclusively interest and commissions – has been offset against the respective expenses. Intercompany profits were eliminated.

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 1984



## Notes on the Consolidated Balance Sheet

### Liquidity

The *cash reserve* (cash on hand, balances with Deutsche Bundesbank and on postal giro accounts) increased to DM 6.6 bn. at the end of 1984 (1983: DM 5.9 bn.). In terms of liabilities, which rose to DM 161.3 bn. (excluding long-term mortgage bank liabilities), this gives *cash liquidity* of an unchanged 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 27.0 bn. (end of 1983: DM 23.1 bn.) chiefly owing to an increase in claims on banks payable on demand. Thus, *overall liquidity* (total liquid assets as a percentage of liabilities) improved to 16.7% as at 31.12.1984 (end of 1983: 15.9%).

### Assets

#### Treasury bills, securities

Securities holdings including Treasury bills were increased by DM 2,479 m. in 1984 to DM 17,848 m.

*Treasury bills and discountable Treasury notes* decreased by DM 197 m. to DM 1,154 m., with paper of the Federal and Länder Governments falling by DM 406 m.

*Bonds and notes* expanded by DM 2,313 m. Of the total holdings of DM 13,539 m., paper worth

DM 8.7 bn. (=64%) was eligible as collateral for Deutsche Bundesbank advances.

*Other securities* – shares and investment fund certificates – rose to DM 3,155 m. (end of 1983: DM 2,792 m.). Shareholdings of more than 10% of share capital included in this item amounted to DM 1,080 m.; they are held almost exclusively by the parent company.

Securities holdings throughout the Group were again valued at the lower of cost or market.

### Total credit extended

*Total credit extended* increased in the year under review by DM 18.2 bn. (+11.5%) to DM 177.3 bn. Loans to non-residents (end of

#### Composition of total lending, end of 1984

Deutsche Bank Group

Claims on customers  
DM 100.2 bn. = 56.5%

Lendings to  
banks  
DM 14.9 bn. = 8.4%

Long-term  
mortgage bank  
lendings  
DM 53.4 bn. = 30.1%

Discounts  
DM 8.8 bn. = 5.0%

Total DM 177.3 bn.



<i>Total credit extended</i>	End of 1984		End of 1983		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	61,685	34.8	53,814	33.8	+ 7,871	= 14.6
long-term (4 years or more)	38,521	21.7	34,298	21.6	+ 4,223	= 12.3
	100,206	56.5	88,112	55.4	+12,094	= 13.7
Long-term mortgage bank lendings	53,372	30.1	49,443	31.1	+ 3,929	= 7.9
Discounts	8,830	5.0	8,331	5.2	+ 499	= 6.0
Lendings to banks						
short and medium-term	7,175	4.0	6,163	3.9	+ 1,012	= 16.4
long-term (4 years or more)	7,720	4.4	7,028	4.4	+ 692	= 9.8
	14,895	8.4	13,191	8.3	+ 1,704	= 12.9
<i>Total credit extended</i>	177,303	100.0	159,077	100.0	+18,226	= 11.5

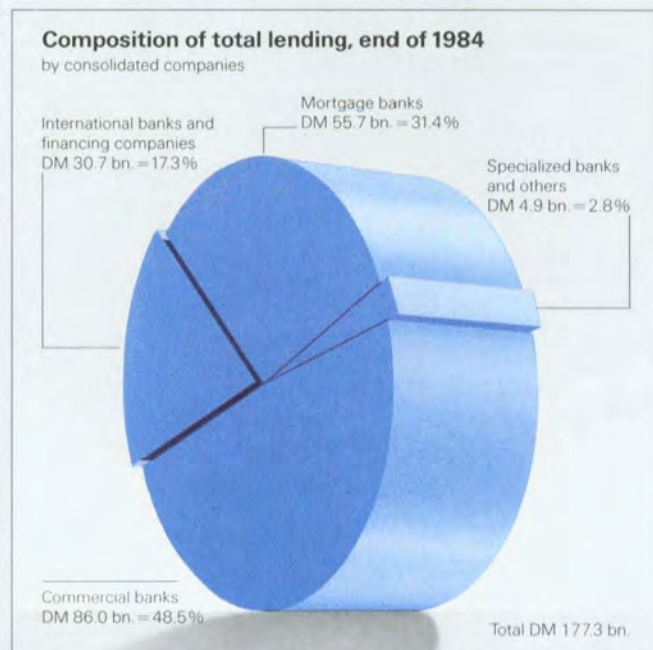
1984: DM 38.4 bn.) showed a substantially higher rate of growth at +21.0% – partly owing to exchange rate changes.

*Claims on customers* at the end of 1984 amounted to more than DM 100 bn. (+13.7%). Above all short and medium-term claims on customers rose by DM 7.9 bn. as a result of increased lending to non-resident customers. The share of long-term claims on customers in total claims decreased slightly to 38.4% (previous year: 38.9%).

The rise in *long-term mortgage bank lendings* (+DM 3.9 bn.) is attributable to the increase in mortgage loans by DM 1.6 bn. to DM 24.5 bn. and the DM 2.2 bn. growth in communal loans to DM 27.7 bn. Communal loans now have a share of 52% in total mortgage bank lendings.

*Lendings to banks* increased by DM 1.7 bn. (+12.9%) to DM 14.9 bn. Dated *deposits with*

*banks* decreased as a result of increased deposits with Group banks.



## Fixed assets

After consolidation, the Group's *Subsidiaries, associated companies and trade investments* are reported at DM 648 m. (+ DM 88 m.). Holdings in banks amount to DM 276 m.

*Land and buildings* are reported at the end of 1984 at DM 1,004 m. (+ DM 40 m.), of which real property used for banking business accounted for DM 892 m.

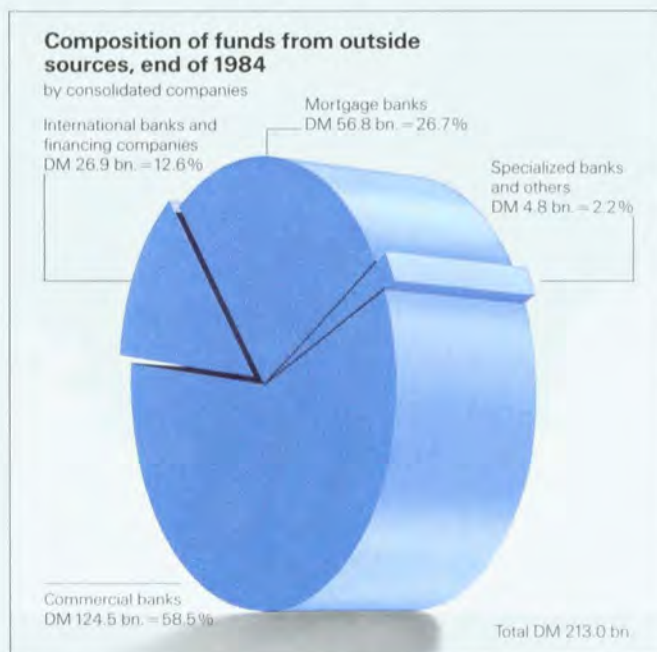
*Office furniture and equipment* is reported at DM 490 m. (+ DM 100 m.).

*Leasing equipment* amounted to DM 1,094 m. at the end of 1984. This item includes real property of Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne, amounting to DM 163 m. (end of

1983: DM 174 m.) and movable leasing equipment of GEFA-Leasing GmbH, Wuppertal, at DM 916 m. (end of 1983: DM 819 m.).

## Other asset items

At the end of 1984 *Other assets* amounted to DM 2,044 m. This item consists mainly of shares not represented by securities and which we do not regard as business participations, and also of precious metals holdings, such as gold bars, coins and medallions. These precious metals holdings 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

*Funds from outside sources* increased in the reporting year by DM 20.0 bn. to DM 213.0 bn.

The main factor behind the expansion of funds from outside sources was the growth in *liabilities to customers* by DM 10.1 bn. (+ 12.8%) to DM 88.4 bn. Customers' time deposits grew by DM 6.4 bn. (+ 18.1%) and deposits payable on demand by DM 4.0 bn. (+ 20.7%). Savings deposits as a whole decreased by DM 260 m. to DM 23.7 bn. While savings deposits with the legal period of notice rose slightly by DM 165 m., other savings deposits fell by DM 425 m.

*Long-term mortgage bank liabilities* increased on balance by DM 4.4 bn. to a total of DM 56.4 bn. Mortgage bonds account for DM 22.0 bn.

<i>Funds from outside sources</i>	End of 1984		End of 1983		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	10,546	4.9	9,398	4.9	+ 1,148	= 12.2
time deposits	50,034	23.5	47,161	24.4	+ 2,873	= 6.1
customers' drawings on other banks	173	0.1	245	0.1	- 72	= 29.4
	<u>60,753</u>	<u>28.5</u>	<u>56,804</u>	<u>29.4</u>	<u>+ 3,949</u>	<u>= 7.0</u>
Liabilities to customers						
payable on demand	23,191	10.9	19,221	10.0	+ 3,970	= 20.7
time deposits	41,501	19.5	35,147	18.2	+ 6,354	= 18.1
savings deposits	23,695	11.1	23,955	12.4	- 260	= 1.1
	<u>88,387</u>	<u>41.5</u>	<u>78,323</u>	<u>40.6</u>	<u>+ 10,064</u>	<u>= 12.8</u>
Bonds and notes	7,505	3.5	5,888	3.1	+ 1,617	= 27.5
Long-term mortgage bank liabilities	56,362	26.5	51,978	26.9	+ 4,384	= 8.4
	<u>63,867</u>	<u>30.0</u>	<u>57,866</u>	<u>30.0</u>	<u>+ 6,001</u>	<u>= 10.4</u>
<i>Total funds from outside sources</i>	<u>213,007</u>	<u>100.0</u>	<u>192,993</u>	<u>100.0</u>	<u>+ 20,014</u>	<u>= 10.4</u>

(+ DM 1.2 bn.) and communal bonds for DM 28.2 bn. (+ DM 2.8 bn.).

After *liabilities to banks* had remained almost unchanged in the previous year, they rose in 1984 by DM 3.9 bn. to DM 60.8 bn. Above all, deposits with an original period of less than three months increased by DM 2.3 bn. Deposits payable on demand rose by DM 1.1 bn.

*Bonds and notes* increased by DM 1,617 m. to DM 7,505 m. This includes DM 750 m. from the 4% convertible bond issue floated by Deutsche Bank AG in 1984.

At the end of 1984 non-resident customers and banks had placed funds from outside sources amounting to DM 78.6 bn. at the disposal of the Group (+ 14.2%).

### Provisions, special items with partial reserve character

Total *Provisions* amounted to DM 5.2 bn. (+ DM 0.6 bn.) at year's end. *Provisions for pensions* were raised by DM 136 m. to DM 1,805 m.

*Other provisions* increased by DM 468 m. to DM 3,439 m. This item includes primarily provisions for taxes and provisions for lending risks, including country risks, from guarantees. Also included here are liabilities under the Early Retirement Act.

*Special items with partial reserve character* are reported at DM 36 m.

### Comments

*Endorsement liabilities on rediscounted bills of exchange* and *Own drawings in circulation* increased to DM 6.4 bn. Of the own drawings in cir-



ulation (DM 274 m.) DM 10 m. was discounted for borrowers' account.

*Liabilities from guarantees, guarantees for bills and cheques and from indemnity agreements* amounted to DM 21.6 bn. (+ DM 0.4 bn.).

*Commitments from the sale of assets subject to repurchase agreements* totalled DM 154 m.

### Miscellaneous 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 148 m. *Joint liabilities* pursuant to Section 24 "GmbH" Act amounted to DM 48 m. Where we have other joint liabilities, the standing of the other partners is beyond doubt in all cases.

In connection with the holding in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there are Group obligations to pay further capital of up to DM 64 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 holdings came to DM 5 m. on 31. 12. 1984.

Included under liabilities to customers and banks are *funds taken up for specific projects* amounting to DM 3,240 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 161 m. taken up were secured on real estate. Owing to legal requirements, security amounting to DM 181 m. had to be provided for the business operations of the foreign branches of Deutsche Bank AG.

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.

## Consolidated Profit and Loss Account

### Earnings on business volume

*Earnings on business volume* (interest surplus) rose by DM 162 m. (+ 3.0%) to DM 5.7 bn. With average business volume expanding by 4.7%, the interest margin fell slightly compared with the previous year.

The surplus from non-recurrent expenses and income in the mortgage banks' issue and loan business included in earnings on business volume amounted to DM 78 m. in the year under review (previous year: DM 129 m.).

### Earnings on services

*Commissions and other service charges received* increased 7.2% to DM 1,396 m. After deduction of commissions paid (DM 46 m.), the remaining surplus was DM 1,350 m., i.e. 7.3% more than in the previous year.

	1984 DM m.	1983 DM m.	Change
Interest income from lending and money market transactions	12,571	11,846	+ 6.1%
Interest income in the mortgage bank business	4,242	3,945	+ 7.5%
Current income from securities, Government-inscribed debt and subsidiaries, associated companies and trade investments (incl. profit-transfer agreements)	1,426	1,184	+20.5%
Total interest income	18,239	16,975	+ 7.4%
Interest and similar expenses	8,716	7,860	+10.9%
Interest expenses in the mortgage bank business	3,951	3,756	+ 5.2%
Total interest expenses	12,667	11,616	+ 9.0%
Net non-recurrent income of the mortgage banks	78	129	-39.3%
Earnings on business volume	5,650	5,488	+ 3.0%

### Staff and other operating expenses

*Staff and other operating expenses* (including normal depreciation) rose by DM 286 m. (+ 7.2%) to DM 4,238 m. The *staff expenses* included in this item increased 5.4% to DM 2,994 m.

At the suggestion of the Federal Association of German Banks, we include normal depreciation of movables and real property in staff and other operating expenses.

### Operating result

The Group's *operating result* – surplus on current business including own-account trading – was 1.3% higher than in the previous year. All categories of institution participated in this improvement.

	1984 DM m.	1983 DM m.	Change
Staff expenses	2,994	2,840	+ 5.4%
General operating expenses	1,036	931	+11.2%
Normal depreciation of movables and real property	208	181	+15.3%
Staff and other operating expenses	4,238	3,952	+ 7.2%

### Other income, including income from the writing back of provisions for possible loans losses

*Other income* is reported at DM 901 m. (previous year: DM 945 m.) after full offsetting of eligible income with write-downs of and adjustments to claims and securities pursuant to Section 4 of the Order concerning Banks' Statements of Ac-

### Composition of operating result 1984

Deutsche Bank Group





counts. This item includes current income from leasing business totalling DM 454 m. (previous year: DM 416 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 1,264 m. compared with DM 1,456 m. in the previous year, after offsetting with increased profits from securities and with adjustments and provisions written back (pursuant to Section 4 of the Order concerning Banks' Statements of Accounts).

*Depreciation of and adjustments to land and buildings and office furniture and equipment* rose by DM 29 m. to DM 580 m. Of this total, DM 208 m. (1983: DM 181 m.) stems from normal depreciation of movables and real property and DM 339 m. (1983: DM 307 m.) from depreciation of leasing equipment of the Group's leasing companies Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne, and GEFA-Leasing GmbH, Wuppertal.

### Taxes

Group tax expenses remained unchanged at DM 1,241 m. (+ DM 3 m.). Of this, DM 1,221 m. represents *Taxes on income and assets*. The additional 20% corporation tax on subsidiaries' profits for 1984 to be distributed to the parent company in 1985 has not been taken into account.

### Profit, capital and reserves

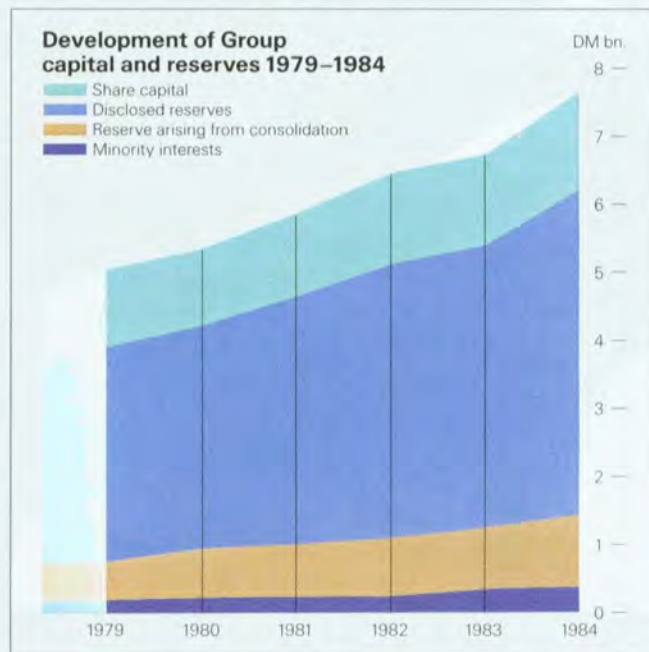
*Net income for the year* at the Group amounts to DM 673.6 m. After inclusion of profit brought forward from the previous year of DM 90.2 m. and transfer of DM 261.6 m. to disclosed reserves and

taking into account profit of DM 11.6 m. attributable to minority interests, consolidated profit amounts to DM 490.6 m. (previous year DM 454.4 m.).

According to the proposals regarding the appropriation of profits, the sum of DM 359.5 m. (1983: DM 332.4 m.) is to be distributed to shareholders of the parent company and minority shareholders in subsidiaries.

The *Reserve arising from consolidation* rose by DM 193.9 m. to DM 1,082.7 m. It is calculated by offsetting the book values of subsidiaries, associated companies and trade investments with the proportionate shares of capital and reserves.

The increase arose from proportionate transfers to reserves at subsidiaries and from the difference resulting from the currency conversion of foreign consolidated companies' statements of accounts.



Minority interests of DM 392.0 m. include still undistributed profits of DM 10.5 m. attributable to minority interests. DM 381.5 m. of this item, therefore, has equity character.

Total *Group capital and reserves* increased in 1984 by DM 927.1 m. and amounted to DM 7,699.4 m. at the end of 1984.

As a result of resolutions taken by the General Meetings of subsidiaries, a further DM 40.1 m. of the consolidated profit is to be allocated to disclosed reserves.

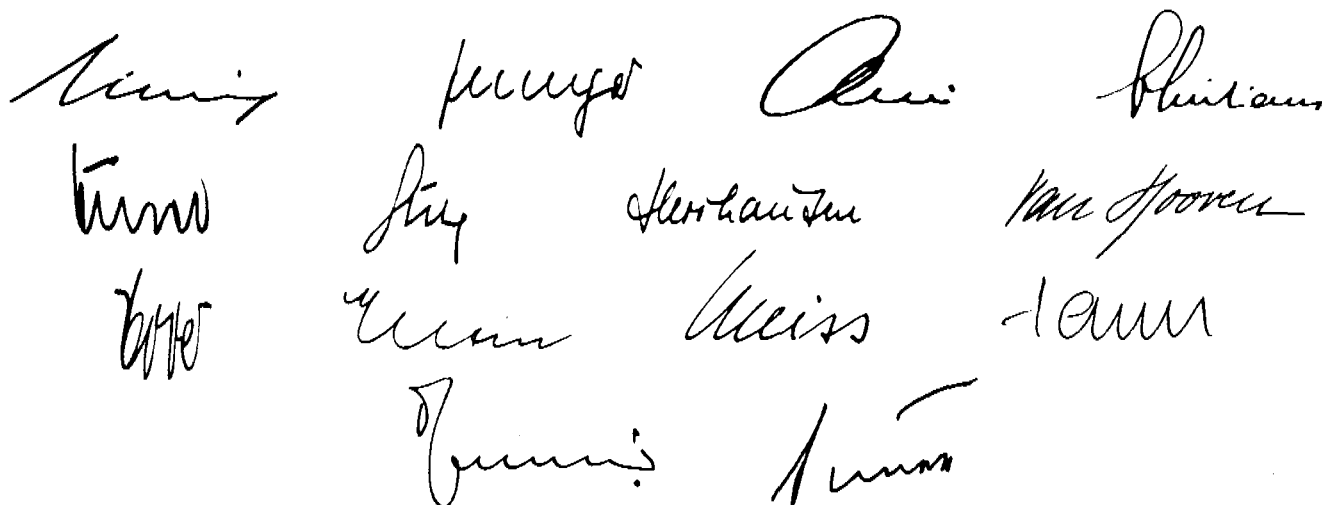
Furthermore, at Deutsche Bank AG there is authorized capital of DM 287.0 m. and conditional

	31. 12. 1984	31. 12. 1983
	DM m.	DM m.
Group capital and reserves		
Share capital of Deutsche Bank AG . . . . .	1,469.1	1,356.1
Disclosed reserves of Deutsche Bank AG . . .	4,766.1	4,161.9
Capital and reserves of Deutsche Bank AG . .	6,235.2	5,518.0
Reserve arising from consolidation . . . . .	1,082.7	888.8
Minority interests . . . . .	381.5	365.5
<i>Total Group capital and reserves</i> . . . . .	<u>7,699.4</u>	<u>6,772.3</u>

capital in a total amount of DM 306.1 m. for option rights and for the granting of irrevocable conversion rights to the bearers of convertible bonds.

Frankfurt am Main, March 1985

The Board of Managing Directors



**Consolidated Balance Sheet as of December 31, 1984**

**Consolidated Profit and Loss Account  
for the period from January 1 to December 31, 1984**

## Assets

## Deutsche Bank Aktiengesellschaft

	in DM 1,000	in DM 1,000	31. 12. 1983 in DM 1,000
Cash on hand . . . . .		645,635	521,499
Balance with Deutsche Bundesbank . . . . .		5,987,708	5,373,195
Balances on postal giro accounts . . . . .		16,615	20,094
Cheques, matured bonds, interest and dividend coupons, items received for collection . . . . .		302,628	657,279
Bills of exchange . . . . .		2,470,797	2,582,505
including:			
a) rediscountable at Deutsche Bundesbank . . . . . DM thou. 1,307,399			
b) own drawings . . . . . DM thou. 233,031			
Claims on banks			
a) payable on demand . . . . .	8,829,634		6,434,236
b) with original periods or periods of notice of			
ba) less than three months . . . . .	9,508,529		10,177,718
bb) at least three months, but less than four years . . . . .	16,692,000		16,365,829
bc) four years or more . . . . .	<u>7,720,117</u>		<u>7,027,971</u>
including:		42,750,280	40,005,754
used as cover in mortgage			
bank business . . . . . DM thou. 677,400			
Treasury bills and discountable Treasury notes			
a) of the Federal and Länder Governments . . . . .	32,469		438,614
b) of other issuers . . . . .	<u>1,121,635</u>		<u>912,274</u>
		1,154,104	1,350,888
Bonds and notes			
a) with a life of up to four years			
aa) of the Federal and Länder Governments . . . . . DM thou. 1,931,837			
ab) of banks . . . . . DM thou. 3,107,364			
ac) of other issuers . . . . . DM thou. <u>410,394</u>	5,449,595		4,262,116
including:			
eligible as collateral for			
Deutsche Bundesbank advances . . . . . DM thou. 4,096,992			
used as cover in mortgage			
bank business . . . . . DM thou. 47,500			
b) with a life of more than four years			
ba) of the Federal and Länder Governments . . . . . DM thou. 2,216,353			
bb) of banks . . . . . DM thou. 3,572,015			
bc) of other issuers . . . . . DM thou. <u>2,301,242</u>	<u>8,089,610</u>		<u>6,964,098</u>
including:		13,539,205	11,226,214
eligible as collateral for			
Deutsche Bundesbank advances . . . . . DM thou. 4,618,054			
used as cover in mortgage			
bank business . . . . . DM thou. 407,523			
Securities not to be shown elsewhere			
a) shares marketable on a stock exchange and investment fund certificates	3,040,818		2,448,507
b) other . . . . .	<u>114,057</u>		<u>343,964</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. 1,080,367		3,154,875	2,792,471
Carried forward		70,021,847	64,529,899



## Consolidated Balance Sheet as of December 31, 1984

## Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1983 in DM 1,000
<b>Liabilities to banks</b>				
a) payable on demand . . . . .		10,546,563		9,398,202
b) with original periods or periods of notice of				
ba) less than three months . . . . .	15,108,392			
bb) at least three months, but less than four years . . . . .	29,157,889			
bc) four years or more . . . . .	<u>5,767,314</u>	50,033,595		47,161,002
including: due in less than four years . . . . . DM thou. 3,415,355				
c) customers' drawings on other banks . . . . .		<u>172,823</u>		244,940
			60,752,981	56,804,144
<b>Liabilities to customers</b>				
a) payable on demand . . . . .		23,191,102		19,220,693
b) with original periods or periods of notice of				
ba) less than three months . . . . .	25,716,587			
bb) at least three months, but less than four years . . . . .	8,249,370			
bc) four years or more . . . . .	<u>7,535,170</u>	41,501,127		35,146,958
including: due in less than four years . . . . . DM thou. 6,945,892				
c) savings deposits				
ca) subject to legal period of notice . . . . .	15,594,456			
cb) other . . . . .	<u>8,101,003</u>	<u>23,695,459</u>		23,955,586
			88,387,688	78,323,237
<b>Bonds and notes with a life of</b>				
a) up to four years . . . . .		65,343		50,948
b) more than four years . . . . .		<u>7,439,409</u>		5,836,880
including: maturing in less than four years . . . . . DM thou. 2,998,246			7,504,752	5,887,828
<b>Bonds issued by mortgage banks</b>				
a) mortgage bonds . . . . .		22,020,019		20,857,140
including: registered bonds . . . . . DM thou. 6,252,219				
b) communal bonds . . . . .		28,184,567		25,404,781
including: registered bonds . . . . . DM thou. 6,918,901				
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act . . . . .		1,112,033		1,557,082
including: registered bonds . . . . . DM thou. -				
d) bonds drawn and called for redemption . . . . .		<u>178,326</u>		308,534
including: maturing or to be taken back in less than four years . . . . . DM thou. 29,108,010			51,494,945	48,127,537
further: registered mortgage bonds given to lender as security for loans taken up . . . . . DM thou. 542,019				
and registered communal bonds . . . . . DM thou. 513,977				
<b>Bonds to be delivered</b> . . . . .			1,364,538	597,206
Carried forward			209,504,904	189,739,952

## Assets

## Consolidated Balance Sheet

	in DM 1,000	in DM 1,000	31. 12. 1983 in DM 1,000
Brought forward		70,021,847	84,529,899
Claims on customers with original periods or periods of notice of			
a) less than four years	61,686,097		53,814,656
including:			
used as cover in mortgage bank business	DM thou. 1,767,303		
b) four years or more	<u>38,520,828</u>		<u>34,297,623</u>
including:		100,206,925	88,112,279
ba) secured by mortgages on real estate	DM thou. 5,973,280		
bb) communal loans	DM thou. 2,718,168		
due in less than four years	DM thou. 17,981,914		
Mortgage bank lendings with original periods of four years or more			
a) mortgages	24,486,966		22,900,157
used as cover	DM thou. 21,601,390		
b) communal loans	27,728,366		25,500,389
used as cover	DM thou. 26,869,287		
c) other	<u>47,112</u>		<u>49,484</u>
including: to banks	DM thou. 3,790,965	52,262,444	48,450,030
Accrued interest on long-term mortgage bank lendings			
a) pro rata interest	1,015,721		910,034
b) interest due after October 31, 1984 and on January 2, 1985	94,371		82,693
c) interest arrears	<u>—</u>		<u>—</u>
		1,110,092	992,727
Recovery claims on Federal and Länder authorities under Currency Reform Acts		281,594	303,324
including:			
used as cover in mortgage bank business	DM thou. 34,788		
Loans on a trust basis at third party risk		1,235,538	998,722
Subsidiaries, associated companies and trade investments		648,073	560,561
including: investments in banks	DM thou. 276,358		
Land and buildings		1,004,403	964,589
including: taken over in mortgage business	DM thou. 20,000		
Office furniture and equipment		489,737	389,906
Leasing equipment			
a) land and buildings	163,383		174,004
b) movables	<u>930,468</u>		<u>832,232</u>
		1,093,851	1,006,236
Bonds and notes issued by consolidated companies		1,570,671	1,607,079
nominal amount	DM thou. 1,379,644		
	US\$ thou. 53,715		
Other assets		2,043,848	2,036,010
Deferred items			
a) difference in accordance with Section 156 (3) of the Joint Stock Corporation Act	40,095		
b) other	<u>268,176</u>	308,271	216,889
<b>Total Assets</b>		<b>232,276,294</b>	<b>210,168,251</b>
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:			
a) claims on related companies		703,549	574,556
b) claims arising from loans falling under Section 15 (1) 1–6 and (2) of the Banking Act, unless included under a)		2,054,785	1,861,716

as of December 31, 1984

# Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31. 12. 1983 in DM 1,000
Brought forward			209,504,904	189,739,952
Loans taken up in the mortgage bank business, with original periods or periods of notice of four years or more				
a) from banks		434,918		485,968
b) other		<u>952,045</u>		810,938
including:			1,386,963	1,296,906
with partial liability	DM thou. 145			
due in less than four years	DM thou. 695,859			
Accrued interest on bonds issued and loans taken up in the mortgage bank business				
a) pro rata interest		1,634,575		1,432,813
b) interest due (including interest due on January 2, 1985)		<u>480,501</u>		523,537
Own acceptances and promissory notes outstanding			2,115,076	1,956,350
Loans on a trust basis at third party risk			2,421,550	2,017,140
Provisions			1,235,538	998,722
a) for pensions		1,804,840		1,668,574
b) other		<u>3,439,702</u>		2,971,398
Other liabilities			5,244,342	4,639,972
Endowments and benevolent funds			120,696	139,926
Endowment assets		6,961		6,562
less investments in securities		<u>6,855</u>		6,283
Deferred items			106	279
a) in accordance with Section 25 of the Mortgage Bank Act		241,939		215,315
b) other		<u>1,769,174</u>		1,861,429
Special items with partial reserve character			2,011,113	2,076,744
a) in accordance with the Tax Act regarding Developing Countries		9,230		18,981
b) in accordance with Section 6b of the Income Tax Act		9,970		27,124
c) in accordance with Section 52 (5) of the Income Tax Act		12,647		6,799
d) in accordance with Section 3 of the Foreign Investment Act		<u>3,733</u>		5,130
Share capital			35,580	58,034
Conditional capital DM thou. 306,116			1,469,145	1,356,134
Disclosed reserves				
a) legal reserve		2,911,926		2,457,702
b) other reserves (voluntary)		<u>1,854,147</u>		1,704,147
Reserve arising from consolidation			4,766,073	4,161,849
Minority interests			1,082,677	888,818
including: from profit	DM thou. 10,433		391,980	382,988
Consolidated profit			490,551	454,437
<b>Total Liabilities</b>			<b>232,276,294</b>	<b>210,168,251</b>
Own drawings in circulation			273,897	195,817
including: those discounted for borrowers' account	DM thou. 10,096			
Endorsement liabilities on rediscounted bills of exchange			6,132,212	5,480,045
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			21,626,189	21,198,407
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements			154,087	182,783
Savings premiums under the Savings Premium Act			144,043	226,176
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			454,802	72,102

# Expenses

# Consolidated Profit and Loss Account

	in DM 1,000	in DM 1,000	1983 in DM 1,000
Interest and similar expenses		8,715,647	7,860,220
Interest expenses in the mortgage bank business for			
a) mortgage bonds	1,619,982		1,526,929
b) communal bonds	2,118,851		1,966,623
c) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	91,139		98,167
d) loans taken up	<u>121,404</u>		<u>165,380</u>
		3,951,376	3,756,099
Commissions and similar service charges paid		46,416	44,397
Non-recurrent expenses in the mortgage banks' issue and loan business		177,314	167,758
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		1,263,895	1,456,230
Salaries and wages		2,244,990	2,097,521
Compulsory social security contributions		333,190	301,265
Expenses for pensions and other employee benefits		415,603	441,227
General operating expenses		1,036,161	931,522
Depreciation of and adjustments to land and buildings and office furniture and equipment		579,524	550,347
Write-downs of and adjustments to subsidiaries, associated companies and trade investments		52,926	12,309
Taxes			
a) on income and assets	1,220,522		1,223,637
b) other	<u>20,460</u>		<u>14,083</u>
		1,240,982	1,237,720
Expenses from assumption of loss		3,232	3,237
Allocations to Special items with partial reserve character		1,942	21,332
Other expenses		136,525	74,777
Net income for the year		673,566	653,596
<b>Total Expenses</b>		<b>20 873,289</b>	<b>19,609,557</b>

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 12, 1985

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Blessing Burgard Cartellieri Christians

Ehret Guth Herrhausen van Hooven

Kopper Martin Weiss Zapp

Income

	1987	1988
	in DM 1,000	in DM 1,000
Interest and similar income from lending and money market transactions . . .		
Current income from		
a) fixed-interest securities and Government-inscribed debt . . . . .	1,047,770	838,680
b) other securities . . . . .	353,063	304,505
c) subsidiaries, associated companies and trade investments . . . . .	<u>23,848</u>	<u>39,273</u>
	1,424,681	1,182,458
Interest income in the mortgage bank business from		
a) mortgages . . . . .	1,863,639	1,767,350
b) communal loans . . . . .	<u>2,378,640</u>	<u>2,177,932</u>
	4,242,279	3,945,282
Commissions and other service charges received . . . . .	1,395,967	1,302,015
Non-recurrent income from the mortgage banks' issue and loan business . . .	255,483	296,556
Other income, including income from the writing back of provisions for possible loan losses . . . . .	900,638	944,698
Income from profit-pooling, profit-transfer and partial profit-transfer agreements . . . . .	1,406	1,323
Income from the writing back of provisions, unless it has to be shown under "Other income" . . . . .	57,995	47,862
Income from the writing back of special items with partial reserve character	24,397	43,140
<b>Total Income</b>	<b>20,873,289</b>	<b>19,609,557</b>

	1983	
in DM 1,000		in DM 1,000
	673,566	653,596
	<u>90,191</u>	<u>55,698</u>
	763,757	709,294
	-	6,271
150,000		150,000
111,631		<u>92,560</u>
	<u>261,631</u>	<u>242,560</u>
	502,126	473,005
	<u>11,575</u>	<u>18,568</u>
	490,551	454,437

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

Frankfurt am Main, March 21, 1985

**Treuverkehr**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

*Dr. Nebendorf*

Wirtschaftsprüfer

*Fandré*

Wirtschaftsprüfer

# Development of the Balance Sheet of Deutsche Bank Group

– Amounts in DM millions –

End of	1984	1983	1982	1981	1980
<b>Consolidated Balance Sheet</b>					
<b>Assets</b>					
Cash reserve	6,650	5,915	5,972	7,138	8,006
Bills of exchange	2,471	2,582	2,127	2,620	3,075
Claims on banks	42,750	40,006	43,261	42,308	33,549
Treasury bills and discountable Treasury notes	1,154	1,351	1,162	615	613
Bonds and notes	13,539	11,226	8,395	6,890	6,933
Securities not to be shown elsewhere	3,155	2,793	2,345	2,265	2,174
Claims on customers	100,206	88,112	81,047	79,768	73,050
short and medium-term	61,685	53,814	49,365	44,674	37,833
long-term (4 years or more)	38,521	34,298	31,682	35,094	35,217
Long-term mortgage bank lendings	53,372	49,443	46,005	41,653	38,148
Recovery claims on Federal and Länder authorities under Currency Reform Acts	282	303	328	350	370
Loans on a trust basis at third party risk	1,235	999	988	1,924	1,727
Subsidiaries, associated companies and trade investments	848	560	556	602	647
Land and buildings	1,004	965	945	839	868
Office furniture and equipment	490	390	352	325	306
Leasing equipment	1,094	1,006	995	898	865
Bonds and notes issued by consolidated companies	1,571	1,607	2,101	1,809	1,724
Other assets	2,044	2,036	1,803	1,676	1,862
Remaining assets	611	874	793	733	677
<b>Balance Sheet Total</b>	<b>232,276</b>	<b>210,168</b>	<b>199,175</b>	<b>192,413</b>	<b>174,594</b>
<b>Liabilities</b>					
Liabilities to banks	60,753	56,804	56,812	56,427	53,059
including: time deposits	50,206	47,406	48,274	47,305	44,765
Liabilities to customers	88,387	78,323	72,791	73,671	65,114
including: time deposits	41,501	35,147	31,681	34,730	27,102
savings deposits	23,695	23,955	23,912	22,998	22,243
Bonds and notes	7,505	5,888	5,592	4,199	4,595
Long-term mortgage bank liabilities	56,362	51,978	48,382	43,074	38,597
Provisions	5,244	4,640	3,866	3,417	2,911
for pensions	1,805	1,669	1,475	1,446	1,312
other	3,439	2,971	2,391	1,971	1,599
Group capital and reserves	7,699	6,772	6,492	5,891	5,365
Share capital	1,469	1,356	1,356	1,232	1,114
Disclosed reserves	4,766	4,162	4,018	3,641	3,284
Reserve arising from consolidation	1,083	889	851	765	732
Minority interests (excl. from profits)	381	365	267	253	235
Remaining liabilities	5,835	5,309	4,868	5,353	4,660
Consolidated profit	491	454	372	381	293
<b>Balance Sheet Total</b>	<b>232,276</b>	<b>210,168</b>	<b>199,175</b>	<b>192,413</b>	<b>174,594</b>
Own drawings in circulation (discounted)	10	14	50	74	31
Endorsement liabilities	6,133	5,480	4,849	3,902	3,446
<b>Business Volume</b>	<b>238,419</b>	<b>215,662</b>	<b>204,074</b>	<b>196,389</b>	<b>178,071</b>
Contingent liabilities from guarantees, etc.	21,626	21,198	20,495	21,470	18,717

## Figures from the Consolidated Profit and Loss Account

for the year	1984	1983	1982	1981	1980
Earnings on business volume (Interest surplus)	5,650	5,488	4,824	4,199	3,455
Earnings on services (Commission surplus)	1,350	1,257	1,020	996	892
Staff and other operating expenses	4,238	3,952	3,557	3,272	3,052
Taxes	1,241	1,238	977	818	735
Net income for the year	674	654	343	412	457
<b>Number of staff at year's end</b>	<b>47,873</b>	<b>47,256</b>	<b>45,618</b>	<b>44,800</b>	<b>44,128</b>



1979	1978	1977	1976	1975	1974	1973	1972	1970	1967
10,199	7,184	5,813	4,845	5,106	5,625	7,021	5,575	3,021	1,553
2,535	6,466	6,624	6,952	7,076	5,300	3,975	4,122	4,332	4,009
31,776	30,237	26,772	20,334	15,587	12,898	7,510	5,871	4,317	2,269
549	449	152	275	189	49	23	250	409	1,704
5,928	6,566	4,759	3,860	2,433	1,846	1,698	1,679	1,803	943
2,020	1,795	1,857	1,881	1,538	1,128	1,113	1,156	1,331	1,047
63,427	54,913	46,521	39,802	35,160	30,859	27,086	23,806	17,186	9,015
32,086	27,151	24,268	21,729	21,052	19,634	17,609	14,789	10,353	6,860
31,341	27,762	22,253	18,073	14,108	11,225	9,477	9,017	6,833	2,155
33,995	31,117	24,768	21,578	19,528	16,570	14,323	12,854	3,517	-
402	433	451	475	513	541	571	605	639	575
1,378	1,225	1,146	947	783	583	450	442	146	228
619	604	598	435	374	358	314	261	302	138
872	879	843	801	739	776	609	514	407	286
300	294	256	241	208	357	282	228	133	78
801	825	752	636	468					
995	1,038	973	583	411	553	251	272	67	-
1,475	1,339	1,362	1,167	916	806	712	653	472	43
814	680	596	435	510	449	436	470	316	245

158,085	146,054	124,243	105,247	91,539	78,698	66,374	58,758	38,398	22,133
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46,561	42,778	35,771	28,574	21,574	17,540	10,404	9,812	7,598	3,168
39,862	36,546	29,796	22,616	16,373	12,711	5,909	5,347	4,526	1,500
59,687	55,965	49,508	44,073	41,571	38,147	36,499	31,124	24,460	17,010
22,889	19,185	15,955	12,064	10,469	12,724	13,972	9,346	7,976	4,133
21,475	21,544	19,972	19,441	18,367	14,963	13,298	12,215	9,030	6,542
5,554	5,410	4,283	2,844	1,220	528	200	-	-	-
35,081	32,219	26,183	22,439	20,444	17,127	14,653	13,659	3,656	-
2,619	2,198	1,842	1,629	1,460	1,298	981	899	626	431
1,185	1,097	989	907	844	745	551	491	408	327
1,434	1,101	853	722	616	553	430	408	218	104
5,056	4,573	4,003	3,522	3,325	2,524	2,394	2,099	1,462	1,111
1,114	1,040	960	900	900	720	720	640	480	400
3,164	2,851	2,490	2,200	2,100	1,549	1,459	1,274	880	650
565	474	404	293	192	124	83	63	45	53
213	208	149	129	133	131	132	122	57	8
3,248	2,630	2,358	1,858	1,667	1,313	1,082	1,024	498	325
279	281	295	308	278	221	161	141	98	88

158,085	146,054	124,243	105,247	91,539	78,698	66,374	58,758	38,398	22,133
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7	7	3	2	2	1	-	2		1
2,492	345	254	603	138	710	842	1,633	875	143

160,584	146,406	124,500	105,852	91,679	79,409	67,216	60,393	39,273	22,277
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16,357	16,609	14,688	14,326	12,429	9,457	6,497	4,721	4,482	2,222
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1979	1978	1977	1976	1975	1974	1973	1972	1970	1967
2,950	2,711	2,464	2,180	2,133	2,025	1,346	1,235	1,044	513
785	754	652	602	580	514	452	400	274	338
2,735	2,519	2,249	2,078	1,944	1,842	1,455	1,311	989	608
665	657	532	455	417	305	174	208	121	139
427	408	408	440	391	320	192	206	131	140

43,942	42,494	40,614	40,772	40,839	40,578	39,951	39,582	36,957	
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## **Annexes**

## Subsidiaries, associated companies and trade investments of Deutsche Bank AG

			Our Capital	holding			Our Capital	holding
<b>German banks</b>								
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	80.0 m.	100 %		Industriebank von Japan (Deutschland) Aktiengesell- schaft – The Industrial Bank of Japan (Germany) –, Frankfurt am Main	DM	60.0 m.	25.0%
Deutsche Bank Saar AG, Saarbrücken	DM	35.0 m.	69.2%		Liquidations-Casse in Hamburg AG, Hamburg	DM	1.2 m.	25.0%
Deutsche Centralboden- kredit Aktiengesellschaft, Berlin - Cologne	DM	66.0 m.	85.8%		Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	DM	310.0 m.	6.1%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	DM	12.0 m.	100 %		Lombardkasse Aktiengesellschaft, Berlin – Frankfurt am Main	DM	12.0 m.	17.0%
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	DM	41.0 m.	47.3%		Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	DM	22.0 m.	25.0%
Deutsche Grundbesitz-Invest- mentgesellschaft mbH, Cologne	DM	6.0 m.	37.5%		Privatdiskont Aktiengesell- schaft, 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 Schiffspand- briefbank Aktiengesellschaft, Berlin - Bremen	DM	1.0 m.	25.3%					
Deutsche Vermögens bildungsgesellschaft mbH, Bad Homburg v.d.H.	DM	1.0 m.	60.0%		<b>International banks and financing companies</b>			
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main	DM	70.4 m.	91.4%		Al-Bank Al-Saudi Al-Atlami Ltd., London	£	90.0 m.	5.0%
Gefa Gesellschaft für Absatzfinanzierung mbH, Wuppertal	DM	45.0 m.	100 %		Atlantic Capital Corporation, New York from 1.1.1985 Deutsche Bank Capital Corporation	US\$	0.3 m.	100%

		Capital	Our holding
Banco Bradesco de Investimento, S.A., São Paulo	Cr \$	98 000.0 m.	5.0%
Banco Comercial Transatlântico, Barcelona	Ptas.	1,452.0 m	33.3%
Banco del Desarrollo Económico Español S.A., Madrid	Ptas.	929.8 m	1.8%
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	87.5 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 guild.	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.\$	20.0 m.	100 %
Deutsche Bank Compagnie Financière Luxembourg, Luxembourg	Lux. francs	3,250.0 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 %

		Capital	Our holding
DB Finance (Hong Kong) Ltd., Hong Kong	HK\$	12.5 m.	99.9%
DB U.K. Finance Ltd., London	£	5.0 m.	99.9%
EDESA Société Anonyme Holding, Luxembourg	US\$	16.0 m.	6.3%
Euro-Pacific Finance Corporation Ltd., Melbourne, Australia	A\$	12.5 m.	8.0%
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%
M.D.M. Sociedade de Investimentos, S.A.R.L., Lisbon	Esc.	408.0 m.	33.3%
Morgan Grenfell Holdings Limited, London	£	69.7 m.	4.1%
National Investment Bank for Industrial Development S.A., Athens	Drachmas	1,359.4 m.	4.9%

		Capital	Our holding			Capital	Our holding
Société Camerounaise de Banque, Yaoundé, Cameroon	CFA-francs	5,000.0 m	3.2%	Deutsche Beteiligungs-gesellschaft mbH, Frankfurt am Main	DM	1.5 m.	92.5%
Société Ivoirienne de Banque, Abidjan, Ivory Coast	CFA-francs	6,000.0 m	6.0%	Deutsche Canada-Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m.	55.0%
Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd., Helsinki	Fmk	180.0 m.	0.3%	Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main	DM	0.5 m.	85.0%
Union Gabonaise de Banque, Libreville, Gabon	CFA-francs	2,000.0 m.	7.5%	Deutsche Gesellschaft für Immobilien-Anlagen "America" mbH, Bad Homburg v.d.H.	DM	0.1 m.	55.0%
Union Sénégalaise de Banque pour le Commerce et l'Industrie, Dakar, Senegal	CFA-francs	2,000.0 m.	1.9%	Deutsche Gesellschaft für Immobilien- und Anlagen Leasing mbH, Düsseldorf	DM	45.0 m.	50.0%
Union Togolaise de Banque, Lomé, Togo	CFA-francs	1,500.0 m.	18.0%	WFG Deutsche Gesellschaft für Wagniskapital mbH, Königstein (Taunus)	DM	1.0 m.	30.0%
<b>Other German enterprises</b>				WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG von 1984, Frankfurt am Main	DM	80.0 m.	30.0%
"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg	DM	1.0 m.	95.0%	Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	DM	1.0 m.	37.5%
AV America Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt am Main	DM	0.1 m.	55.0%	Deutsche Grundbesitz-Anlage-gesellschaft mbH u. Co., Löwenstein Palais, Cologne	DM	30.0 m.	99.7%
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt am Main	DM	0.1 m.	55.0%	Deutsche Wagnisfinan-zierungs-Gesellschaft mbH, Frankfurt am Main	DM	50.0 m.	14.3%
Capital Management International GmbH of Deutsche Bank, Frankfurt am Main	DM	2.5 m.	100 %	Erste Sicherheitentreuhand GmbH "Ruhrkohle", Düsseldorf	DM	0.1 m.	33.3%
DB Consult GmbH, Frankfurt am Main	DM	1.0 m.	100 %	Essener Grundstücks-verwertung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen	DM	1.5 m.	96.7%
Deutsche Beteiligungs AG Unternehmensbeteiligungs-gesellschaft, Königstein (Taunus)	DM	60.0 m.	92.5%				

		Capital	Our holding			Capital	Our holding
Euro Travellers Cheque Deutschland GmbH, Frankfurt am Main	DM	0.03 m.	35.7%	Sicherheiten-Treuhand GbR, Düsseldorf	DM	0.1 m.	33.3%
Gesellschaft für Kreditsicherung mbH, Cologne	DM	0.3 m.	36.7%	Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	DM	4.0 m.	100 %
GZS Gesellschaft für Zahlungssysteme mbH, Frankfurt am Main	DM	50.0 m.	12.0%	Trinitas Vermögensverwaltung GmbH, Frankfurt am Main	DM	1.0 m.	100 %
Hessische Immobilien Verwaltungs-Gesellschaft mbH, Frankfurt am Main	DM	1.0 m.	95.0%	Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Frankfurt am Main	DM	0.05 m.	100 %
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf	DM	51.2 m.	33.3%	WINWF Beteiligungsgesellschaft mbH, Frankfurt am Main	DM	0.6 m.	100 %
Jubiläumsstiftung der Deutschen Übersetzerischen Bank GmbH, Unterstützungskasse, Frankfurt am Main	DM	0.02 m.	100 %				
Mago Beteiligungsgesellschaft mbH, Frankfurt am Main	DM	0.05 m.	98.0%	<b>Other foreign enterprises</b>			
Matura Vermögensverwaltung mbH, Düsseldorf	DM	0.3 m.	100 %	Compañía de Mandatos Inmobiliaria y Financiera S.A., Buenos Aires, Argentina	Arg. pes.	0.05 m.	99.3%
"modernes Frankfurt" private Gesellschaft für Stadtentwicklung mbH, Frankfurt am Main	DM	0.1 m.	100 %	European Banks' International Company S.A., Brussels	Belg. francs	175.0 m.	14.3%
Nordwestdeutscher Wohnungsbau-träger GmbH, Braunschweig	DM	0.2 m.	100 %	IMORAI – Imobiliária e Administradora Ltda., São Paulo, Brazil	Cr\$	765.3 m.	94.4%
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	DM	43.7 m.	49.1%	Society for Worldwide Interbank Financial Telecommunication – SWIFT –, Brussels	Belg. francs	131.0 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%, 7.5% and 7% bond issues of the Bundesrepublik Deutschland of 1984  
 8.25% and 7.25% bond issues of the Deutsche Bundesbahn of 1984  
 8.25% and 8% bond issues of the Deutsche Bundespost of 1984  
 8% bond issue of the Freistaat Bayern of 1984  
 8% and 7.75% bond issues of the Land Niedersachsen of 1984  
 6% notes of the Land Niedersachsen of 1984  
 8.25% bond issue of the Land Nordrhein-Westfalen of 1984  
 8% bond issue of the Land Schleswig-Holstein of 1984  
 8% and 7.25% bond issues of the Reconstruction Loan Corporation of 1984

### Convertible bonds, bonds with warrants and warrants of domestic and foreign issuers

denominated in Deutsche Mark:

BASF Aktiengesellschaft  
 Bayer Aktiengesellschaft  
 Continental Gummi-Werke Aktiengesellschaft  
 Dresdner Finance B.V.  
 Fuji Electric Co., Ltd.  
 Herlitz Finanzierung B.V.  
 C. Itoh Fuel Co., Ltd.  
 Kautzsch Finance B.V.  
 Kawashima Textile Manufacturers Ltd.  
 Linde International B.V.  
 Mitsubishi Heavy Industries, Ltd.  
 Nippon Shinpan Co., Ltd.  
 Nitto Boschi Co., Ltd.  
 G.M. Pfaff Aktiengesellschaft  
 N.V. Philips' Gloeilampfabrieken  
 Renown Incorporated  
 SBC Finance (Cayman Islands) Ltd.  
 Tsumura Jintendo, Inc.  
 Union Bank of Switzerland Finance

denominated in foreign currencies:

Accor  
 Ajinomoto Co., Inc.  
 American Brands, Inc.  
 Beatrice Companies, Inc.  
 Beatrice Finance N.V.  
 Elders N.V.  
 Export Development Corporation  
 Ford Motor Credit Company  
 Fujitsu Limited  
 C. Itoh & Co., Ltd.  
 ITT Financial Corporation  
 Komori Printing Machinery Co., Ltd.  
 Merrill Lynch & Co., Inc.  
 Minebea Co., Ltd.  
 Moët Hennessy  
 NEC Corporation  
 The Nikko Securities Co., Ltd.  
 Nippon Seiko K.K.  
 Nippon Sheet Glass Company, Limited  
 Nissho Iwai Corporation  
 Onoda Cement Co., Ltd.  
 N.V. Philips' Gloeilampfabrieken  
 Preussag Finance B.V.  
 Ralston Purina Company  
 Rowntree Macintosh Limited  
 The Royal Bank of Canada  
 Joseph E. Seagram & Sons, Inc.  
 Secom Co., Ltd.  
 Société Nationale des Chemins de Fer Français  
 The Standard Oil Company (Ohio)  
 Star MFG. Co., Ltd.  
 Sumitomo Corporation  
 Sumitomo Heavy Industries, Ltd.  
 Texaco Capital N.V.  
 The Toronto-Dominion Bank  
 Toshiba Ceramics Co., Ltd.  
 Tsugami Corporation  
 Union Bank of Switzerland Finance  
 United Biscuits Finance  
 Wacoal Corp.  
 Weyerhaeuser Company  
 Yamaichi Securities Company

### Bonds of foreign issuers

denominated in Deutsche Mark:

Afrikanische Entwicklungsbank  
 Allied Chemical Overseas Finance N.V.  
 Asiatische Entwicklungsbank  
 Audi Finance N.V.  
 Australien

Banque Française du Commerce Extérieur  
 Barclays Overseas Investment Company B.V.  
 Baxter Travenol International N.V.  
 Beecham Group plc  
 Citicorp Overseas Finance Corporation N.V.  
 Crédit Foncier de France  
 Crédit National  
 Königreich Dänemark  
 Department of Posts and Telecommunications of the Republic of South Africa  
 Electricity Supply Commission (ESCOM)  
 EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterialeuropäische Gemeinschaft für Kohle und Stahl  
 Europäische Investitionsbank  
 Europäische Wirtschaftsgemeinschaft  
 Export Development Corporation  
 Republik Finnland  
 Fuji International Finance (HK) Limited  
 Gyns kommunale Telefonselskab  
 GMAC Overseas Finance Corporation N.V.  
 Haindl Finance B.V.  
 Inter-Amerikanische Entwicklungsbank  
 International Standard Electric Corporation  
 Internationale Bank für Wiederaufbau und Entwicklung (Weltbank)  
 Republik Irland  
 ISS-International Service System A/S  
 Japan Finance Corporation for Municipal Enterprises  
 Stadt Kopenhagen  
 Matsushita Electric Trading Finance N.V.  
 Mc Donald's Finance Company N.V.  
 MEGAL Finance Company Ltd.  
 Michelin Finance (Pays-Bas) B.V.  
 Neuseeland  
 Österreichische Donaukraftwerke Aktiengesellschaft  
 Österreichische Kontrollbank Aktiengesellschaft  
 Olivetti International S.A.  
 Rabobank Nederland  
 Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
 Rautaruukki Oy  
 R. J. Reynolds Overseas Finance Co. N.V.  
 Königreich Schweden  
 Société Luxembourgeoise de Centrales Nucléaires S.A.  
 Aktiebolaget SKF

South African Transport Services  
Königreich Spanien  
Sperry Curaçao N.V.  
Republik Südafrika  
United Technologies Corporation

denominated in foreign currencies:

Aegon NV  
Afrikanische Entwicklungsbank  
AIIFC Overseas Finance N.V.  
Air Canada  
Allied Corporation  
All Nippon Airways Co., Ltd.  
AMCA International Corporation  
American International Group, Inc.  
American Savings International N.V.  
Asiatische Entwicklungsbank  
Australia and New Zealand  
Banking Group Limited  
Australian Industry Development  
Corporation  
Australien  
Republic of Austria  
Banca Commerciale Italiana Finance B.V.  
Banca Nazionale del Lavoro  
Banco di Roma  
Bank of Montreal  
Bank of Tokyo (Curaçao) Holding N.V.  
Bankers Trust International Capital N.V.  
Banque Bruxelles Lambert  
International N.V.  
Banque Indosuez  
Banque Nationale de Paris  
Beatrice Foods Overseas Finance N.V.  
Königreich Belgien  
Borden, Inc.  
British Columbia Hydro & Power Authority  
British Columbia Telephone Company  
Caisse Nationale des Télécommunications  
Canadian Pacific Limited  
CBS Inc.  
Chemical New York Corporation  
Chevron U.S.A. Inc.  
Christiania Bank og Kreditkasse  
Chubu Electric Power Company,  
Incorporated  
The Coca-Cola Export Corporation  
Commonwealth Bank of Australia  
COMSAT International N.V.  
Creditanstalt Bankverein

Crédit Foncier de France  
Dade Savings and Loan Association  
Königreich Dänemark  
Den norske Creditbank  
Den norske stats oljeselskaps s (Statoil)  
Die Erste Österreichische Spar-Casse Bank  
Digital Equipment Overseas Finance N.V.  
The Dow Chemical Company  
Dresdner Finance B.V.  
FBCO Finance B.V.  
EBCO International B.V.  
A/S Eksportfinans  
Electricité de France  
Ente Nazionale per l'Energia Elettrica  
(ENEL)  
EUROFIMA Europäische Gesellschaft für  
die Finanzierung von Eisenbahnmateriale  
Europäische Gemeinschaft für  
Kohle und Stahl  
Europäische Investitionsbank  
Europäische Wirtschaftsgemeinschaft  
Export Development Corporation  
The Export-Import Bank of Japan  
Federal Business Development Bank  
Federal National Mortgage Association  
FIAT Finance Corp. B.V.  
Finnish Export Credit  
Republik Finnland  
First Boston, Inc.  
Ford Motor Credit Company  
FRAB Bank International  
General Foods Credit Corporation  
Genfinance N.V.  
Girozentrale und Bank der österreichischen  
Sparkassen Aktiengesellschaft  
GMAC Overseas Finance Corporation N.V.  
Hawker Siddeley Group plc  
Heron International Finance  
Hill Samuel Finance  
The Hokuriku Electric Power Co., Inc.  
Household Finance Corporation  
IBM Credit Corporation  
ICI Finance (Netherlands) N.V.  
The Industrial Bank of Japan, Limited  
The Industrial Bank of Japan  
Finance Company N.V.  
Inter-Amerikanische Entwicklungsbank  
International Standard Electric Corporation  
Internationale Bank für Wiederaufbau und  
Entwicklung (Weltbank)  
Republik Irland  
Republik Italien  
C. Itoh & Co., Ltd.

Japan Air Lines Company, Ltd.  
Jutland Telephone Company  
Kansallis-Osake-Pankki  
The Kansai Electric Power Company,  
Incorporated  
Kellogg Company  
Kimberly-Clark Corporation  
Kleinwort Benson Finance  
Stadt Kopenhagen  
Korea Exchange Bank  
Lloyd Eurofinance  
The Long-Term Credit Bank  
of Japan Limited  
The Long-Term Credit Bank  
of Japan Finance N.V.  
Malaysia  
Manufacturers Hanover Overseas  
Capital Corporation  
Maritime Telegraph & Telephone  
Company, Limited  
McDonald's Corporation  
Mellon Bank, N.A.  
Midland International Overseas  
Mitsubishi Corporation  
Mitsubishi Finance (Hong Kong) Limited  
Mitsui Finance Asia Limited  
Mitsui Trust Finance (Hong Kong) Limited  
Morgan Grenfell Investments N.V.  
Morgan Guaranty Trust Company  
of New York  
Moscow Narodny Finance B.V.  
Mount Isa Finance N.V.  
The Municipality of Metropolitan Toronto  
National Commercial Banking Corporation  
of Australia, Limited  
The National Commercial Bank  
(Saudi Arabia)  
N.V. Nederlandse Gasunie  
Neusceeland  
The Nippon Credit Bank (Curaçao)  
Finance N.V.  
Nippon Telegraph & Telephone  
Public Corporation  
Nomura Europe N.V.  
Nordic Investment Bank  
Norsk Data A.S.  
Norwest Overseas Capital Corporation N.V.  
Österreichische Kontrollbank  
Aktiengesellschaft  
Österreichische Postsparkasse  
Ontario Hydro  
Stadt Oslo  
J. C. Penney Financial Corporation

Post och Kreditbanken  
 Primary Industry Bank of Australia Limited  
 Privatbanken A/S  
 Province of British Columbia  
 Province of Saskatchewan  
 Prudential Realty Securities III, Inc.  
 Queensland Coal Finance Limited  
 The Queensland Government  
 Development Authority  
 Ralston Purina Company  
 The Regional Municipality of  
 Ottawa Carleton  
 Rockefeller Group International  
 Finance N.V.  
 The Royal Bank of Canada  
 The Rural and Industries Bank  
 of Western Australia  
 Scandinavian Airlines System  
 Königreich Schweden  
 Sears Acceptance Company Inc.  
 Shearson/American Express N.V.  
 Shikoku Electric Power  
 Company, Incorporated  
 Société Générale  
 Société Nationale des Chemins  
 de Fer Belges  
 Société Nationale de Crédit et  
 d'Investissement  
 Königreich Spanien  
 State Bank of New South Wales  
 The Sumitomo Trust Finance (H.K.) Limited  
 Swedish Export Credit  
 Taiyo Kobe Finance Hongkong Limited  
 Texaco Capital N.V.  
 Texas Instruments International  
 Finance N.V.  
 Tokai Asia Limited  
 Total Raffinaderij Nederland N.V.  
 Toyo Trust Asia Limited  
 Union Bank of Switzerland Finance  
 United Technologies Corporation  
 Walt Disney Productions

#### Domestic shares

Aachener Rückversicherungs-Gesellschaft  
 Aktiengesellschaft  
 Allianz Lebensversicherungs  
 Aktiengesellschaft  
 Allianz Versicherungs Aktiengesellschaft

ASKO Deutsche Kaufhaus  
 Aktiengesellschaft  
 BABCOCK-BSH AKTIENGESELLSCHAFT  
 vormals Büttner Schilde Haas AG  
 Badische Gas- und Elektrizitätsversorgung  
 Aktiengesellschaft  
 Balcke-Dürr Aktiengesellschaft  
 BASF Aktiengesellschaft  
 Baumwollspinnerei Gronau  
 Aktiengesellschaft  
 Bayer Aktiengesellschaft  
 Bayernwerk Aktiengesellschaft  
 Berliner Bank Aktiengesellschaft  
 Berliner Elektro-Beteiligungen  
 Aktiengesellschaft  
 Binding-Brauerei Aktiengesellschaft  
 Bromer Vulkan Aktiengesellschaft Schiffbau  
 und Maschinenfabrik  
 Brown, Boveri & Cie Aktiengesellschaft  
 Calwer Decken- und Tuchfabriken  
 Aktiengesellschaft  
 Concordia-Chemie Aktiengesellschaft  
 Continental Gummi-Werke  
 Aktiengesellschaft  
 Degussa Aktiengesellschaft  
 Deutsche Babcock Anlagen  
 Aktiengesellschaft  
 Deutsche Babcock Maschinenbau  
 Aktiengesellschaft  
 Enka Aktiengesellschaft  
 FRLUS Baustoffwerke Aktiengesellschaft  
 Frankfurter Versicherungs-  
 Aktiengesellschaft  
 Garny Aktiengesellschaft  
 Gildemeister Aktiengesellschaft  
 Girmes-Werke Aktiengesellschaft  
 Grosskraftwerk Franken Aktiengesellschaft  
 Hannoversche Papierfabriken  
 Alfeld-Gronau Aktiengesellschaft  
 Heidelberger Druckmaschinen  
 Aktiengesellschaft  
 Heidelberger Zement Aktiengesellschaft  
 Herlitz Aktiengesellschaft  
 HOCHTIEF Aktiengesellschaft  
 vorm. Gebr. Helfmann  
 Hoechst Aktiengesellschaft  
 Hoesch Aktiengesellschaft  
 Hutschenreuther Aktiengesellschaft  
 ISENBECK Privat-Brauerei Nies  
 Aktiengesellschaft  
 JAGENBERG AKTIENGESELLSCHAFT  
 Kali und Salz Aktiengesellschaft  
 KARSTADT Aktiengesellschaft

KAUFHOF AKTIENGESELLSCHAFT  
 Klöckner Humboldt-Deutz  
 Aktiengesellschaft  
 Kochs Adler Aktiengesellschaft  
 Kolbenschmidt Aktiengesellschaft  
 LEFFERS AKTIENGESELLSCHAFT  
 Leifheit Aktiengesellschaft  
 Linde Aktiengesellschaft  
 Magdeburger  
 Feuerversicherungs-Aktiengesellschaft  
 M.A.N. Roland Druckmaschinen  
 Aktiengesellschaft  
 Mannesmann Aktiengesellschaft  
 Markt- und Kühlhallen Aktiengesellschaft  
 Markt & Technik Verlag Aktiengesellschaft  
 Maschinenfabrik Esslingen  
 Aktiengesellschaft  
 Motoren-Werke Mannheim  
 Aktiengesellschaft vorm. Benz Abt. stat.  
 Motorenbau  
 Mühle Rünningen Aktiengesellschaft  
 Münchener  
 Rückversicherungs-Gesellschaft  
 Aktiengesellschaft in München  
 Neckarwerke Elektrizitätsversorgungs  
 Aktiengesellschaft  
 NINO Aktiengesellschaft  
 Nixdorf Computer Aktiengesellschaft  
 Pelikan Aktiengesellschaft  
 G.M. Pfaff Aktiengesellschaft  
 Dr. Ing. h.c. F. Porsche Aktiengesellschaft  
 PREUSSAG Aktiengesellschaft  
 Progress-Werk Oberkirch  
 Aktiengesellschaft  
 Rheinmetall Berlin Aktiengesellschaft  
 Schering Aktiengesellschaft  
 Schenck-Wirth Aktiengesellschaft  
 Schmalbach-Lubeca Aktiengesellschaft  
 Schubert & Salzer Maschinenfabrik  
 Aktiengesellschaft  
 Seeböckwerft Aktiengesellschaft  
 Seilwolff Aktiengesellschaft  
 Seitz-Fenzinger Noll Maschinenbau  
 Aktiengesellschaft  
 Siemens Aktiengesellschaft  
 SINN Aktiengesellschaft  
 SIOUWERCK AKTIENGESELLSCHAFT  
 VI BA Aktiengesellschaft  
 Vereinigte Aachen-Berlinische  
 Versicherung Aktiengesellschaft  
 Vereinigte Elektrizitätswerke  
 Westfalen Aktiengesellschaft

Württembergische und Badische  
Versicherungs-Aktiengesellschaft  
YMOS AKTIENGESELLSCHAFT  
Industrieprodukte  
ZANDERS Feinpapiere Aktiengesellschaft

**Foreign shares**

Akzo n.v.  
American Brands, Inc.  
Bowater Corporation PLC  
Compagnie de Saint Gobain  
Esselte Business Systems Inc.  
FIAT S.p.A.  
Koninklijke Nederlandsche Hoogovens  
en Staalfabrieken N.V.

Ing. C. Olivetti & C., S.p.A.  
Pioneer Electronic Corporation  
ROBECO N.V.  
ROLINCO N.V.  
RORETO N.V.  
Schweizerische Bankgesellschaft  
Société Nationale Elf Aquitaine  
Solvay & Cie Société Anonyme  
Aktiebolaget Volvo

## Central Office: Frankfurt am Main/Düsseldorf

6000 Frankfurt am Main 1, Taunusanlage 12

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 (Lüneb)  
Alsdorf (Rheinl)  
Alsfeld (Oberhess)  
Altena (Westf)  
Altenkirchen (Westerw)  
Alzey  
Amberg  
Andernach  
Ansbach  
Amsberg  
with 1 sub-branch  
Aschaffenburg  
Asperg  
Attendorn  
Augsburg  
with 6 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 Münsterlfeil  
Bad Neuenahr  
Bad Oeynhausen  
Bad Oldesloe  
Bad Pyrmont  
Bad Reichenhall  
Bad Sachsa (Südharz)  
Bad Säckingen  
Bad Salzuflen  
with 1 sub-branch  
Bad Segeberg  
Bad Tolz

Bad Wildungen  
Bad Wörishofen  
Bad Zwischenahn  
Balingen  
Bamberg  
Barsinghausen  
Barnatal  
Bayreuth  
Beckum (Bz Münster)  
Bendorf (Rhein)  
Bensheim  
Bergheim (Erlt)  
Bergisch Gladbach  
with 1 sub-branch  
Bergneustadt  
Bernkastel Kues  
Betzdorf (Sieg)  
Bibcrach (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  
Deidesheim  
Delmenhorst  
Detmold  
Dietzenbach  
Dillenburg  
Dinslaken (Niederrhein)  
with 1 sub-branch  
Donaueschingen  
Dormagen (Niederrhein)  
Dorsten  
Dortmund  
with 13 sub-branches  
Dreieich  
Dülmen  
Düren (Rheinl)  
with 1 sub-branch  
Düsseldorf  
with 32 sub-branches  
Düsseldorf-Benrath  
with 1 sub-branch  
Duisburg  
with 23 sub-branches  
Duisburg-Hamborn  
Einbeck  
Erlangen  
Eitorf  
Ellwangen (Jagst)  
Elmshorn  
Ellen  
Eltville  
Emden  
Emmendingen  
Emmerich  
Emsdetten  
Engelskirchen  
Ennepetal  
with 1 sub-branch  
Erding

Erkelenz  
Erkrath (Bz Düsseldorf)  
Erlangen  
Eschborn  
Eschwege  
Eschweiler  
Espelkamp  
Essen  
with 26 sub-branches  
Esslingen (Neckar)  
Fittlingen  
Euskirchen  
Futin  
Fellbach (Württ)  
Hensburg  
with 3 sub-branches  
Forchheim  
Frankenthal (Pfalz)  
Frankfurt am Main  
with 26 sub-branches  
Frankfurt (Main)-Höchst  
Frechen  
Freiburg (Breisgau)  
with 6 sub-branches  
Freising  
Friedenberg (Kr Siegen)  
Friedberg (Hess)  
Friedrichshafen  
Fürstentfeldbruck  
Furth (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  
Gernsbach (Murgtal)  
Gersthofen  
Geske (Westf)  
Gevelsberg  
Giehggen (Brenz)  
Giessen  
Githorn  
with 1 sub-branch

Ginsheim Gustavsburg	Herdecke (Ruhr)	Königsbrunn	Ludwigsburg (Württ)
Gladbeck (Westf)	Herford	Königstein (Taunus)	with 1 sub branch
with 1 sub branch	Herne	Konstanz	Ludwigshafen (Rhein)
Goch	with 4 sub branches	with 2 sub-branches	with 6 sub branches
Göppingen	Herten (Westf)	Konz ü/Trier	Lübbecke
with 1 sub branch	Herzberg (Harz)	Kornwestheim (Württ)	Lübeck
Göttingen	Herzogenrath	Korschenbroich	with 5 sub branches
with 1 sub branch	with 1 sub branch	Krefeld	Lüdenscheid
Goslar	Hausenstamm	with 7 sub branches	Lüneburg
with 1 sub-branch	Hilden	Krefeld Uerdingen	with 1 sub-branch
Greifrath	with 1 sub branch	Kreuzau	Lünen
Grenzach Wyhlen	Hildesheim	Kreuztal (Kr Siegen)	with 1 sub branch
Greven (Westf)	with 2 sub branches	Kronberg (Taunus)	Mainz
Grevenbroich	Hockenheim (Baden)	Künzelsau	with 4 sub branches
Griesheim ü/Darmstadt	Höhr Grenzhausen	Kulmbach	Mannheim
Gronau (Leine)	Höxter	Laatzten	with 17 sub branches
Gronau (Westf)	Holzminde	Lage (Lippe)	Marbach
Gross-Gerau	Horn - Bad Meinberg	Lahnstein	Marburg (Lahn)
Grünwald	Hückelhoven	Lahr (Schwarzw)	Marktoberdorf
Günzburg	Huckeswagen	Landau (Pfalz)	Marl (Kr Recklinghausen)
Gütersloh	Hürth (Bz Cologne)	Landsberg (Loch)	Mayen
with 1 sub branch	Husum (Nordsee)	Landshut	Meckenheim (Rheinl)
Gummersbach	Ibbenbüren	Landstuhl	Meerbusch
Haan (Rheinl)	Idar-Oberstein	Langen (Hess)	with 1 sub branch
Hagen (Westf)	with 1 sub branch	Langenfeld (Rheinl)	Meinerzhagen (Westf)
with 8 sub branches	Ingelheim (Rhein)	Langenhagen (Han)	Melle
Haiger	Ingolstadt (Donau)	with 1 sub branch	Memmingen
Halle (Westf)	with 3 sub branches	Lauenburg	Menden (Sauerl)
Hamburg	Iserlohn	Lauterbach (Hess)	Meppen
with 45 sub branches	with 1 sub-branch	Lauterbach (Hess)	Meschede
Hamburg Altona	Itzehoe	Leer (Ostfriesl)	Mettmann
Hamburg Bergedorf	Jever	Leichlingen (Rheinl)	Metzingen (Württ)
Hamburg Harburg	Jülich	Leinfelden	Miltenberg
Hameln	Kaarst	Lerngo	Minden (Westf)
Hamm (Westf)	Kaiserslautern	Longenich (Westf)	Mönchengladbach
with 3 sub branches	with 1 sub-branch	Leonestadt	with 8 sub branches
Hanau	Kamp-Lintfort	Leonberg (Württ)	Mönchengladbach-Rheydt
Hanover	Karlsruhe	Leutkirch	Moers
with 18 sub branches	with 6 sub branches	Leverkusen	with 2 sub-branches
Hann. Münden	Kassel	with 2 sub branches	Monheim (Rheinl)
Harsewinkel	with 5 sub branches	Limburg	Montabaur
Haslach (Kinzigtal)	Kehl	Limburgerhof	Mosbach (Baden)
Hattingen (Ruhr)	Kempen (Niederrhein)	Lindau (Bodensee)	Mühlacker (Württ)
Heidelberg	Kempten (Allgäu)	Lingen	Mühlbach (Inn)
with 4 sub branches	Kerpen	Lippstadt	Mühlheim (Main)
Heidenheim (Brenz)	Kövelacr	Löhne (Westf)	Mülheim (Ruhr)
Heilbronn (Neckar)	Krefeld	Lörrach	with 3 sub branches
with 1 sub branch	with 7 sub branches	with 1 sub branch	Müllheim (Baden)
Heiligenhaus (Düsseldorf)	Kierspe (Westf)	Lohne (Oldb)	Münster (Westf)
Heinsberg	Kirchheim unter Teck		with 8 sub branches
Helmstedt	Kleve (Niederrhein)		Munich
Hemer	with 1 sub-branch		with 46 sub branches
Hennef (Sieg)	Koblenz		Münster
Heppenheim	with 1 sub branch		Nagold
Herborn (Dillkr)			Neckarsulm



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

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

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

Vohburg  
 Vreden (Westf)  
 Waiblingen  
 Waldbröl  
 Waldkirch (Breisgau)  
 Waldshut  
 Waltrop  
 Wangen (Allgäu)  
 Warendorf  
 Wedel (Holst)  
 Weener (Ems)  
 Wegberg  
 Wehr (Baden)  
 Weiden (Opt)  
 Weil (Rhein)  
 Weilheim  
 Weingarten (Württ)  
 Weinheim (Bergstr)  
 with 1 sub-branch  
 Weissenthurm  
 Werdohl  
 Werl (Westf)  
 Wermelskirchen  
 Werne  
 Wesel (Niederrhein)  
 with 1 sub-branch  
 Wesseling (Bz Cologne)  
 Westerland  
 Wetzlar  
 Wiesbaden  
 with 6 sub-branches  
 Wiesloch  
 Wilhelmshaven  
 Willich (Bz Düsseldorf)  
 with 1 sub-branch  
 Winnenden  
 Wipperfurth  
 Wissen (Sieg)  
 Witten  
 with 2 sub-branches  
 Wittlich  
 Wolfenbüttel  
 Wolfsburg  
 with 4 sub-branches  
 Worms  
 Wülfrath  
 Würselen (Kr Aachen)  
 Würzburg  
 with 2 sub-branches  
 Wuppertal  
 with 15 sub-branches  
 Xanten  
 Zell (Mosel)  
 Zimndorf  
 Zweibrücken

## German subsidiaries

Deutsche Bank Berlin Aktiengesellschaft,  
Berlin  
77 offices

Deutsche Bank Saar Aktiengesellschaft,  
Saarbrücken  
17 offices

Handelsbank in Lübeck Aktiengesellschaft,  
Lübeck  
39 offices

Deutsche Centralbodenkredit-Aktiengesellschaft,  
Berlin–Cologne  
11 offices

Frankfurter Hypothekenbank Aktiengesellschaft,  
Frankfurt am Main  
11 offices

Lübecker Hypothekenbank 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  
Etgee 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  
Bmé. Mitre 401, 1036 Buenos Aires  
Karl Ostenrieder, Gerente General  
Jürgen Rebouillon, Gerente General  
Reinhard Scheele, Gerente General  
Raúl G. Stocker, Gerente General

Belgium  
Deutsche Bank AG  
Filiaal Antwerpen  
Postbus 228, Britselei 10  
2000 Antwerpen

Deutsche Bank AG  
Succursale de Bruxelles  
Boîte Postale 1405, Boulevard du Régent 50  
1000 Bruxelles  
Hans Detlev von Garnier, Directeur  
Dr. Dirk Joachim von Walcke Wulffen,  
Directeur

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Deutsche Bank AG  
Filial São Paulo  
Caixa Postal 30 427, 01051 São Paulo/SP  
Rua 15 de Novembro, 13/  
01000 São Paulo/SP  
Manfred I. Hamburger, Gerente Geral  
Bernd Wilken, Gerente Geral

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Deutsche Bank AG  
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Boîte Postale 466, 75026 Paris/Cedex 01  
10, Place Vendôme, 75001 Paris  
Dr. Günter Frowein, Directeur

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Deutsche Bank AG  
Hong Kong Branch  
G.P.O. Box 9879  
33rd Floor, Gloucester Lower  
11 Pedder Street, Hong Kong  
Karl Ludwig Göldner, General Manager

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

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Deutsche Bank AG  
Tokyo Branch  
C.P.O. Box 1430, Tokyo 100-91  
Yurakucho Denki Building, S  
1-7-1, Yurakucho, Chiyoda-ku  
Tokyo 100  
Günter Barthel, General Manager  
Dr. Hans J. Beck, General Manager

Deutsche Bank AG  
Osaka Branch  
Nihon Seimei Sakaisuji  
Honmachi Building, 2-55-1, Honmachi  
Higashi-ku  
Osaka 541  
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  
28046 Madrid  
Karl Otto Born, Director Gerente  
Dr. Thomas Feske, Director Gerente  
Oficina de Barcelona  
Paseo de Gracia, 111-121, 08008 Barcelona  
Jan Martens, Subdirector

United Kingdom  
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London Branch  
P.O. Box 441, 6 Bishopsgate  
London EC2P 2AT  
Manfred A. ten Brink, 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,  
Michael Rassmann  
Detlev Staedcker

### Representative offices abroad

Arab Republic of Egypt  
Deutsche Bank AG  
Representative Office  
P.O. Box 2306, 23 Kasr el Nil Street, 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, State of  
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 123-15<sup>o</sup> and Cj. 1510  
20040 Rio de Janeiro/RJ  
Alexander O. Schlitter (until March 1985)  
Albrecht Volckers (from April 1985)

Canada  
Deutsche Bank AG  
Representative Office for Canada  
P.O. Box 408  
2 First Canadian Place, Suite 3610  
Toronto, Ontario, M5X 1E3  
Paul v. Benckendorff

Chile  
Representación del Deutsche Bank AG  
Casilla de Correo 3897, Estado 359, Piso 12  
Santiago de Chile  
Frank Thümmeler  
Region: Chile, Bolivia

China  
Deutsche Bank AG  
Representative Office in China  
Da Yuan Guest House  
No. 1 Fuyuanmen, Yiheyuan Road  
Haidian District  
Beijing, People's Republic of China  
Johannes Schöter

Colombia  
Representación del Deutsche Bank AG  
Apartado Aéreo No. 859/  
Carrera 7 No. 32-33, Piso 12  
Bogotá, D.E.  
Konstantin Sell von Werthern  
Region: Colombia, Ecuador, Panama

Iran  
Deutsche Bank AG  
Representative Office  
P.O. Box 15815-33/8  
Av. Karim-Khan Zand No 14,  
Tehran  
Albert Mackert (until April 1985)  
Michael Schwaiger (from May 1985)  
Region: Iran, Afghanistan

Japan  
Deutsche Bank AG  
Nagoya Representative Office  
Nagoya AT Building  
18-22, 1-chome, Nishiki  
Naka-ku, Nagoya 460  
Yoshiaki Itoh

Deutsche Bank AG  
Tokyo Representative Office  
C.P.O. Box 1011, Tokyo 100-91  
Yurakucho Denki Building S  
1-7-1, Yurakucho, Chiyoda-ku  
Tokyo 100  
Dr. Rainer Stephan

Mexico  
Representación del Deutsche Bank AG  
Apartado Postal 14-bis  
06000 México, D.F.  
Av. Juárez 42, Edif. D 810  
06050 México, D.F.  
Hans Jürgen Weide (until April 1985)  
Peter Tils (from May 1985)  
Region: Mexico, Costa Rica, El Salvador,  
Guatemala, Honduras, Nicaragua

Nigeria  
Deutsche Bank  
Representative Office (Nigeria) Ltd.  
P.M.B. 12618  
Plot 1269A, Adeola Odeku Street  
Victoria Island, Lagos  
Rainer Kaepler

South Africa  
Deutsche Bank AG  
Representative Office  
P.O. Box 7736, Johannesburg 2000  
25th Floor, Anglo American Life Centre  
45 Commissioner Street  
Johannesburg 2001  
Siegfried Brunnenmiller

Soviet Union  
Deutsche Bank AG  
Representative Office  
Hotel Metropol, 3rd Floor, Room 370-373  
Prospekt Marxa 1, Moscow  
Dr. Albrecht Martiny

Turkey  
Repräsentanz der  
Deutschen Bank AG  
P.K. 194 - Sisli/Istanbul  
Cumhuriyet Caddesi 283/3  
Istanbul-Harbiye  
Axel Schuffenhauer

U.S.A.  
Deutsche Bank AG  
Representative Office Chicago  
Three First National Plaza  
70 West Madison Street  
Chicago, IL 60602  
Winfried Franke

Deutsche Bank AG  
Representative Office Los Angeles  
Wells Fargo Building  
444 South Flower Street  
Los Angeles, CA 90017  
Ludwig Koerte

Venezuela  
Representación del Deutsche Bank AG  
Apartado Postal 52 550  
Torre Phelps, Piso 21  
Plaza Venezuela, Oficina "D"  
Caracas 1050 A  
Dr. Giselher Foth  
Region: Venezuela, Caribbean Region

#### International subsidiaries

Canada  
Deutsche Bank (Canada)  
P.O. Box 408  
2 First Canadian Place, Suite 3600  
Toronto, Ontario M5X 1E3  
Dr. Gernot von Grawert-May, President and  
Chief Executive Officer

Luxembourg  
Deutsche Bank  
Compagnie Financière Luxembourg  
Boîte Postale 586, 2015 Luxembourg  
25, Boulevard Royal  
2449 Luxembourg  
Dr. Ekkehard Storck,  
Administrateur Directeur Général

Singapore  
Deutsche Bank (Asia Credit) Ltd.  
Maxwell Road P.O. Box 2103  
Singapore 9010  
50 Raffles Place # 10-03/05  
Shell Tower  
Singapore 0104  
Helmut Reichgoid, Managing Director

Switzerland  
Deutsche Bank (Suisse) S.A.  
Deutsche Bank (Schweiz) AG  
Case postale 242, 1211 Genève 1  
3, place des Bergues, 1201 Genève  
Dr. Victor Bruns, Directeur Général  
Richard Steinig, Directeur Général  
Branch:  
Postfach 978, 8039 Zürich  
Brandschenkestrasse 30, 8002 Zürich  
Dr. Thomas Schlieper, Direktor

United Kingdom  
DB U.K. Finance Limited  
P.O. Box 441, 6 Bishopsgate  
London EC2P 2AT  
Manfred A. ten Brink, Managing Director

U.S.A.  
Deutsche Bank Capital Corporation  
40 Wall Street  
New York, NY 10005  
Barthold von Ribbentrop,  
Executive Vice President

Deutsche Credit Corporation  
2333 Waukegan Road  
Deerfield, IL 60015  
John C. Curran Jr.,  
President and Chief Executive Officer

Asian-Pacific Region  
European Asian Bank AG  
Head office in 2000 Hamburg 36,  
Neuer Wall 50  
Board of Managing Directors  
Hans Henning Offen, Alfred Steffen,  
Tjark H. Woydt  
Branches in Bangkok, Bombay, Colombo,  
Hong Kong, Jakarta, Karachi, Kuala Lumpur,  
Lahore, Macao, Manila, Pusan, Seoul,  
Singapore, Taipei  
Representative offices in Sydney and Tokyo  
Subsidiary in Sydney with branch in  
Melbourne  
European Asian of Australia Limited

#### Associated companies

Australia  
Euro Pacific Finance Corporation Ltd.,  
Melbourne

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

Federal Republic of Germany  
European Arab Bank GmbH, Frankfurt

Middle East  
European Arab Bank (Middle East) E. Co.,  
Manama, Bahrain

Netherlands  
H. Albert de Bary & Co. N.V., Amsterdam

Portugal  
M.D.M. Sociedade de Investimentos Sarl,  
Lisbon

Spain  
Banco Comercial Transatlántico, Barcelona

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

U.S.A.  
European American Bancorp. with  
subsidiaries in New York

#### Further holdings in banks in

Africa  
Abidjan • Brazzaville • Casablanca • Dakar  
Libreville • Lomé • N'Djamena • Rabat  
Yaoundé

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The printing block – a wooden board; nails are knocked into it in spiral form and bent over. This is done with no pre-patterning, like a freehand drawing. Moulded paper, the glue still wet, is laid across the block and, with the help of a second board and felt, strong pressure is applied by means of a toggle joint press. The drying process embosses the pattern firmly in the paper; the light striking the surface is shaped by the raised structure.

Günther Uecker is regarded in many countries around the world as an outstanding representative of a new generation of German artists who have succeeded in making a breakthrough to international importance. More than 50 well known museums in Europe and overseas own works by Uecker. There are few artists active in as many fields as he is: painting, object and performance art, drawing, print graphics and stage design.

Born in 1930, childhood, adolescence and first student years in the German Democratic Republic, continuation of studies and first artistic work in the West. In the 60's, member of the ZERO Group, along with Mack and Piene, which established a link with the international avant-garde. In this phase, he completed his first, now world-famous "nail pictures", which he developed in the course of time. He attracted worldwide attention with his light modulating structured discs, his Wagner stage settings in Stuttgart and Bayreuth and his work at the documenta in Kassel (1968 and 1977) and at the Biennale in Venice (1970).

Uecker's art is expressed not only in objects, but also in action; he views art not as the result of his work, but as a dimension of personal liberty, as a fundamental parameter of existence. He is seeking to give a new meaning to art. In the non-objectivity of his artistic forms and free of all emotion and doctrine, a new concept of freedom is realized in his work. For Uecker, art is a place of abode, a place for individual self-fulfilment, intellectual life and spiritual survival.

List of works depicted:

Cover  
and Page 1 Embossment "Spirale", 1972  
Page 12 "Lichtschibe", 1975  
Page 20 Embossment "Gemeinsam", 1971  
Page 36 Embossment "Dialoge", 1976  
Page 52 Embossment "Schnee", 1972  
Page 58 "Lichtpendel", 1966  
Page 78 Embossment "Hommage à Fontana", 1974