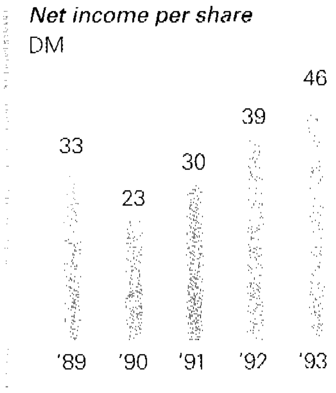
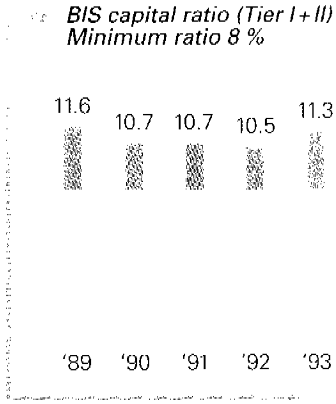
1993

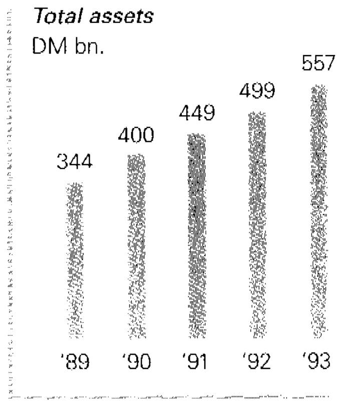
Deutsche Bank

A Profile in Figures

	1992	1993
	DM m.	DM m.
Net income per DM 50 share	DM 39	DM 46
Dividend total Deutsche Bank AG	695	778
Dividend per DM 50 share	DM 15.00	DM 16.50
Return on equity	10.3%	12.1%
Capital and reserves pursuant to Banking Act	30,400	33,032
BIS capital ratio (Tier I + II)	10.5%	11.3%
Net interest income	10,899	11,706
Net commission income	4,630	5,846
Net income from financial transactions	1,134	1,997
Administrative expense	10,420	11,731
Risk provisioning	1,910	3,286
Operating profit	4,553	5,266
Taxes	1,906	2,356
Net income	1,830	2,243
Total assets	498,700	556,600
Total credit extended	321,500	332,800
Liabilities to customers	242,200	275,900
Liabilities in certificate form	100,500	109,500
Off-balance-sheet		
Nominal volume	1,107,113	1,341,414
Credit equivalent	8,890	11,006
	Number	Number
Branches	2,146	2,431
in Germany	1,713	1,734
abroad	433	697
Staff	74,256	73,176
in Germany	59,916	56,905
abroad	14,340	16,271
Long-term rating		
Moody's Investors Service, New York		Aaa
Standard & Poor's, New York		AAA
IBCA, London		AAA







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Deutsche Bank AG
Frankfurt am Main

Deutsche Bank Luxembourg S.A.
Luxembourg

Morgan Grenfell & Co. Ltd.
London

Deutsche Bank, Sociedad Anónima Española
Barcelona

Banca d'America e d'Italia S.p.A.
Milan

Deutsche Bank de Bary N.V.
Amsterdam

Banca Popolare di Lecco S.p.A.
Lecco

Deutsche Bank (Suisse) S.A.
Geneva

Deutsche Bank Lübeck AG
vormals Handelsbank
Lübeck

Deutsche Bank Australia Ltd.
Melbourne

Deutsche Bank de Investimento, S.A.
Lisbon

Deutsche Bank Saar AG
Saarbrücken

Deutsche Bank (Austria) AG
Vienna

Deutsche Bank (Canada)
Toronto

DB (Belgium) Finance S.A./N.V.
Brussels

Deutsche Bank (Asia Pacific) Ltd.
Singapore

Grunelius KG Privatbankiers
Frankfurt am Main

Capital market and fund management companies

BAI Gest S.p.A.
Milan

DB Gestión Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.
Madrid

DB Investment Management S.A.
Luxembourg

Deutsche Asset Management GmbH
Frankfurt am Main

Deutsche Gesellschaft für Fondsverwaltung mbH
Frankfurt am Main

Deutsche Grundbesitz-Investmentgesellschaft mbH Frankfurt am Main

Deutsche Immobilien Anlagegesellschaft mbH
Frankfurt am Main

DWS Deutsche Gesellschaft für Wertpapiersparen mbH
Frankfurt am Main

Morgan Grenfell Asset Management Ltd.
London

BAI Società di Intermediazione Mobiliare S.p.A. Milan

DB Bourse S.N.C.
Paris

DB Securities Sociedad de Valores y Bolsa, S.A.
Madrid

Deutsche Bank Capital Markets (Asia) Ltd.
Hong Kong

Deutsche Bank Financial Products Corp.
New York

Deutsche Bank France S.N.C.
Paris

Deutsche Bank Gilts Ltd.
London

Deutsche Bank Securities Corporation
New York

Bain & Company Ltd.
Sydney

McLean McCarthy Inc.
Toronto

Morgan Grenfell Asia Holdings Pte. Ltd.
Singapore

Morgan Grenfell Development Capital Ltd.
London

Morgan Grenfell (C.I.) Ltd.
Jersey

The companies are listed by total assets
or in alphabetical order by field of activity.

Deutsche Centralbodenkredit-AG Berlin-Cologne

Frankfurter Hypothekenbank AG Frankfurt am Main

Lübecker Hypothekenbank AG Lübeck

Deutsche Bank Bauspar-AG Frankfurt am Main

Europäische Hypothekenbank S.A. Luxembourg

Schiffshypothekenbank zu Lübeck AG Hamburg

Instalment financing and leasing companies

GEFA Gesellschaft für Absatzfinanzierung mbH Wuppertal

GEFA-Leasing GmbH Wuppertal

Deutsche Credit Corporation Deerfield/Illinois/U.S.A.

ALD AutoLeasing D GmbH Hamburg

DB Export-Leasing GmbH Frankfurt am Main

BAI Factoring S.p.A. Milan

BAI Leasing S.p.A. Milan

Deutsche Bank Credit, S.A. Madrid

Deutsche Immobilien Leasing GmbH Düsseldorf

DB Leasing – Sociedade de Locação Financeira Mobiliária, S.A. Lisbon

Deutscher Herold Lebensversicherungs-AG Bonn

Deutscher Herold Allgemeine Versicherungs-AG Bonn

Lebensversicherungs-AG der Deutschen Bank Wiesbaden

DB Vida Compañía de Seguros y Reaseguros, S.A. Barcelona

Globale Krankenversicherungs-AG Cologne

Bonndata Gesellschaft für Datenverarbeitung mbH Bonn

Bonnfinanz AG für Vermögensberatung und Vermittlung Bonn

DB Research GmbH Gesellschaft für Wirtschafts- und Finanzanalyse Frankfurt am Main

Roland Berger & Partner Holding GmbH Munich

Deutsche Gesellschaft für Mittelstandsberatung mbH Munich

Deutsche Immobilienvermittlungs-Holding GmbH Frankfurt am Main

Morgan Grenfell GmbH Frankfurt am Main

Deutsche Bank Group is represented in more than 50 countries by 2,431 offices, 1,734 of which are in the Federal Republic of Germany.

For a complete list of our worldwide operations please refer to our Directory of Deutsche Bank Offices. You can obtain a copy at any of our branches or order one by sending us the postcard at the end of this Annual Report.

Annual Report for 1993

Deutsche Bank

Sketch, 1986
watercolour, tusche, pencil and felt pen on boxed paper, 29.5 × 21 cm

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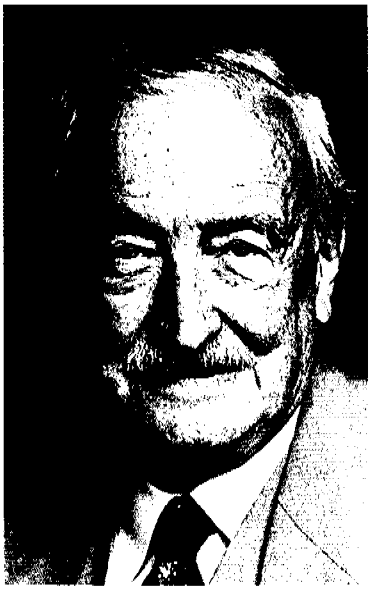


Hermann J. Abs, Honorary President of Deutsche Bank AG, passed away on February 5, 1994 at the age of 92. He was widely regarded as one of the great bankers of the century.

Mr. Abs was appointed to Deutsche Bank's Board of Managing Directors in 1937, and served as Spokesman of the Board of Managing Directors from 1957 until 1967, when he joined our Supervisory Board. In this position, he helped lay the foundation for Deutsche Bank's successful evolution and played a significant role in the bank's ongoing development. The re-emergence of Deutsche Bank in 1957 represented the pinnacle of his achievement in this respect.

Mr. Abs' achievements extended far beyond Deutsche Bank. During the post-war years, his efforts led to the repeal of allied legislation on the restructuring of big banks, which re-established the German banking industry on a functioning basis. In 1948, Mr. Abs' proposals led to the creation of the Kreditanstalt für Wiederaufbau (reconstruction loan corporation), which made effective use of Marshall Plan funds. And as Head of the German Delegation on the restructuring of the country's post-war foreign debt, he played a pivotal role in negotiating the 1953 London Debt Agreement, which eased Germany's external debt burden and restored its international creditworthiness. This was an important step in re-establishing Germany's national sovereignty.

Mr. Abs was always ready to serve the general good and his advice was much sought-after. A precise memory, a highly developed ability to judge people and situations, a discreet nature and a keen sense of humor helped him in his work. Mr. Abs found personal compensation in a love of music, fine arts and literature and was a patron of numerous foundations, institutions and projects.

Deutsche Bank will always treasure the memory of Hermann J. Abs, his life and achievements in gratitude and respect.

To Our Shareholders,

Over recent years, the Deutsche Bank Group has evolved into a truly international financial services organization. As a universal bank, we operate in major financial sectors worldwide. Through the Deutsche Bank share, you participate in financial and economic affairs extending well beyond the boundaries of Germany.

Today, prudence in banking is more important than ever before. Through diversification of businesses, participation in a wide range of markets worldwide and through the development of new products we are able to offset many risks. After all, the assumption and containment of risk is the essence of banking – the foundation upon which we responsibly deliver a host of complex financial products and services to our customers around the world.

Dealing with risk also means providing for difficult times. Clearly, banks are not immune to recession and risk provisioning affords us an effective protection mechanism against downturns in the economic cycle. An anticipatory provisioning policy enables us to assess value accurately, thereby helping to preserve and protect the bank's assets. It also prevents claims on companies experiencing financial difficulty from turning into write-downs unexpectedly.

Last year, DM 3.3 billion was allocated to loan loss provisions. This was DM 1.4 billion more than the previous year and the highest annual total ever deemed necessary. Of this amount, approximately 90 % related to our domestic lending activity.

For Deutsche Bank, effective risk management is a means to increase profitability. Cost management and the development of sound income streams take us in the same direction. Consequently, we consistently seek to improve productivity through ongoing rationalization and engage in new business initiatives that offer sustained market opportunity. This implies continuing to gear our policies toward longer term objectives.

Successful risk and cost management, as well as the exploitation of growth opportunities worldwide are reflected in our 1993 results. Group operating profit rose 15.7 %, or DM 0.7 billion, to DM 5.3 billion. Much of this growth is attributable to Group subsidiaries in Germany and abroad. Deutsche Bank Luxembourg, the Morgan Grenfell Group and Banca d'America e d'Italia, with operating profits of DM 633 million, DM 439 million and DM 314 million respectively, are particularly noteworthy in this respect.

Net income after taxes for the Deutsche Bank Group was DM 2.2 billion, an increase of 22.6 % over the previous year. Management will propose at the Annual General Meeting on May 19, 1994 that the annual dividend per share of DM 50 par value be increased to DM 16.50 from DM 15. The rise will enable us to convey to our shareholders the tax advantages associated with the Business Location Act. Including the tax credit of DM 7.07, the total income for domestic shareholders is DM 23.57 per share of DM 50 par value. This compares with DM 23.44 for the previous year.

At year end, capital and reserves for the Group stood at DM 21 billion. The Group's BIS capital ratios, at 5.7 % core capital and 11.3 % combined capital, substantially exceeded minimum standards.

Our goal is to increase our return on equity and bring it more into line with high international standards. The Group's expanding presence in the key growth regions of Asia and North America, and in southern Europe, influences this effort. At the same time, our international positioning provides geographic stability. The acquisitions of Banco de Madrid in Spain and Banca Popolare di Lecco in Italy are elements of this strategy.

Our status as a universal bank also served as a stabilizing factor in 1993. Trading income, for example, tends to rise during recession as declining interest rates stimulate activity, while other income components behave independently of the economic cycle. Substantial contributions to last year's results came from portfolio management and proprietary trading. We continued to develop our trading activities with the acquisition of precious metals dealer Sharps Pixley in the first quarter.

The Group's international presence and our status as a universal bank were beneficial influences in 1993. Last year's performance demonstrates that our strategy in recent years has been on target and profitable.

Universal banking also involves acquiring, holding and selling stakes in non-affiliated companies. In this respect, our goal is to help provide financial solutions that make good business sense and promote restructurings that benefit the respective companies. One recent example of this philosophy was the reduction of our stake in Karstadt AG from 25 % to 10 %.

The expansion of financial markets, the internationalization of business activity and technological progress add to the complexity of business. As a result, the need for greater transparency in reporting on the part of all market participants has grown. Our redesigned Annual Report has been prepared with this thought in mind.

Frankfurt am Main, March 1994

Deutsche Bank AG
The Board of Managing Directors

Carl L. von Boehm-Bezing *Rolf-E. Breuer* *Ulrich Cartellieri* *John A. Craven*

Michael Endres *Hilmar Kopper* *Jürgen Krumnow* *Georg Krupp* *Ronaldo H. Schmitz*

Ellen R. Schneider-Lenné *Ulrich Weiss* *Herbert Zapp* *Tessen von Heydebreck*

Retail Banking

Retail banking takes its direction from the local environment in which it operates. Regardless of technological progress and increased market integration, the ability to adapt to local conditions remains a fundamental of successful retail banking. This is demonstrated by the fact that the credit card is the only truly global retail product.

Branch network remains the backbone of retail business

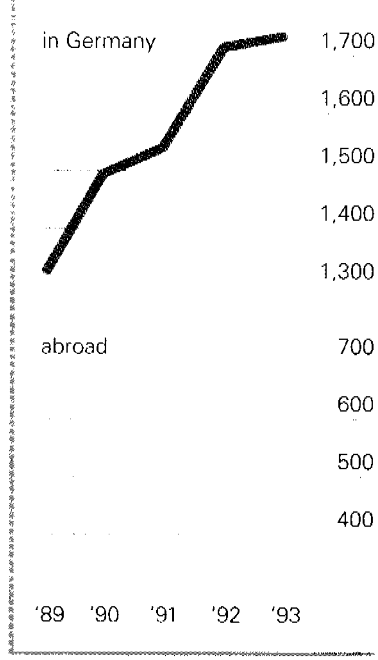
For the Deutsche Bank Group, this means that wherever we serve any of our seven million retail customers, we offer products and services tailored to the individual needs and characteristics of the appropriate country or customer group.

By the same token, the branch system remains the backbone of our retail banking activities in spite of our ongoing efforts to reach out to customers in new ways. We believe that our ability to add value to the customer relationship is based on delivering products through individual branches that are sensitive to local needs and influences.

Dynamic expansion of retail business in southern Europe

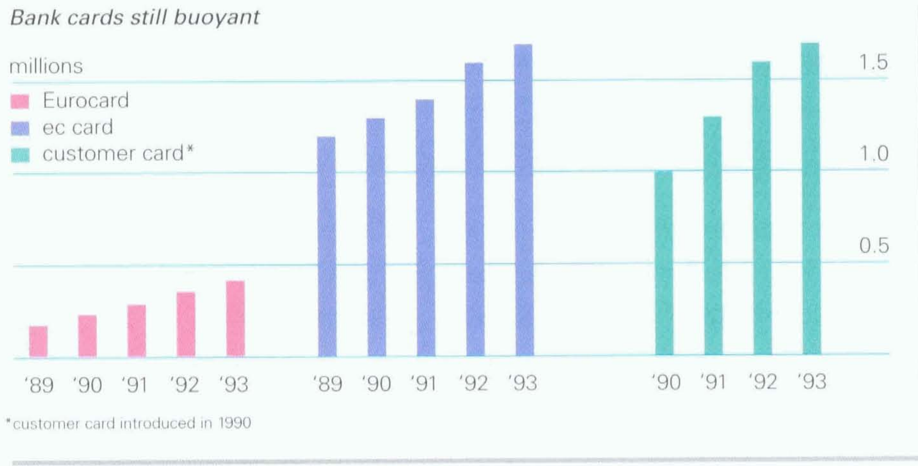
Last year, the Deutsche Bank Group made progress in pursuing a strategy based on these principles. Despite difficult economic conditions, we maintained our position in Germany, while improving it elsewhere in Europe. In Spain, we expanded our retail customer base and distribution capacity substantially by acquiring approximately 300 branches of Banco de Madrid. On January 1, 1994 our two Spanish subsidiaries merged under the name Deutsche Bank, Sociedad Anónima Española, which is now the largest foreign bank in Spain with over 350 branches. Against a difficult economic environment, retail banking in Italy also developed well. With the acquisition of Banca Popolare di Lecco by our Milan-based subsidiary, Banca d'America e d'Italia, our local balance sheet total grew to DM 20 billion, and our local presence expanded to 250 offices with 4,200 staff. We will soon offer our own life insurance in Italy, as we already do in Spain.

Strong growth in branches abroad



Retail customers increasingly see banks as "financial department stores", where products and services are purchased on a comparative basis. Ever better informed, they often make a serious effort to find the best solution for their financial needs. It is therefore essential that we prove our competitiveness across the full range of products and services, making effective use of available distribution channels.

Since spring 1994, for example, Deutsche Bank has been offering 24-hour telephone banking. By the same token, over 4,000 self-service



terminals are available to our customers throughout Germany. Last year, approximately 67 million withdrawals were made from Deutsche Bank cash dispensers, an increase of 29% over the previous year. This reflects growing demand for such services. The bank also continued to expand its issuance of bank cards in various forms, with total cards issued rising to approximately 4 million.

Insurance made good progress in the branch system

Last year, three products provided by our subsidiary, Deutscher Herold – endowment-linked mortgages, fund-linked life insurance and private pension insurance – got off to good starts with both customers and staff. Similarly, the first of approximately 200 planned branch-based insurance counselling centers began offering non-life and personal insurance in each of our domestic regions. Together with the approximately DM 6 billion in new policy sales booked by Lebensversicherungsgesellschaft der Deutschen Bank ("DB Life"), the insurance business transacted by our branches has made further progress, thereby increasing the income contribution from this source.

For investments of more than DM 50,000 we offer portfolio management on a fund basis, which affords investors various alternatives in terms of disbursement and growth as well as income potential and risk. At the same time insurance products are being marketed through the branch system, the sales forces of Deutscher Herold and Bonnfinanz, which together total 16,000, have begun to market the products of Deutsche Bank and its subsidiaries. Sales of the savings plans of Deutsche Bank Bauspar AG and the mutual funds of DWS Deutsche Gesellschaft für Wertpapiersparen mbH were particularly successful.

In our domestic market, the recession left its mark on retail banking. Though the possibility to react to a recession in the retail sector is limited, we nonetheless introduced measures aimed at increasing effectiveness within the company. In addition, new counselling and account management strategies were put into practice. In this connection, quality analysis, flexibility and pragmatic thinking are particularly important, given the increased significance our customers attach to individual solutions. Our objective of meeting customer needs through better service will require ongoing efforts on our part, especially in light of the wide range of expectations against which we are judged. Though this is not an easy task, progress was made last year, as demonstrated by our growing number of customers.

Increasingly successful at catering to a wide range of customer expectations

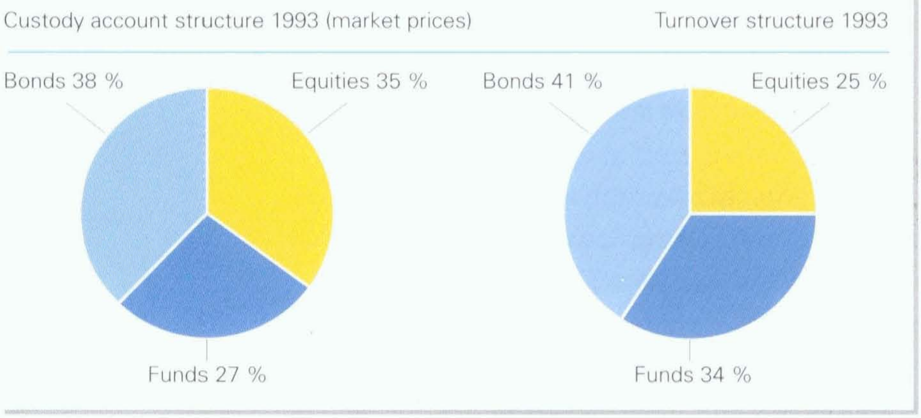
Private Banking

Favorable market, high income and rapid expansion of investment center network

In 1993, our private banking division benefited from favorable conditions on the German stock market and other international securities markets. Private banking income grew 31 %, while costs rose only 14%. We continued to invest in the expansion of our investment centers, which provide customers with comprehensive, globally-oriented investment services. At year-end, over 200 centers were operational within our domestic branch system, in both western and eastern Germany. By year end 1994, we expect to have the full complement of 270 planned centers in operation.

In tandem with the opening of new investment centers, we continued to upgrade the quality of the investment counselling we offer to over 250,000 high-net-worth customers. This helped us strengthen our leading position in the market. Including discretionary accounts, which are managed by the bank on behalf of the client, private customer assets held in custody accounts at Deutsche Bank rose 15% in 1993. Turnover increased 37%, with the highest growth, 87%, achieved in equities. A large part of our investment counselling was focused on life insurance and real estate products offering tax optimization features.

Rising share of equities in Germany



Portfolio management expanded

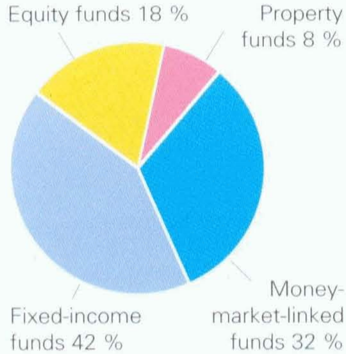
Against a background of increasingly complex decision-making processes and heightened market volatility, we also expanded our portfolio management activities last year. The number of discretionary accounts rose 27% and assets under management grew 37%.

In the second quarter, we offered active fund management through mutual funds geared either to income or growth, depending on customer preferences. Last year, we opened 19,000 accounts with a total value of DM 1.6 billion.

Brisk demand for fund management

In view of their high demand among customers, as well as their variety and cost-efficiency, mutual funds make logical additions to many portfolio strategies. Innovative funds, concentrating on specific countries, sectors or maturities, or with clear after-tax orientations, are now widely available to sophisticated investors through Deutsche Bank. Last year, we experienced growing demand for the bond and money market funds of our subsidiaries, DWS Deutsche Gesellschaft für Wertpapiersparen mbH, DB Investment Management S.A. and DVG Deutsche Vermögensbildungsgesellschaft mbH. DWS Deutschland Fonds, issued toward year end, achieved particularly robust sales. In total, mutual fund assets managed by the Group rose almost 30% last year to DM 73.4 billion.
Business with foreign customers also developed at an impressive pace. As a result of our policy of entering new international markets, we are now present with private banking operations in most major financial centers worldwide. In 1993 the expansion of our business in Asia was particularly important. The staff and infrastructure needed to build on our initial success in the region's growth markets are well in place.

Structure of investment fund sales



Sound prospects for 1994

We continue to see substantial growth potential for private banking both in Germany and abroad. The necessary resources have been committed and the investment products and services are already available. On this basis, we believe we are well-positioned to improve on last year's success in 1994 and the years ahead.

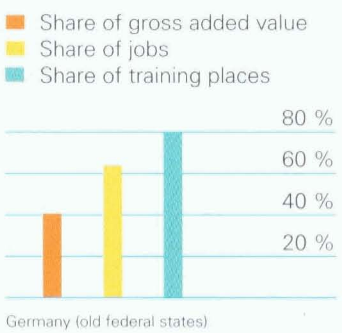
Corporate Banking

Focus on relationship banking and customized solutions

Our business with corporate clients is shaped by two governing principles. First, we believe in maintaining durable long term relationships, even under difficult market conditions. Second, we are committed to offering the entire range of products and services for tailor-made solutions, including information, consulting, financing and guidance in implementation.

In our corporate banking activity, we place great importance on our relationships with small and mid-size businesses. In this sector, we often provide assistance on general business issues, as well as traditional banking services. Deutsche Gesellschaft für Mittelstandsberatung mbH, for example, expanded its product range to help small and mid-size businesses improve their competitiveness. In the new federal states, it actively supports enterprises through the difficult process of restructuring. We consider this an important dimension in our relationships with corporate customers.

Small and medium-sized businesses – driving force in economy



Deutsche Beteiligungsgesellschaft mbH (DBG), with investments of DM 702 million in 147 companies, maintained its leading position in the development capital business last year. Included in its portfolio of companies are investments in 59 enterprises in the new federal states totaling DM 121 million. These companies employ 9,500 staff and have annual turnover of DM 2.7 billion. In cooperation with partners, DBG acquired, as a package, 19 enterprises of the Sächsische Industriegruppe Leipzig in November 1993.

DIH Deutsche Industrie-Holding GmbH & Co. KG, initiated by Deutsche Bank, remains the only holding company owned by institutional investors not only to have acquired majority stakes in companies in the new federal states, but also to have fulfilled management functions. The number of companies it purchased from the Treuhandanstalt (the privatization agency for eastern Germany) doubled to 26 in 1993. DIH Group has approximately 4,000 staff and annual turnover of roughly DM 500 million. Last year, DIH moved closer toward its goal of developing competitive small and mid-size enterprises in the new federal states.

Business with large clients and local authorities strengthened

Our relationships with large international companies continued to expand in 1993. Of particular importance in this sector was our increased activity in domestic and international settlements and clearing, where growth was to a large part driven by our application of innovative electronic banking products.

The Group also expanded its links with the public sector, where we advise local authorities on the organization, structuring and financing of large-scale investment projects, in particular projects related to infrastructure as well as to electronic banking.

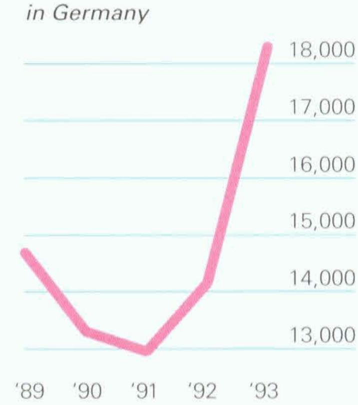
Tailor-made solutions in lending

The proportion of medium and long-term loans in Germany rose further last year as a result of interest rate developments. Loans supported by government programs remained at a high level, registering further growth in the new federal states. Through our proprietary databases, we help clients resolve their financial needs by identifying approximately 3,000 public subsidy programs throughout Europe.

Economic situation demands greater risk provisioning

While varying from sector to sector, the cyclical and structural crises in German industry led to a marked deterioration both in corporate credit quality and earnings. Accordingly, there was a strong rise in lending risk, which we are striving to counter with active risk management policies. In spite of these efforts, the weak credit picture is likely to persist into the near future.

Number of insolvencies in Germany



Corporate clients increased their investments in the euromarket last year. This was in large part due to the withholding tax, as well as favorable yields. Sight deposits also declined from particularly high levels at the beginning of the year. The decline was most pronounced in the new federal states, where sight deposits as a percentage of total deposits fell into line with the ratio prevailing in the western part of Germany.

Income from foreign trade related services was maintained at the previous year's level, in spite of the weak economic environment. Income from foreign exchange consulting rose as a result of market conditions. In general, cost management helped improve profitability.

Although capital investment by industry declined overall, GEFA Gesellschaft für Absatzfinanzierung mbH, our sales finance subsidiary, booked new business totaling DM 2.5 billion last year. Weaker financing demand for commercial vehicles and machinery was offset by the favorable development of construction and public-sector financing. Outstandings in factoring business rose 8% over the previous year.

Comprehensive product range within Group

GEFA-Leasing GmbH, our equipment leasing subsidiary, booked new lease volume totaling DM 1.2 billion in 1993, with a focus on information technology hardware, vehicles and machinery.

Deutsche Immobilien Leasing GmbH (DIL), our real estate leasing subsidiary, continued to be successful with its market operations in 1993, closing approximately 50 new leases with a total value of more than DM 4 billion. This includes the 50% stake in ILV Immobilien-Leasing Verwaltungsgesellschaft, which is partly administered by DIL. DIL is currently undertaking investments of more than DM 500 million in the new federal states. Last year, DIL won leasing mandates totaling DM 250 million from local authorities.

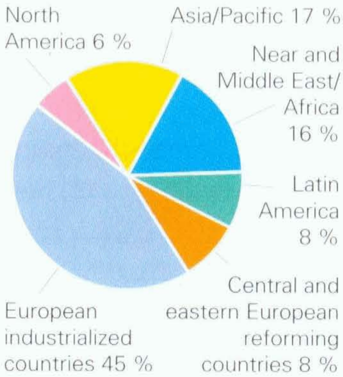
Financial Institutions

The Deutsche Bank Group maintains business relations with over 6,000 financial institutions worldwide. Approximately two-thirds of this total consists of banks, with the remainder comprising insurance companies, securities firms and asset management companies.

European payments quicker and less expensive

Our international EDP infrastructure enables us to offer a range of global facilities, including payment and custody services. Through our "European Payments" product, for example, we bundle cross-border payments and transmit them directly via our network to a Deutsche Bank branch or partner bank in the beneficiary's country. This has allowed us to significantly reduce transmission times as well as customer remittance fees.

4,000 partner banks worldwide



Our proprietary system for counterparty and country risks is used to manage our business actively.

In many parts of the world, our representative offices advise governments and local authorities, while helping to serve German companies operating abroad. Last year, we established representative offices in the central Asian cities of Almaty and Tashkent, as well as in the Georgian city of Tbilisi. In January 1994, a representative office in Guangzhou in southern China was opened. Our representative office in Prague was converted to a branch on December 1, 1993.

Breakthrough in debt negotiations with Bulgaria

In the bank advisory groups chaired by Deutsche Bank, a framework agreement was reached with Bulgaria on the regulation of that country's foreign debt with private banks. Talks on a detailed agreement began at the start of 1994. In debt negotiations with the Russian Federation, several legal questions continue to require clarification.

Corporate Finance

Advisory Services include all aspects of corporate finance

The corporate finance division is responsible for corporate issues, including privatizations, as well as syndicated loans and structured finance. Domestic mergers and acquisitions and special-purpose real estate finance subsidiaries are also affiliated with this division.

Responsibility for the syndication of capital markets products, including the management of related risks and fixed-income issues for sovereign and supranational issuers, was vested in a new unit, Capital Markets, on April 1, 1993. This unit works in close cooperation with the corporate finance division.

A substantial part of our issuing business with German companies involved conventional capital increases last year. Among other issues, we managed the two largest capital increases in the German market, DM 1.6 billion for RWE and DM 1 billion for Mannesmann.

plettac AG – a successful new issue in 1993

The improved climate on the German stock market also rekindled the interest of issuers and investors alike in new listings, an outcome we helped encourage through active promotional efforts. We suggested a further development of existing issuing principles and made a series of public contributions to the debate. The plettac AG issue, which we lead-managed, was one of the most successful new issues of recent years. Under our management, ordinary shares of Wella AG were listed and also broadly placed for the first time.

Together with other financial investors, we acquired a temporary holding in Praktiker Bau- und Heimwerkermärkte AG in the fourth quarter 1993. We plan to float this company on the stock exchange in mid-1995.

Last year, we offered to buy back shares of Sachsenmilch AG from outside shareholders at the respective purchase price. Following financial difficulties, we decided to indemnify outside shareholders in this first east German company to go public, who, like other business partners, were victims of deceit and mismanagement. The equity purchased will be used in the interest of the company to enable it to remain in business.

"Jumbo" bond for Volkswagen

In the corporate bond market, we lead-managed the largest DM-denominated eurobond issue to date, DM 1 billion for Volkswagen. We also played a leading role in international equities, acting as one of the global managers for the privatization of the remaining shares in British Telecom and serving as sole co-lead manager for the Fiat capital increase.

Successful placement for Daimler-Benz in the United States

Together with our U.S. subsidiary, C.J. Lawrence/Deutsche Bank Securities Corporation (CJL/DBS), we advised Daimler-Benz AG on its listing on the New York Stock Exchange. Subsequently, CJL/DBS lead-managed an issue totaling 17.25 million American Depositary Shares in Daimler-Benz. This was the first U.S. public offering of shares in a German company.

The acquisition by Heidelberger Zement AG of a controlling interest in Belgian-based Cimenteries CBR S.A. represented another successful collaboration with our subsidiaries. Morgan Grenfell GmbH served as advisor to Heidelberger Zement and Deutsche Bank provided substantial support with the related financing.

Project financings open up new technologies

Our efforts in project finance focused on the energy, natural resources, telecommunications and infrastructure sectors. In Germany, we lead-managed the financing for the D2 mobile phone network and for the Eurawasser Rostock water supply and sewer project. We also participated in the development of financing concepts for the high speed magnetic railway linking Berlin and Hamburg (Transrapid). This will be the first such project to be operated by the private sector. The transfer of public sector infrastructure to the private sector is opening up new project finance opportunities worldwide. Our international activities concentrate in North America, Southeast Asia and Western Europe.

We also expanded our cross-border leasing activities to promote German exports last year. Demand focused chiefly on financing for aircraft and rolling stock, the economic benefit of which was enhanced by investment tax incentives, especially in the U.S. and Japan. We also added asset-backed commercial paper programs to our range of financial products.

Strengthening of position in syndicated loans

Our syndicated lending activities grew last year against shrinking overall volume, strengthening our position as one of Europe's leading arranging banks. Noteworthy transactions in 1993 included a DM 2.5 billion loan for Adam Opel AG, a US$ 2 billion loan for Crédit Suisse Holding and a US$ 1 billion loan for Norway's Statoil, each lead-managed by the Deutsche Bank Group.

Two closed-end real estate funds well placed

Our real estate investment activities for clients were recently merged and markedly strengthened under Deutsche Immobilien Anlagegesellschaft mbH. This is the management holding company for all Group companies offering real estate investment services, with worldwide responsibility for real estate assets valued at approximately DM 12 billion. Last year, Deutsche Immobilien Anlagegesellschaft mbH launched two closed-end real estate funds holding properties in Bochum and Berlin. The volume of assets under management by one of Deutsche Immobilien's important affiliates, Deutsche Grundbesitz-Investmentgesellschaft (DGI), rose DM 2.4 billion to DM 6.9 billion in 1993. Assets managed by Deutsche Grundbesitz-Anlagegesellschaft (DGA) in 13 closed-end real estate funds totaled DM 1.4 billion at year end.

Trading & Sales

Trading activities joined in the Trading & Sales division

Due to the increasing integration and interdependence of the international money, foreign exchange and securities markets, as well as the growing importance of derivative financial instruments, Deutsche Bank combined its trading activities in a new Trading & Sales business division last year. In so doing, we created a transparent and competitive structure with clear performance responsibility for each sector. Trading & Sales now covers securities dealing in equities and fixed-income securities; foreign exchange, money markets and precious metals; swaps and capital markets.

Last year, the units comprising the Trading & Sales division achieved an exceptional result, making a substantial contribution to the Group's operating profit. Approximately half of the contribution emanated from abroad. Securities dealing in equities and fixed-income securities accounted for more than 50% of the new division's profit, while foreign exchange, money markets and precious metals accounted for 25%. OTC derivatives were responsible for approximately 20%.

Dealing in foreign exchange, money markets, precious metals and swaps has historically been directed from head office and transacted on a global basis. Listed equities and their exchange-traded derivatives have been much more closely linked to the local markets.

Trading network for European equities in the pipeline

Building on our presence as a primary dealer on all major European bond markets, we maintain a Europe-wide dealing network. A similar network, based on our market leadership in Germany and our strong presence in Italy, Spain, France and the Netherlands, is currently planned for European equities. In 1993, our U.S. securities subsidiaries, C.J. Lawrence, Deutsche Bank Capital Corporation and Deutsche Bank Government Securities, merged to form Deutsche Bank Securities Corporation, which is affiliated with McLean McCarthy in Toronto.

In addition to representation on the traditional markets, it is our goal to serve our clients on the world's significant emerging markets.

Greater transparency for derivatives

It is also important that we offer our customers an effective range of exchange-traded and over-the-counter derivative products. Growth in derivative products has remained strong on the international financial markets. The impact of derivatives on the stability of the world financial system, the extent to which they provide leverage, their lack of transparency in terms of risk and their sometimes unclear legal status have been the subjects of numerous studies. By providing comprehensive information in this Annual Report, we are demonstrating support for the efforts of regulators to make derivatives more transparent – and thereby broaden their acceptance – by introducing basic reporting and internal control standards.

Risk analysis based on market values

In this respect, objectivity in portraying risk is significant. For example, by reporting replacement value rather than nominal value of swaps, a true picture emerges of the underlying credit exposure. In addition, the internationalization of collateralization practices (including collateral against default risk) is likely to strengthen market confidence.

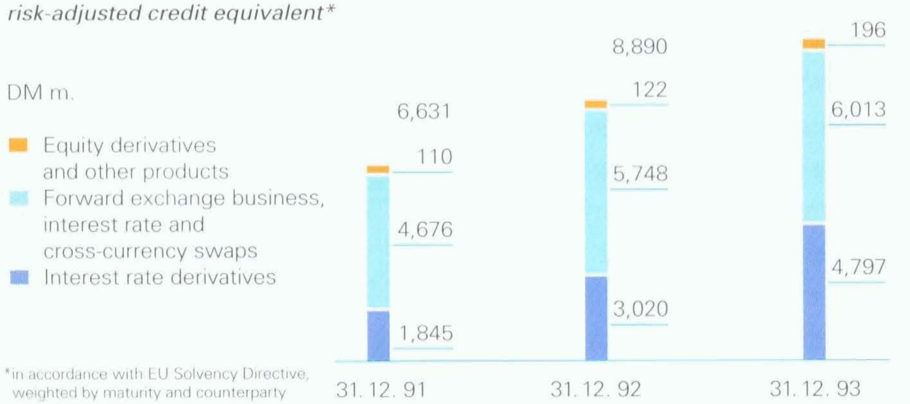
The nominal value of the Group's derivative portfolio is DM 1,341 billion, of which DM 11 billion is the risk-adjusted credit equivalent, which is indicative of the actual credit risk according to the reporting method defined by the European Union. The risk-adjusted credit equivalent has almost doubled over the last two years. Counterparty risk-weightings and contract maturities up to 10 years have been weighted appropriately.

In addition to credit risk, derivatives are also subject to market risks derived from fluctuations in interest rates, foreign exchange rates and the prices of other financial instruments. These can be considerable during periods of high volatility.

Risks measured using money-at-risk method

Since conventional analytic and risk management procedures are sometimes inadequate in measuring market risk, new methods have been developed in recent years. In line with international standards, the risks for all portfolios are presented according to the "money at risk-method", and the portfolio's sensitivity to market fluctuations is constantly measured. This method is applied wherever we maintain market risk exposure. Furthermore, portfolios are subjected to extensive sensitivity analysis, which calculates the impact of a wide range of stressful market

*Deutsche Bank: off-balance sheet financial instruments – risk-adjusted credit equivalent**



*in accordance with EU Solvency Directive, weighted by maturity and counterparty conditions on the portfolio. These analyses are conducted at frequent intervals.

Up-to-the-minute monitoring by the risk management committee

In addition to sensitivity analysis, we maintain a clear organizational structure with well-defined responsibilities. The Risk Controlling department, which reports to management along lines wholly independent of the trading function, values and reports all market risks in the Group, whether in derivatives, their underlying cash markets or in the bank's own balance sheet. The risk management committee (RMC), which meets weekly, also examines the development of risk positions, the degree to which limits have been utilized and shifts in risk/reward profiles. Further security guarantees derive from the fact that new products are introduced only after a thorough analysis by Risk Management and Controlling. These procedures ensure that recording, assessment, hedging and settlement meet the special demands of the derivatives business.

Derivatives demand new approaches in accounting

Derivatives also place new demands on the accounting function, since the transparency required is not always realized by applying traditional German valuation principles. Instead, a portfolio approach must be applied, if a true and fair representation is to be obtained.

Under the portfolio approach, positions are offset and condensed into a net present value for the largely hedged trading book as a whole. Discounted future cash flows as well as historic cash flows are included. Positive net present values are realized over the lifetime of the portfolio, while negative net values are immediately taken into the profit & loss account. Close adherence to specific risk management guidelines ensure that the net present value is realized, thereby precluding the distribution of unrealized profits exposed to risk. Accordingly, the principles of prudent banking are safeguarded.

International harmonization of valuation standards necessary

Used for specific hedged portfolios, this procedure requires that neutral risk controlling be closely linked with the accounting function. In view of the growing globalization of derivative markets, the integration of international valuation principles will become increasingly important.

Development of government bond yields

Securities dealing in equities and fixed-income securities

The fixed-income sector was dominant in influencing the Group's securities business last year. The decline in German interest rates and the increasing strength of the Deutsche mark against other European currencies attracted assets into the DM fixed-income sector, resulting in a rise in income from customer dealing and proprietary trading. The growing linkage of our European bond-dealing units also opened new business opportunities.

Customer-oriented dealing in fixed income securities expanded substantially, with average daily turnover rising to DM 7 billion compared to DM 2 billion in 1991 and approximately DM 4 billion in 1992. With foreign issuers tapping the DM bond sector extensively in 1993, Deutsche Bank served as a key intermediary between foreign issuers and domestic investors, large and small.

Specialized trading activities such as securities lending, debt arbitrage and repos contributed to the bank's success. We were also the leading participant in interest rate derivatives traded on the Deutsche Terminbörse (DTB), the German futures and options exchange.

Equity trading in 1993 was characterized by a sustained bull market. The German equity index (Dax) climbed from around 1,530 to new highs exceeding 2,200. This resulted in increased foreign buying, starting at the beginning of the year. During the course of 1993, German retail and institutional investors followed, increasing their overall allocation to equities. This led to increased turnover in equity trading, with a consequent rise in own account trading and commission income.

Although German stocks continue to dominate the bank's equity activities, profits derived from trading and placement of international equities grew. This will increase in importance in the years ahead.

Lower interest rates worldwide, announcements of large-scale privatization programs and the successful evolution of emerging markets are all contributing to this trend. Through Morgan Grenfell, we are represented as a broker on all key Asian equity markets and are well-positioned as a dealer in Latin American and Asian equities. DB Research supports our efforts in this connection.

Deutsche Bank is also a leading broker and trader of equity derivatives on the DTB. The OTC derivatives sector is becoming increasingly important in terms of future activity.

External value of D-Mark vis-à-vis EMS currencies

Source: Deutsche Bundesbank

Additional demand for hedging in the EMS

Gold price in 1993 (in U.S.$ per fine ounce)

Foreign exchange, money markets and precious metals

With dealing units located in over 30 countries, the Group's strategy is to offer a wide range of foreign exchange, money market and precious metals products to domestic and foreign clients around the world.

Cyclical developments on both sides of the Atlantic and German interest rate policy decisions had a strong impact on the markets in 1993. The lack of any significant upswing in the U.S. for most of the year and the recession in Germany made a significant impression. Uncertainties on the foreign exchange markets, which were triggered by turmoil in autumn of 1992, continued last year. On August 2, the members of the EMS decided to widen the existing fluctuation bands for the ERM from 2.25% or 6% to 15%, producing a sharp increase in demand for risk management products among both domestic and foreign clients. Advising commercial clients on risk management and settlement issues has been an important part of our business for many years and, last year, the exchange rate situation contributed to a more than 10% rise in overall volumes.

In Germany, we introduced a trading and settlement system that enables our 130 largest offices to handle customer transactions on-line for all tradable currencies in conjunction with head office. This link-up affords our clients direct access to the international forex markets.

Substantial growth was also achieved in our money markets activities in Germany and abroad. New instruments, such as domestic commercial paper, BULIs (Bundesbank-Liquiditätspapiere) and derivatives, especially forward rate agreements (FRAs), have become increasingly important.

The precious metals markets were more volatile last year than they had been for some time. Commercial demand mainly in the Far East and Southeast Asia brought the 12-year baisse in gold prices to an end. Driven by economic growth in the region, particularly in China, private and institutional investors also increased their interest in gold. The elimination of the German VAT on gold in most forms also spurred demand. In order to expand our international precious metals activities, we acquired the Sharps Pixley Group. Sharps Pixley deals in both precious and nonferrous metals and is a member of the London gold and silver fixings.

Swaps and interest rate options

Deutsche Bank offers a range of interest rate and currency swaps, interest rate options and related products through 200 professionals operating from dealing centers around the world.

	1993 nominal-volume DM bn.	1993 default risk DM bn.	% of nominal-volume
Interest rate swaps	411	15	4
Interest rate currency swaps	57	3	6
Option based products	148	2	1
	616	20	3

In 1993, the net present value of these portfolios grew by approximately DM 350 million. A daily average of DM 10 million of interest rate risk limits was utilized. The dynamic growth of this business is demonstrated by its 42% growth rate last year. The average residual life of our swap and interest rate options portfolio was 3.5 years.

Hedging of interest-rate-risk via derivatives

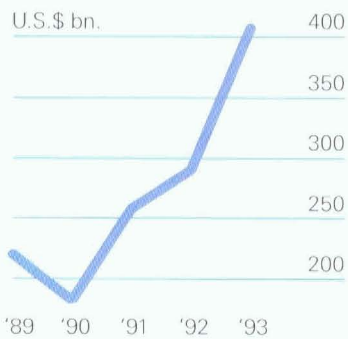
Broken down by volume, approximately 75% of our counterparty exposure was with banks, reflecting the importance of derivatives to banks in managing interest rate risk. Risks emanating from the balance sheet are often managed to the benefit of both banks and bank customers by employing derivatives to reshape the characteristics of certain asset and liability components. In this respect, the Deutsche Bank Group used derivatives totaling approximately DM 27 billion.

For the Deutsche Bank Group, the default risk for interest rate derivatives, calculated as the sum of all positive net present values, was DM 20 billion at year end, or 3.2% of outstanding nominal value. This compared to 2.6% of nominal value in 1992.

More than 90% of exposure is with top-rated counterparties

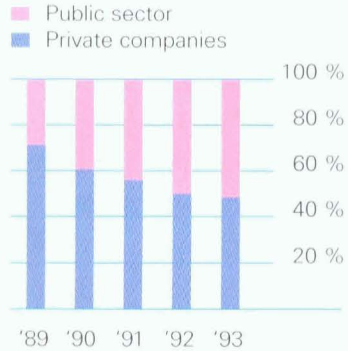
The stringent criteria we apply to default risk is reflected in the high credit standing of our counterparties, more than 90% of which have a top rating.

New issue volume of fixed-income securities on international capital markets



First global DM bond successfully placed for the World Bank

New bond issues by borrower



Capital Markets

On April 1, 1993, business with supranational organizations and the syndication of all capital markets products were transferred to the newly established Capital Markets group. This unit also assumed global responsibility for public-sector issuers and for issuing innovative financial products, warrants in particular.

Interest rates on the German money and capital markets declined markedly in 1993. On the capital markets, the fall of the average current yield from 7.1 % to 5.6 % for domestic issues produced an upturn in issuing volume last year. This was underscored by a rise in nominal net sales of domestic issues, from DM 304.7 billion in 1992 to over DM 400 billion, and by a rise in the volume of DM bonds issued by foreign borrowers from DM 57.3 billion to DM 87.3 billion.

Internationally, there was increased demand for DM investments as a result of turmoil in the EMS and the enhanced role of the Deutsche mark as a reserve currency. This triggered a rise in issuing activity, particularly among sovereign and supranational borrowers using jumbo issues to tap the market.

Last year, Deutsche Bank lead-managed 37 DM issues with a total volume of DM 30.2 billion. This compares to DM 19.1 billion in 1992. Included in last year's total was a DM 5 billion bond issue for the Republic of Italy, a DM 3 billion global issue for the World Bank, the first of its kind, and a DM 2 billion issue with a 30 year maturity for the Republic of Austria. In 1993, we maintained our leadership in the DM sector with a market share of approximately 30 %.

On the eurobond market overall, we ranked number two last year with a share of 6.3 %. We lead-managed 84 issues in seven currencies with a total value of US$ 25.5 billion.

Deutsche Bank arranged medium-term note programs last year of DM 5 billion for the Treuhandanstalt and DM 2 billion for the Bundespost. We also maintained our top position in the relatively young DM commercial paper market. Of the 61 programs in the market, we have arranged 33, including five programs with a total value of DM 2 billion in 1993.

Favorable equity market in Germany

As a result of favorable equity market conditions, we handled 28 domestic capital increases in conjunction with the corporate finance division last year and acted as co-manager or underwriter on 17 additional issues. The total volume of all capital increases amounted to approximately DM 7.9 billion. We lead-managed two IPOs and underwrote two new issues.

International equity volume also rose from 1992 levels, with the bank participating in 116 international placements.

We substantially expanded our activities in issuing warrants through our subsidiary, DB Capital Markets (Deutschland) GmbH. A total of 75 different warrant issues was brought to market, including warrants on currencies such as the U.S. dollar and the Japanese yen, the German equity index (Dax), gold and U.S. treasuries.

Morgan Grenfell

Success in all divisions

Last year was a successful one for the Morgan Grenfell Group. New clients were acquired in all its traditional businesses and its range of products and services was expanded. Profit before taxes for the Group rose £155.6 million to £235.8 million.

With the world economy slow to emerge from recession, success was due mainly to Morgan Grenfell's focus on sectors in which it maintains competitive strengths. Costs were also kept under control.

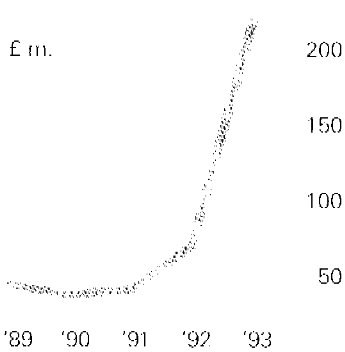
The Morgan Grenfell Group plc plays a key role in the Deutsche Bank Group's global M&A activities. It advises companies on buying, selling and restructuring companies, establishing joint ventures and related financial matters. In its home market, the United Kingdom, Morgan Grenfell advised on public takeover bids last year with an aggregate value of £2.5 billion. In 1993, it also participated in 20 share issues – more than double the number of the previous year – with a total value of £1.8 billion.

Group network brings advantages, especially in Continental Europe

With over 80 % of its M&A business involving cross-border transactions, Morgan Grenfell's international network particularly in Continental Europe was of increasing importance. Business in the U.S. also developed well, as the firm advised a number of leading U.S. companies on their international expansion plans.

Traditional fee-based banking developed well last year. Morgan Grenfell expanded its loan portfolio at wider margins. Expansion included business with local authorities in Great Britain and in state-guaranteed export credit.

Profit before taxes at Morgan Grenfell (according to U.K. GAAP)



In structured finance last year, Morgan Grenfell advised on the debt element of a series of management buy-outs. In project finance, the bank's position as a leading international market participant was underlined by Morgan Grenfell's recognition as "Best Adviser" on global infrastructure projects.

In a volatile market environment, Morgan Grenfell's treasury activities in foreign exchange, debt and derivative markets developed well. The Group provided risk management services to a record number of companies. Business in listed futures contracts, which is conducted jointly with Deutsche Bank, benefited from active markets.

Dynamic development in debt trading

Arbitrage and trading volume in emerging country debt rose last year to more than US$ 118 billion, with trading in the debt of 26 countries. Although the focus of this activity remained Latin America, eastern Europe and other regions gained in importance. While the core activity remained debt trading, derivatives trading was also brisk. The "Emerging Markets Debt Fund," launched by Morgan Grenfell in 1992, was the top performer in its sector.

In asset management, funds under management rose to more than £28 billion last year. Approximately two-thirds of total funds managed came from clients based outside the U.K. Client service and investment management offices are located in New York, Philadelphia, Tokyo and Singapore, with headquarters in London. Morgan Grenfell's success in asset management is based on its consistent performance record.

In the management buyout field, Morgan Grenfell Development Capital bought equity stakes in six companies in 1993. Four companies of the portfolio were sold or listed on the London Stock Exchange, in each case realizing substantial profits for the investor in the fund. A new investment fund is being organized to do management buyouts in the U.K. and Europe.

Morgan Grenfell's Offshore Group, headquartered in Jersey with offices in Guernsey, Dublin and the Cayman Islands, made good progress in all divisions. Newly-established DBMG Fiduciary Services Ltd., with offices in Geneva, Zurich and Liechtenstein, now offers trustee services within the Deutsche Bank Group.

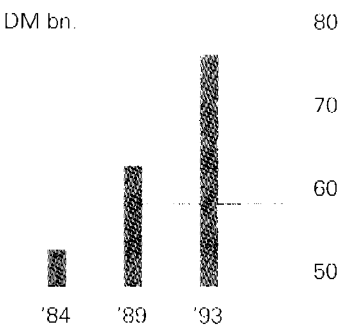
Strong presence in Southeast Asia

Business in Southeast Asia continued to expand at a robust pace. Morgan Grenfell is represented as a stockbroker and investment banker in Singapore, Malaysia, Indonesia, Hong Kong, Thailand and the Philippines. A sharp increase in equity prices and trading volume throughout the region resulted in a substantial improvement in profits over the previous year.

Mortgage Banking

Mortgage banks are Germany's third-largest group of banks

Stable growth of loan portfolio at Group mortgage banks



Private sector mortgage banks comprise the most important group among Germany's specialized credit institutions. The third largest group of banks in Germany overall, their business divides into two main sectors, residential and commercial mortgages, and loans to public sector entities.

The combined balance sheet total of Deutsche Bank's three mortgage banking subsidiaries – Deutsche Centralbodenkredit-AG, Frankfurter Hypothekenbank AG and Lübecker Hypothekenbank AG – amounted to more than DM 83 billion at year end. Their share of real estate financing by private sector institutions was about 17%, while their share of public sector lending stood at over 11%. With nearly DM 10 billion in new loans last year, they garnered a more than 15% share of new real estate financing, while taking a 6% share of lending to the public sector with new loans of over DM 6 billion.

The mortgage banks fund their loans chiefly through the issuance of Pfandbriefe. These are bonds that are collateralized either by mortgages or by loans or guarantees of public-sector entities. With its highly secure status legally anchored, Pfandbriefe maintain a quality standard comparable to public sector issues. Moreover, both German mortgage banks and borrowers benefit from correspondingly advantageous terms on the capital markets. Pfandbriefe issued by the Group's mortgage banks receive a AAA rating from Standard & Poor's.

The total volume outstanding of German Pfandbriefe issued by private sector mortgage banks was DM 602 billion at year end. The Group's mortgage banks accounted for just over DM 70 billion of that total for an 11.6% market share. In 1993, the Group's mortgage banks issued Pfandbriefe totaling almost DM 15 billion.

The aggregate capital and reserves of the Group's mortgage banks stood at DM 2.22 billion at year end. Operating profit after loan loss provisions totaled DM 473 million. The three mortgage banks account for approximately 13% of the Group's balance sheet total and 9% of its operating profit.

Good earnings outlook

In the years ahead, the high volume of financing needed for housing and the public-sector in Germany underpins prospects for the development of the mortgage banks. These factors may be partially offset by a downturn in commercial construction resulting from the recession.

EHB joins Group's European mortgage banking business

Given ongoing European integration, Europäische Hypothekenbank S.A. (EHB) was established in 1989 to bring together the Group's European mortgage banking activities. EHB is jointly owned by Deutsche Bank AG, the Group's three mortgage banks and Deutsche Bank Luxembourg S.A. EHB transacts its business in accordance with the strict principles of the German Mortgage Bank Act, and its Pfandbriefe are covered by high-quality, broadly diversified assets. As a consequence, their acceptance is growing on the European market. In terms of asset generation, EHB is focusing its activities on the U.K., the Netherlands, Austria and Switzerland.

Equity Participations

Diversification and reduction of participating interests

It is our aim to further diversify and in some cases to diminish our holdings in non-bank companies. In so doing, we will support solutions that make entrepreneurial sense and promote restructurings in the interests of the companies to the extent possible.

By selling a part of our holding in Südzucker AG to the shareholders of Agrana-Beteiligungs-AG, for example, we helped strengthen the close cooperation between the two companies. Our stake in Südzucker thereby decreased to 12.8%. The 26.1% stake in IKB Deutsche Industriebank AG, which was held jointly with two other shareholders through HOSTRA Beteiligungsgesellschaft mbH, was sold in full in 1993. 15% of IKB's capital stock was taken over by the bank's cooperation partners BHF Bank and Crédit National. The remaining shares were placed with institutional investors.

We reduced our holding in Philipp Holzmann AG to 25.9% by selling subscription rights within the framework of their 1993 capital increase and by selling shares on the market.

In February, 1994, we cut back our holding in Daimler-Benz AG from 28.1% to 24.4% through the placement with American investors of 1,725,000 ordinary shares in the form of American Depositary Shares. This was the first public placement of German stock in the U.S.

Merger facilitated between Hertie and Karstadt

We also lowered our holding in Karstadt AG, Germany's largest department store chain, from 25% to 10%. This took place in the course of Karstadt's acquisition of Hertie Waren- und Kaufhaus GmbH. Our readiness to reduce our holding helped facilitate the merger of the two companies.

Our holding in Continental AG rose from 5.7% to just over 10%, as part of the repositioning of the block of shares in Continental AG held by Italian investors.

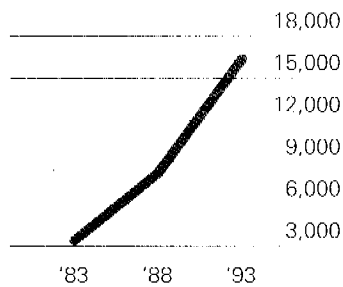
The market value of our shareholdings in nonbank companies on December 31, 1993 totaled DM 24.9 billion.

Our Staff

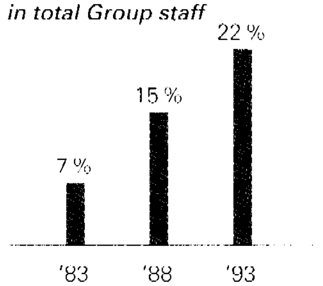
Moderate Group staff decline

The Deutsche Bank Group maintained staff of 73,176 at year end, compared to 74,256 at year end 1992. The decline resulted from the net effect of two opposing developments. Staff declined at Deutsche Bank AG by 2,835, while the number employed by domestic and international subsidiaries grew by 1,755. At year end, 16,271 were employed by the Group outside Germany, compared to 14,340 in the previous year. The integration of Banco de Madrid, with 1,131 staff, was responsible for most of the rise.

Strong rise in staff employed abroad



Share of staff employed abroad in total Group staff



Efforts to improve productivity at Deutsche Bank AG resulted in a lowering of its domestic staff to 49,027. This development was accompanied by the conclusion last year of an agreement aimed at mediating between staff interests and the business pressures facing the bank. The "Framework Agreement on the Personnel Implications of Planned Rationalization Measures" gives top priority to enhancing staff qualification levels. Other measures included more part-time work, flexible working hours, transfers within the Group and early retirement plans.

Customer satisfaction a top priority

The bank can operate successfully only if it can rely on the initiative and competence of its staff and depend on their commitment to serving customer interests. Our personnel policy therefore focuses on strengthening this important factor. Our aim is to decentralize skills and responsibility, placing them closer to the market in the various business units. To this end, we have invested substantially in intensive staff development throughout the Group and in efforts to upgrade executive leadership qualities. This process emphasizes knowledge of management techniques and various forms of personal interaction, as well as practices aimed at recognizing and resolving problems at an early stage.

Encouraging people to assume responsibility and work independently is helping to create a new breed of staff member – individuals who think and act more like entrepreneurs. This is supported by regular on-the-job training to supply the needed skills.

Quality of leadership – the basis for future success

Credible and efficient management is needed for our international and highly-diversified Group to function effectively. As the level of staff qualification rises and the overall complexity of tasks grows, more stringent demands are made on managers, who must assume the combined role of entrepreneur, coordinator and coach. We promote the entrepreneurial foresight of our managers by exposing them to selected projects and job rotation programs. To expand management's international perspective, improve communications and transfer know-how, for example, we actively support the exchange of managers across borders. Last year, a large number of domestic and foreign newcomers to the Group were integrated into our executive development program.

At year end, the Group had 5,481 young people engaged in vocational training. Of these, 131 were in our foreign network. Our second largest source of promising talent, university graduates, started careers as managers or specialists either through direct on-the-job training or as management trainees. At home and abroad, 349 individuals participated in management trainee programs.

Ongoing training ensures high standards

Apart from teaching specialist skills, extended training programs focused on teaching new skills and on character development. There were also numerous seminars to acquaint people with our new management principles concerning customer service and quality. Overall, approximately 55,000 staff took part in 6,400 seminars. Groupwide, DM 346 million, amounting to 5.9% of total Group wages and salaries, was expended on training and extended training in 1993. This compared to DM 330 million in 1992.

Thanks to our staff

Special thanks and recognition go to our staff, whose personal commitment and professional skills helped the Deutsche Bank Group achieve its targets last year. We also extend our thanks to all staff councils and their committees, including the Group Committee of Spokesmen and the Committee of Spokesmen for Senior Executives, for their cooperation and willingness to play a constructive role in finding joint solutions to the challenges ahead.

Technological Infrastructure

The Deutsche Bank Group's infrastructure is characterized by a high degree of networking and far-reaching integration of systems. All Group members adhere to uniform technical standards, thereby facilitating the swift and economical distribution of information.

Fewer computing centers – lower transaction costs

To improve cost efficiency, we substantially reduced the number of computing centers in the Group last year. Consequently, transaction costs fell significantly. To ensure permanent availability of our computing centers, we have implemented a state-of-the-art emergency backup concept. To modernize our end-user environment, local networks employing the client/server technology have been installed. This in turn serves as the basis for new application areas and the unification of systems management for end-user equipment. Currently we operate more than 70,000 terminals units for different purposes.

Comprehensive corporate network

The telecommunications network of our subsidiary, Deutsche Gesellschaft für Netzwerkdienste mbH (DGN) is one of the largest private corporate networks in Germany, providing services via 6,300 access points. Effective January 1, 1994, DGN, which had been a separate unit since its founding in 1992, was incorporated into a telecommunications firm established jointly with Mannesmann AG and RWE Energie AG. The goal of this entity is to operate a comprehensive corporate network, which eventually will also be offered to third parties.

Efforts to modernize our transaction processing have mostly been completed with the establishment of ten payment processing centers. These centers process payments and handle all customers forms, including account statements and securities confirmations.

Innovative concepts in European payments

The new technology developed for this purpose serves as the basis for our European payments system. It enables us to process retail payments within our own network in the European Union in three working days or less. This makes us one of the first banks to meet the requirements of the European Commission.

Linking to the customer

This payments technology also positions us to offer retailers electronic point-of-sale facilities at low rates. At year end, over 5,000 POS terminals were linked up with our computing center.
With investment banking activity growing throughout the Group, new front office systems were installed at major domestic and international trading centers. These systems provide dealers with up-to-date trading, analysis and risk management data.

Controlling

Increased responsibilities

The Controlling division's responsibilities within the Group continued to increase last year. The inclusion of risk monitoring for innovative financial products was just one way its responsibility was expanded.

Operating profit is a key performance measure for our business divisions. Besides risk provisioning, this figure includes components not always reflected in our financial reporting.

While the business divisions are responsible for managing their risks within specified limits, it is Controlling's task to define by means of neutral analysis the Group's overall risk profile. This is done on a supra-divisional basis that includes all types of risk.

Greater transparency needed

Given the global character of the Deutsche Bank Group, there is a greater demand for transparency in reporting. Since German standards of valuation sometimes differ from international practice, Controlling must refine the available range of management tools.

Controlling's principle tasks include analyzing income and expense, and documenting returns on capital, staff and risk. One instrument for this is the Business Division Profitability Calculation, which is aligned to our organizational structure and highlights results at various levels of management.

Yield awareness enhances shareholder value

All business divisions are responsible for achieving a risk-adjusted appropriate return on the capital they employ. This is the basis for maximizing shareholder value.

Mirror with blades, 1989
watercolour, tusche and ink on green graph paper, 29.4 × 20.9 cm

Management Report

Group results last year were characterized by strong income from own-account trading and securities business, but also by the recession-induced risk provisioning for domestic lending exposure.

Good Group result

Taken in total, Group net income was increased by 23% to DM 2.2 bn. Group balance sheet total grew by DM 58 bn. to DM 557 bn., primarily as a result of our stronger money-market and securities activities. In lending business, the low interest rate level created strong demand for long-term loans.

Banco de Madrid, S.A., Madrid, acquired on March 31, 1993 by our subsidiary Banco Comercial Transatlántico, S.A., Barcelona, was consolidated for the first time in 1993 with a balance sheet total of DM 3.1 bn. The profit and loss account of the Deutscher Herold insurance group was consolidated for the first time in 1993; at the end of 1992 we had only included the balance sheet figures as we did not acquire the majority until mid-December 1992.

During the reporting period we expanded our branch network by 285 to a total of 2,431 outlets. The number of offices abroad rose by 264 to 697.

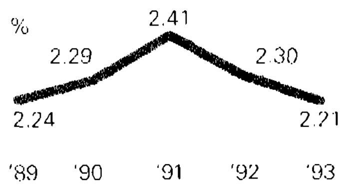
Profit and Loss Account

Net interest income (including net income from leasing business) rose by DM 807 m. to DM 11,706 m. in the reporting year.

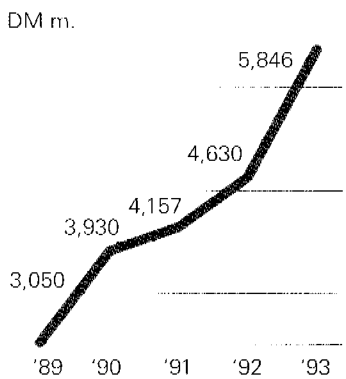
Net interest income grows by 7.4%

The overall interest margin in the Group narrowed further, mainly due to the expansion of lower margin money market business.

Overall interest margin



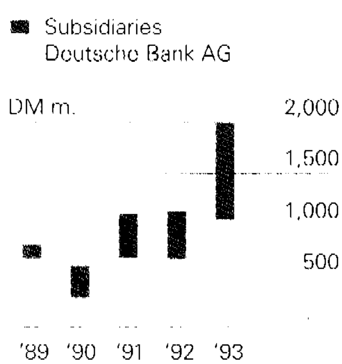
Net commission income



The Group achieved net commission income of DM 5,846 m., which was an increase of DM 1,216 m. (+26.3%) on the previous year.
Commission income from securities services business rose by 40% to DM 2,626 m. owing to the expansion in turnover. The largest part of this again stemmed from the sale of investment fund certificates. Share commission business gained considerable ground.
We also achieved incremental income in payments business. Commissions in foreign commercial business matched the previous year's level, despite the worldwide recession.

Net income from insurance business in the reporting year was DM 511 m. owing to the first-time inclusion of Deutscher Herold Group. After allowing for administrative expense, operating profit totalled DM 91 m.

Net income from financial transactions

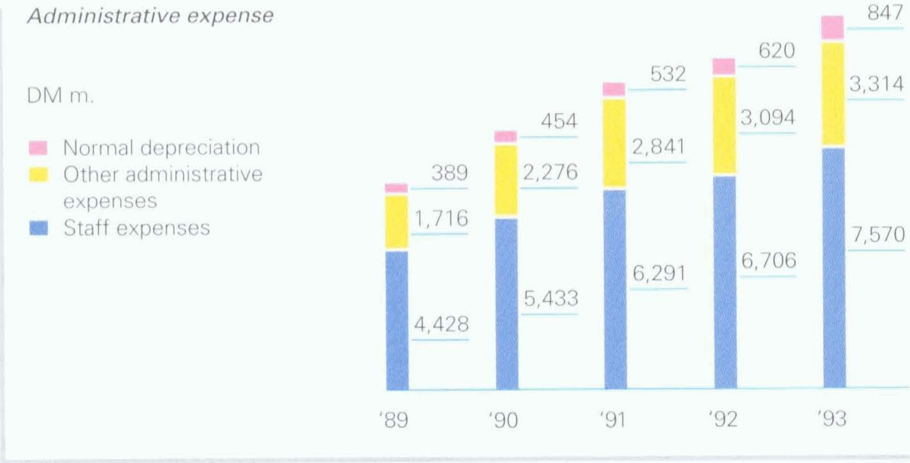


At DM 1,997 m., net income from financial transactions (own-account trading) exceeded the respective pre-year figure by DM 863 m. (+76.0%).
We achieved strong income growth of 68% in own-account securities trading. Bond dealing made a substantial contribution to profits and equities trading was also very successful. In foreign exchange and precious metal trading, the high profits of the previous year were exceeded. Derivatives business and debt arbitrage trading at Morgan Grenfell produced considerable incremental income.

Slower growth in administrative expense

In 1993, Group administrative expense grew by 12.6%, or DM 1,311 m., to DM 11,731 m.
Excluding first-time consolidations the increase was 6.5% or DM 678 m. Owing to our cost-cutting efforts, this rate of growth was below the 7.7% reported in 1992.

Excluding the first-time consolidations, staff expenses rose by DM 582 m. (+8.7%); the increase in the domestic Group (+ 2.9%) is primarily due to salary increases. Other administrative expenses as well as normal depreciation of intangible and tangible assets grew by an aggregate DM 447 m. to DM 4,161 m. as a result of first-time consolidations.

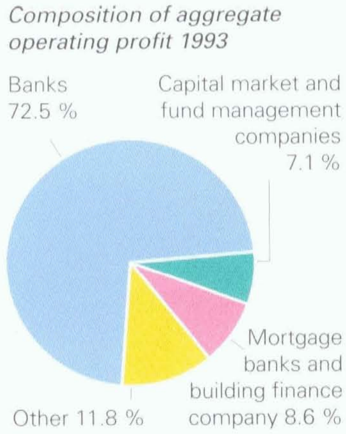


High risk provisioning in lending business

Write-downs of and adjustments to claims and certain securities as well as transfers to provisions for possible loan losses in the Group amounted to DM 3,286 m. (1992: DM 1,910 m.) after the offsetting with income permissible under § 340f (3) CommC. This expense mainly related to risk provisioning for the domestic lending business of Deutsche Bank AG.

During the reporting year, Group operating profit after risk provisioning rose by 15.7%, or DM 713 m., to DM 5,266 m.

Deutsche Bank AG achieved operating profit of DM 2,842 m. The improvement in the Group stems from incremental income of an aggregate DM 1,609 m. from own-account trading and from commission business in securities.



Income from write-ups of participating interests, shares in related companies and securities treated as fixed assets totalled DM 106 m. following the offsetting with expenses permissible under § 340c (2) CommC.

After inclusion of the other items of the Profit and Loss Account, in particular the special depreciation of tangible assets, profit before taxes was DM 4,599 m., which is 23.1 % or DM 863 m. more than in the previous year. Taxes on income therefore increased by DM 485 m. to DM 2,059 m. Other taxes amounted to DM 297 m.

Net income rises by 22.6 %

At DM 2,243 m., net income for the year exceeds the 1992 figure by DM 413 m. or 22.6%. We allocated DM 1,390 m. to Group revenue reserves. The profit attributable to minority interests was DM 75 m. on balance. Consolidated profit then stood at DM 778 m.

Dividend of DM 16.50 proposed

It is proposed that a dividend of DM 16.50 per share of DM 50 par value on the share capital of DM 2,357 m. be resolved.

With the additional dividend payment of DM 1.50 per share, i.e. DM 71 m., we are passing on to our shareholders the tax relief from the reduction in tax on distributed profits from 36% to 30%. Together with imputable corporation tax of DM 7.07 per share, the total income for our domestic shareholders is DM 23.57 per DM 50 share after DM 23.44 for the 1992 financial year.

Balance Sheet

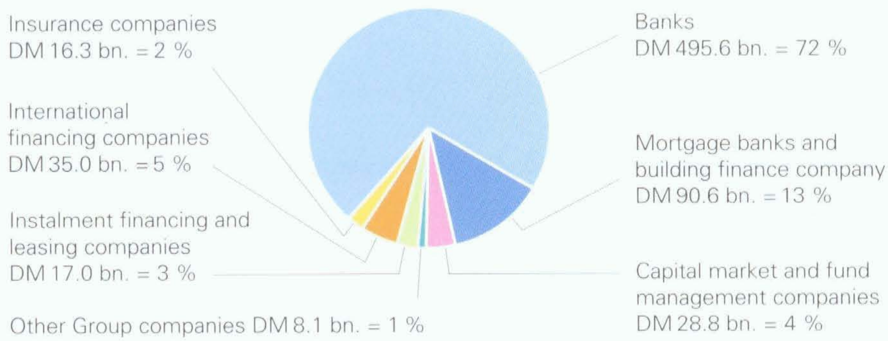
Capital and reserves strengthened

At the end of 1993, Group capital and reserves stood at DM 21.0 bn. (year-end 1992: DM 19.3 bn.).
Capital and reserves for bank regulatory purposes pursuant to the German Banking Act (KWG) amounted to DM 33.0 bn. They consist in particular of equity capital and reserves as well as participatory capital, subordinated liabilities and reserves in the meaning of § 10 (4a) sentence 1 No. 4 German Banking Act. Subordinated liabilities were raised by DM 2.4 bn. to DM 5.5 bn.
The combined Tier I & II BIS capital ratio was 11.3% and thus clearly exceeded the minimum ratio of 8.0%.

Group balance sheet total reached DM 556.6 bn. at the end of December. Deutsche Bank AG in particular contributed to the increase of DM 57.9 bn. or 11.6% compared with the end of 1992.

Composition of aggregate total assets at end of 1993

Total assets DM 691.4 bn. (unconsolidated)



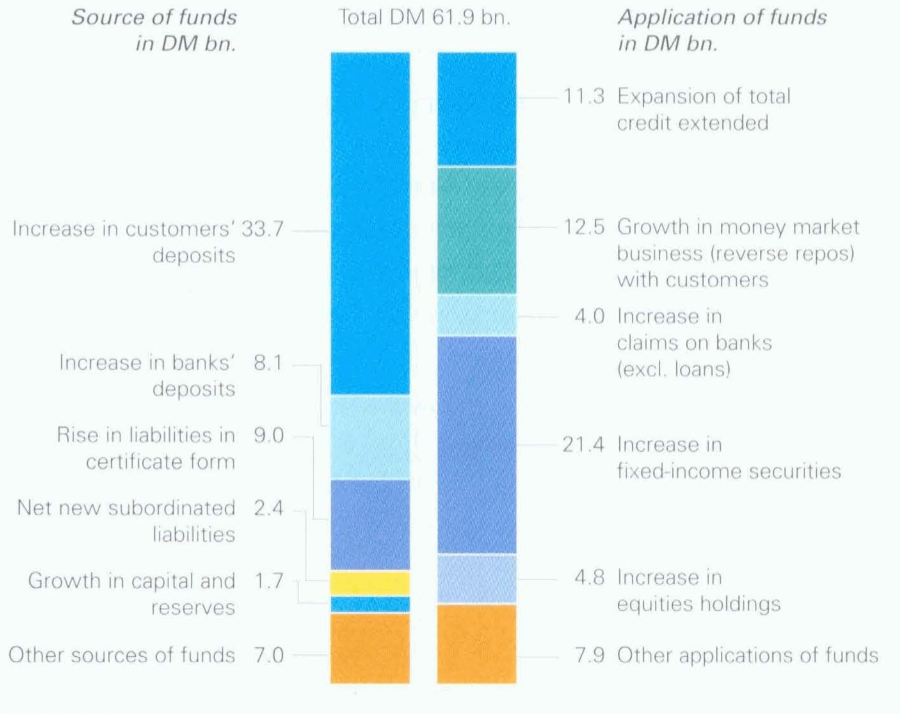
Off-balance-sheet volume reaches DM 1,341 bn.

The nominal volume for bank regulatory purposes of off-balance-sheet items not reported was DM 1,341 bn. at the end of 1993. They include in particular foreign exchange forwards (DM 485 bn.), swaps (DM 467 bn.) and interest rate futures (DM 369 bn.). The credit equivalent, calculated according to the EU solvency coefficient, is DM 11.0 bn.

Total credit extended

Total credit extended rose by DM 11.3 bn. to DM 332.8 bn. Long-term loans to customers grew by DM 16.7 bn. to DM 181.2 bn. owing to the low interest rate level. This includes DM 14.1 bn. in loans from tied funds under government support programmes, mainly related to capital investment projects in the new German federal states.

Financing balance



Short and medium-term claims on customers declined by DM 2.0 bn. to DM 128.1 bn.
Of total credit extended, DM 235.6 bn. or 71% related to domestic borrowers and DM 97.2 bn. or 29% to borrowers abroad.

Claims on banks rose by DM 2.3 bn. to DM 97.9 bn. Of total deposits with foreign banks (DM 60.3 bn.), DM 13.0 bn. related to reverse repos (money market transactions backed by securities). Liabilities to banks grew by an aggregate DM 8.1 bn. to DM 107.0 bn. owing to additional demand deposits.

	End of 1993	End of 1992	Change	
	DM bn.	DM bn.	DM bn.	%
Claims on customers				
short and medium-term*)	128.1	130.1	– 2.0	– 1.6
long-term	181.2	164.5	+ 16.7	+ 10.2
Total claims on customers	309.3	294.6	+ 14.7	+ 5.0
Discounts**)	5.4	7.1	– 1.7	– 23.8
Advances to banks				
short and medium-term	7.3	7.8	– 0.5	– 7.1
long-term	10.8	12.0	– 1.2	– 9.8
Total advances to banks	18.1	19.8	– 1.7	– 8.7
Total credit extended	332.8	321.5	+ 11.3	+ 3.5

*) excluding reverse repos (money market transactions backed by securities) in the amount of DM 22.9 bn. (+ DM 12.5 bn.)
**) unless reported under claims

Strong increase in securities holdings

Holdings of bonds and other fixed-income securities were increased by DM 21.4 bn. to DM 59.7 bn.
Equity shares and other variable-yield securities rose by DM 4.8 bn. to DM 14.7 bn.
The growth in our securities holdings reflects our stronger trading activities. We employed hedging instruments to limit the price risks on a substantial proportion of our holdings.

The participating interests of DM 3.7 bn. are primarily held by Deutsche Bank AG.
Shares in associated companies amount to DM 1.1 bn.

Strong rise in customers' deposits

Customers' deposits rose by DM 33.7 bn. to DM 275.9 bn.
Time deposits amounted to DM 146.3 bn.; the major part of the growth of DM 19.7 bn. related to deposits with a maturity of less than three months. Demand deposits rose by DM 12.7 bn. to DM 82.9 bn. Savings deposits increased by DM 0.7 bn. to DM 43.8 bn. Of this, DM 17.7 bn. related to savings deposits with an agreed period of notice of three months. Fixed-rate saving, which had grown substantially in the previous years, declined owing to the lower level of interest rates; these funds are now reported almost completely under savings deposits with an agreed period of more than three months. Building savings deposits grew by DM 0.6 bn. to DM 2.9 bn.
Liabilities in certificate form amounted to DM 109.5 bn. Of this, DM 84.9 bn. (+ DM 7.7 bn.) related to bearer bonds issued.

Liabilities

	End of 1993	End of 1992	Change	
Liabilities to banks	DM bn.	DM bn.	DM bn.	%
repayable on demand	33.1	22.7	+ 10.4	46.1
– with agreed period or period of notice	73.9	76.2	– 2.3	3.0
Total liabilities to banks	107.0	98.9	+ 8.1	8.2
Liabilities to customers				
savings deposits	43.8	43.1	+ 0.7	1.7
building savings deposits	2.9	2.3	+ 0.6	24.7
other				
– repayable on demand	82.9	70.2	+ 12.7	18.1
– with agreed period or period of notice	146.3	126.6	+ 19.7	15.6
Total liabilities to customers	275.9	242.2	+ 33.7	13.9
Liabilities in certificate form				
bonds and notes issued	84.9	77.2	+ 7.7	10.0
other liabilities in certificate form	24.6	23.3	+ 1.3	5.6
(thereof: money market paper)	(16.8)	(16.5)	(+ 0.3	2.1)
Total liabilities in certificate form	109.5	100.5	+ 9.0	9.0

Outlook for 1994

Continued weak economic activity and the unresolved structural problems in many economic sectors in Germany and other European countries will have a dampening effect on our lending business in 1994. With margins remaining tight, we expect weaker net interest income. A growing number of insolvencies, as well as a further rise in long-term unemployment, will have an impact on banks' results. In commission business, we anticipate a slight chance of growth in trade-related services, payments and securities business. In own-account trading we expect further good results against a background of volatile markets. Our domestic and foreign subsidiaries are aiming to match last year's results. Our special attention will continue to focus on the limitation of market risks. As things stand today, we assume that we will manage to achieve a performance in line with 1993's good Group result.

The diagrams do not form part of the statutory Management Report.

Balance Sheet of Deutsche Bank Group

	DM m.	DM m.	DM m.	31. 12. 1992 DM m.
Cash reserve				
a) cash on hand		2,173		2,266
b) balances with central banks		5,224		6,663
thereof: with Deutsche Bundesbank DM 3,710 m.				(5,111)
c) balances with post office banks		125		19
			7,522	8,948
Debt instruments of public-sector entities and bills of exchange eligible for refinancing at central banks				
a) Treasury bills, discountable Treasury notes and similar debt instruments of public-sector entities		2,926		2,302
thereof: eligible for refinancing at Deutsche Bundesbank DM 397 m.				(110)
b) bills of exchange		588		1,039
			3,514	3,341
thereof: eligible for refinancing at Deutsche Bundesbank DM 386 m.				(642)
Claims on banks				
a) repayable on demand		19,963		18,420
b) other claims		77,977		77,226
thereof:			97,940	95,646
mortgage banks' loans to the public sector DM 3,240 m.				(4,472)
money market business backed by securities (reverse repos) DM 13,635 m.				(2,083)
Claims on customers			332,131	304,932
thereof:				
mortgage banks' mortgage loans DM 42,611 m.				(38,683)
loans to public-sector entities DM 38,916 m.				(35,531)
building loans in building finance business DM 263 m.				(124)
other claims secured by mortgage charges DM 31,279 m.				(28,380)
money market business backed by securities (reverse repos) DM 22,869 m.				(10,372)
Bonds and other fixed-income securities				
a) money market instruments				
aa) of public-sector issuers	321			180
ab) of other issuers	2,542			2,903
		2,863		3,083
b) bonds and notes				
ba) of public-sector issuers	24,458			15,392
bb) of other issuers	26,843			17,419
thereof:		51,301		32,811
eligible as collateral for Deutsche Bundesbank advances DM 16,365 m.				(12,669)
c) own debt instruments of the Group		5,507		2 421
Nominal amount DM 5,336 m.				(2,364)
			59,671	38,315
Equity shares and other variable-yield securities			14,711	9,912
Capital investments of the insurance companies		14,951		12,705
less amounts offset		287		255
			14,664	12,450
Other assets of the insurance companies			1,330	1,063
Participating interests			3,705	4,492
thereof: in banks DM 100 m.				(91)
Shares in associated companies			1,092	-
thereof: in banks DM 57 m.				
Shares in related companies			1,300	1,501
thereof: in banks DM 484 m.				(9)
Assets held on a trust basis			2,759	3,528
thereof: loans on a trust basis DM 729 m.				(646)
Recovery claims against the public sector and bonds resulting from their exchange			45	76
Intangible assets			9	15
Tangible assets			12,341	11,136
Other assets			3,157	2,892
Deferred items			745	464
Total Assets			556,636	498,711

		DM m.	DM m.	DM m.	31. 12. 1992 DM m.
Liabilities to banks					
a) repayable on demand			33,054		22,628
b) with agreed period or period of notice			73,930		76 246
				106,984	98,874
thereof:					
registered mortgage Pfandbriefe in issue	DM 1,762 m.				(1,280)
registered Pfandbriefe backed by claims on the public sector in issue	DM 946 m.				(672)
money market business backed by securities (repos)	DM 10,562 m.				(1,449)
Liabilities to customers					
a) savings deposits					
aa) with agreed period of notice of three months		17,699			26,578
ab) with agreed period of notice of more than three months		26,104			16,497
			43,803		43,075
b) building savings deposits			2,937		2,355
c) other liabilities					
ca) repayable on demand		82,862			70,152
cb) with agreed period or period of notice		146,352			126,636
			229,214		196,788
thereof:				275,954	242,218
registered mortgage Pfandbriefe in issue	DM 13,721 m.				(12,484)
registered Pfandbriefe backed by claims on the public sector in issue	DM 11,096 m.				(11,299)
money market business backed by securities (repos)	DM 13,077 m.				(9,161)
Liabilities in certificate form					
a) bonds issued					
aa) mortgage Pfandbriefe		20,008			18,647
ab) Pfandbriefe backed by claims on the public sector		23,538			18,438
ac) other bonds		41,303			40,053
			84,849		77,138
b) other liabilities in certificate form			24,640		23,329
				109,489	100,467
thereof:					
money market instruments	DM 16,839 m.				(16,499)
own acceptances and promissory notes in circulation	DM 717 m.				(704)
Liabilities held on a trust basis				2,759	3,528
thereof: loans on a trust basis	DM 729 m.				(646)
Other liabilities				1,973	1,678
Deferred items				3,918	3,841
Provisions					
a) provisions for pensions and similar obligations			3,707		3,431
b) provisions for taxes			2,500		2,277
c) provisions in insurance business			14,596		12,377
d) other provisions			4,264		3,997
				25,067	22,082
Cover fund in building finance business				90	56
Other liabilities of the insurance companies				1,194	858
Special items with partial reserve character				8	20
Subordinated liabilities				5,485	3,065
Participatory capital				2,700	2,700
Capital and reserves					
a) subscribed capital			2,357		2,317
conditional capital DM 600 m. (31. 12. 1992: DM 433 m.)					
b) capital reserve			10,739		10,516
c) revenue reserves					
ca) statutory reserve		25			25
cb) other revenue reserves		6,573			4,874
			6,598		4,899
d) minority interests			543		549
e) consolidated profit			778		1,043
				21,015	19,324
Total Liabilities				556,636	498,711
Contingent liabilities					
a) contingent liabilities from rediscounted bills of exchange			4,834		6,069
b) liabilities from guarantees and indemnity agreements			39,889		36,252
				44,723	42,321
Other obligations					
a) placement and underwriting obligations			948		1,115
b) irrevocable credit commitments			72,867		65,198
				73,815	66,313
Special assets managed for shareholders				105,800	86,952

				1992
	DM m.	DM m.	DM m.	DM m.
Interest expenses			27,385	27,635
Commission expenses			527	413
Expenses in insurance business			4,532	655
Administrative expense				
a) Staff expenses				
aa) Wages and salaries	5,853			5,063
ab) Compulsory social security contributions and expenses for pensions and other employee benefits	1,717			1,643
thereof:		7,570		6,706
for pensions: DM 648 m.				(692)
b) Other administrative expenses		3,314		3,094
			10,884	9,800
Write-downs, depreciation of and value adjustments to intangible assets and tangible assets			3,351	2,884
Other operating expenses			622	539
Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for possible loan losses			3,286	1,910
Write-downs of and value adjustments to participating interests, shares in related companies and securities treated as fixed assets			-	162
Expenses from assumption of loss			1	1
Allocations to special items with partial reserve character			2	6
Extraordinary expenses			50	
Income taxes			2,059	1,574
Other taxes, unless reported under "Other operating expenses"			297	332
Net income for the year			2,243	1,830
Total Expenses			55,239	47,741

Net income for the year
Profits attributable to minority interests
Loss attributable to minority interests
Allocations to revenue reserves

Consolidated profit

for the period from January 1 to December 31, 1993 — Income

	DM m.	DM m.	1992 DM m.
Interest income from			
a) lending and money market business	33,506		34,095
b) fixed-income securities and government-inscribed debt	3,399		2,601
		36,905	36,696
Current income from			
a) equity shares and other variable-yield securities	821		475
b) participating interests	392		473
c) shares in related companies	37		76
		1,250	1,024
Result from shares in associated companies		84	-
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		6	4
Commission income		6,373	5,043
Income from insurance business		5,043	747
Net income from financial transactions		1,997	1,134
Income from write-ups of participating interests, shares in related companies and securities treated as fixed assets		106	-
Other operating income		3,461	3,065
Income from the writing back of special items with partial reserve character		14	28
Total Income		55,239	47,741

1993 in DM m.
2,243
77
2
1,390
778

Notes to the Accounts

Foundations and methods

The Consolidated Financial Statements of Deutsche Bank AG for the 1993 financial year are the first to be prepared in accordance with the regulations of the Balance Sheet Directives Act (§§ 290 ff HGB/Commercial Code/CommC) and of the Bank Balance Sheet Directive Act (§§ 340 ff CommC; RechKredV/SOBA). For the sake of greater clarity, the figures are reported in millions of DM.
Figures for property lending and building finance have been incorporated into the forms in so far as they have particular importance. Summary items from the form for insurance companies have been added to the Balance Sheet and Profit and Loss Account; administrative expense as well as write-downs/depreciation of and adjustments to the insurance companies' intangible and tangible assets have been allocated to the appropriate items in the Profit and Loss Account. These specifically insurance-related items are commented in the Notes to the Accounts.
The comparative figures for the previous year have in principle been adjusted to the reporting standards of the new forms.

Consolidated companies

The Consolidated Financial Statements include - besides Deutsche Bank AG - 67 German companies (1992: 48) and 224 foreign companies (1992: 213).
The profit and loss account of Deutscher Herold insurance group was consolidated for the first time in 1993; at the end of 1992 only the balance sheet figues were included as the majority interest did not arise until mid-December, 1992. Banco de Madrid, S.A., Madrid, acquired on March 31, 1993, was newly consolidated; at the beginning of 1994 the business activities of Banco de Madrid, S.A., were merged with those of Banco Comercial Transatlántico, S.A., under the name Deutsche Bank, Sociedad Anónima Española, Barcelona. Following completion of the Trianon office building in Frankfurt am Main, Bürohaus Mainzer Landstrasse 16-28 GbR, Eschborn, was included for consolidation. 25 subsidiaries of Deutsche Immobilien Leasing GmbH, Düsseldorf, have also been consolidated for the first time; details of the property and management companies are omitted pursuant to § 313 (3) CommC.

A total of 26 German and 20 foreign companies have been consolidated for the first time; 7 German and 9 foreign previously consolidated companies were excluded from the Consolidated Financial Statements.
The change in the list of consolidated companies has not had a major impact on the situation of the Group.
Banca Popolare di Lecco S.p.A., Lecco, in which Banca d'America e d'Italia S.p.A., Milan, acquired a majority of 58% on December 31, 1993, was omitted from consolidation pursuant to § 296 (1) No. 2 CommC as the acquisition did not take place until the end of 1993; the company will be consolidated in 1994.
Owing to their minor importance for the Group's net assets, financial and profit situation (§ 296 (2) CommC), a total of 397 domestic and foreign related companies are not consolidated; their share in aggregate consolidated total assets is roughly 0.5%. Details of the property and management companies of Deutsche Immobilien Leasing GmbH, Düsseldorf, excluded from consolidation owing to minor importance, are omitted pursuant to § 313 (3) CommC. A further 22 companies have been excluded from consolidation pursuant to § 296 (1) No. 1 and 3 CommC as the exercise of voting rights is restricted or the shares are held for resale.
15 holdings in associated companies have been accounted for using the equity method. These are mainly financial institutions. 21 holdings in associated companies were not valued using the equity method owing to minor importance.
The complete list of shareholdings pursuant to § 313 (2) CommC has been deposited with the Commercial Register in Frankfurt am Main.

Principles of consolidation

The Consolidated Financial Statements have been drawn up uniformly in accordance with the accounting and valuation methods of Deutsche Bank AG. In divergence from this, the financial statements of the insurance companies are included unchanged in the Consolidated Financial Statements owing to the special nature of their business. Only depreciation, write-downs and values admissible under tax legislation in the individual financial statements of consolidated companies are taken over unchanged in accordance with § 308 (3) CommC.

For the companies already included in the Consolidated Financial Statements for 1992, the balances resulting from capital consolidation at the end of 1992 in accordance with company-law regulations have been directly offset with the Group's revenue reserves pursuant to the transitional regulation of Article 27 (1) Act introducing the CommC.

The capital consolidation of the companies newly consolidated in 1993 was effected using the book value method at the time of first consolidation. In the case of Banco de Madrid, S.A., Madrid, the acquisition date was used. Goodwill was directly offset with revenue reserves.

Holdings in associated companies are also valued according to the above principles. Where use of the equity accounting method at the time of first consolidation resulted in liabilities-side balances deriving from profit retention after acquisition, they were directly allocated to revenue reserves. The statements of equity-accounted companies were not adjusted to the standard Group-wide accounting and valuation principles.

Claims and liabilities between consolidated companies are offset. Internal group items of the insurance companies are in principle not offset in order to take account of the special nature of insurance business. Intercompany expenses, income and profit are eliminated if they are not of minor importance. The elimination of intercompany profits is also dispensed with if the calculation of intercompany profits would result in unreasonably high expense for transactions settled at normal market conditions anyway.

Accounting and valuation principles for:

- Claims

Claims on banks and customers are reported at their nominal amount or at cost; necessary value adjustments are deducted. The difference between the nominal and disbursement amounts of mortgage loans and other claims is allocated to deferred items and written back as scheduled.

- Securities

All holdings of "Bonds and other fixed-income securities" and "Equity shares and other variable-yield securities" are accounted for using the strict lower of cost and market principle applicable to current assets, i.e. at acquisition cost or market value (if lower) or at the attributable value. The lower values are retained if this is a precondition for retention in the calculation of profits for tax purposes.

– Participating interests

Participating interests and shares in unconsolidated related companies are reported at acquisition cost or, in the event of a permanent loss of value, at the lower attributable values. Shares in associated companies include holdings valued using the equity method. The offsetting option under § 340 c (2) CommC was utilized.

Intangible assets acquired for consideration are capitalized at acquisition cost and written down according to schedule.

– Tangible assets

Tangible assets including leasing equipment are reported at acquisition or manufacturing cost less scheduled depreciation. Unscheduled depreciation is effected in the case of presumably long-term losses of value. Minor value assets are written off in full in the year of acquisition.

– Liabilities

Liabilities are valued at their repayment or nominal amount. Where the repayment amount of the liabilities deviates from the disbursement amount, the difference is accounted for under deferred items and written back according to schedule. Bonds issued on a discounted basis and similar liabilities are reported at present value.

– Provisions

Provisions for pensions and similar liabilities are reported on the basis of actuarial principles in accordance with the present value method.

Provisions for latent taxes are formed if combination of the differences in results from the individual statements of accounts and consolidation measures with a profit and loss impact leads to a liabilities-side balance. An assets-side balance is only reported if it stems from result differences due to consolidation measures with an impact on profit and loss.

"Provisions for taxes" and "other provisions" are formed in accordance with the principles of prudent commercial assessment in the amount of uncertain liabilities or impending losses.

– Risk provisioning

Provisioning for possible loan losses comprises value adjustments and provisions for all discernible credit and country risks, for latent default risks and the provision for general banking risks.

For credit risks, provision is formed in accordance with prudent standards applied uniformly throughout the Group in the amount of the expected default.

The transfer risk for loans to borrowers in foreign states (country risk) is valued on the basis of a rating system which takes account of the economic, political and regional situation. For cross-border exposures to certain states, provision is made in accordance with prudent standards applied uniformly throughout the Group.
Account is taken of the latent lending risk in the form of the collective value adjustment in accordance with commercial-law principles.
In addition, general banking risks are provisioned in accordance with § 340 f CommC. The option pursuant to § 340 f (3) CommC was utilized.

- Own-account trading

Trading business in securities, financial instruments, including derivatives, foreign exchange and precious metals, is structured increasingly, for the purposes of accounting, as books or portfolios. An institutionalized risk management system and the application of tight limits lead to a direct adjustment of risk positions, so that to a very large extent market and price risks balance each other out in the sense of a compensatory development of values.
In the calculation of results from trading activities, the principle of prudence is applied. Books and arbitrage positions hedged against market and price risks are valued on a combined basis.
Results from portfolios in OTC interest rate derivatives are calculated using the present value method. Positive values are booked pro rata temporis for the reporting period; for negative values, provisions are formed for the full amount.

- Currency translation

Currency translation in the individual financial statements is in line with the principles set forth in § 340 h CommC.
Assets denominated in foreign currencies and treated as fixed assets, but not separately covered in the same currency, are reported at historical acquisition cost. Other assets and debts denominated in foreign currency and spot deals still not settled are translated at the spot midrate on balance sheet date, forward exchange deals at the forward rate on balance sheet date.

In calculating the income or expense from foreign exchange deals, we used the option pursuant to § 340 h (2) CommC, i.e. inclusion of unrealized profits to balance out only temporary expenses. Any remaining losses are provisioned.

In the Consolidated Financial Statements, the items in the balance sheets and profit and loss accounts of foreign consolidated companies are translated into D-Mark at Frankfurt mid-rates on the respective balance sheet date (reporting date method). Translation profits and losses from the consolidation of debt and income are treated neutrally for profit and loss purposes. Translation profits and losses resulting from capital consolidation are allocated directly to revenue reserves.

Notes to the Balance Sheet of the Group

Securities eligible for listing on a stock exchange

Securities eligible for listing on a stock exchange and contained in the following balance sheet positions are classified as follows:

in DM m.	Listed	Unlisted
Bonds and other fixed-income securities	52,647	7,024
Equity shares and other variable-yield securities	8,208	259
Participating interests	1,296	7
Shares in associated companies	25	–
Shares in related companies	477	

Capital investments of the insurance companies

in DM m.	Balance sheet value 31. 12. 1992	Additions	Disposals	Write-downs	Balance sheet value 31. 12. 1993
Mortgages and claims under land charges	3,067	822	843		3,046
Registered securities and loans	5,163	1,417	305		6,275
Securities and shares, unless they belong to other positions	2,555	1,519	510	10	3,554
Fixed term deposits and time deposits	709	15	311		413
Other	1,191	633	145	16	1,663
Total	12,685	4,406	2,114	26	14,951
Offsetting: Registered securities not eligible for listing on a stock exchange, Schuldscheine, shares in consolidated companies	255				– 287
Capital investments after offsetting	12,430				14,664

"Capital investments of the insurance companies" contain bearer bonds issued by Group companies in the sum of DM 21 m. (nominal value DM 22 m.) and other deposits with consolidated related companies in the amount of DM 327 m. In the balance sheet value as at December 31, 1992, any parity changes resulting from translation at reporting-date exchange rates at the foreign company were adjusted.

Other assets of the insurance companies

"Other assets of the insurance companies" mainly comprise claims from insurance business, balances with banks and interest and rental claims.

Development of assets

in DM m.	Acquisition/manufacturing costs					Depreciation/write-downs and value adjustments			Book values	
	as at 1. 1. 1993	Additions*	Transfers	Disposals	Write-ups	Cumulative	Current year	Disposals	as at 31. 12. 1993	as at 31. 12. 1992
Intangible assets	15	-	-	-	-	6	6	-	9	15
Tangible assets	15,217	5,529	-	2,382	260	6,283	3,315	1,348	12,341	11,136
thereof:										
- land and buildings	2,433	1,290		70		394	394		3,259	2,464
- office furniture and equipment	1,458	874		85	260	620	683	63	1,887	1,461
leasing equipment	11,326	3,365		2,227	-	5,269	2,238	1,285	7,195	7,211
Other assets	81	41		3	-	30	30		89	81
	Changes									
Participating interests	787								3,705	4,492
Shares in associated companies	+ 1,092								1,092	
Shares in related companies	- 201								1,300	1,501
Bonds and other fixed-income securities	1								5	6
Equity shares and other variable-yield securities	+ 360								3,060	2,700

*incl. items brought forward at companies consolidated for the first time in 1993

In accordance with the transitional regulation (Article 31 (6) Act introducing the CommC), the book values as at December 31, 1992 were taken over as the original acquisition/manufacturing costs for asset items - with the exception of leasing equipment. The combination of financial investments possible pursuant to § 34 (3) SOBA was utilized. The above write-up to office furniture and equipment was effected within the framework of the transitional regulation (Article 31 (3) Act introducing the CommC). Parity changes resulting at foreign offices from currency translation at reporting-date exchange rates were included in the calculation of acquisition/manufacturing costs (as at January 1, 1993).
Land and buildings with a book value totalling DM 1,987 m. were used within the framework of our own activities.

The following positions include subordinated assets:

Subordinated assets

in DM m.	31. 12. 1993
Claims on customers	335
Bonds and other fixed-income securities	668
Equity shares and other variable-yield securities	8

Other assets

Under "Other assets" we report in particular precious metals holdings, cheques and matured bonds.

Other liabilities

"Other liabilities" include, among other things, the distribution for 1993 on participatory capital and deferred, but not yet matured, interest for subordinated liabilities and withholding tax to be paid over.

Provisions in insurance business

in DM m.	31. 12. 1993	31. 12. 1992
Provisions in insurance business at the fund-linked life insurance company covered by the investment cover fund	249	219
Other provisions in insurance business		
cover reserve	12,003	10,015
reserve for pending claims, etc.	305	283
reserve for premium refunds	1,527	1,459
other provisions	512	401
Total	14,596	12,377

Other liabilities of the insurance companies

This item includes mainly liabilities to policyholders from insurance business.

Special items with partial reserve character

The special items with partial reserve character have been formed in accordance with the following legal foundations:

in DM m.	31. 12. 1993	31. 12. 1992
pursuant to § 6b Income Tax Act	3	5
pursuant to § 52 (8) Income Tax Act		1
pursuant to § 31 (3) Berlin Promotion Act	·	9
pursuant to § 3 (2a) Border Territory Promotion Act	2	
pursuant to foreign law	3	5
Total	8	20

Subordinated liabilities

Important subordinated liabilities:

Amount	Issuer/type	Interest rate	Maturity
DM 600,000,000	Deutsche Bank bearer bonds (Series 2) of 1990	8 %	11. 4. 2000
DM 600,000,000	Deutsche Finance (Netherlands) B.V. bond issue of 1992	8 %	6. 2. 2002
DM 500,000,000	Deutsche Finance (Netherlands) B.V. bond issue of 1992	8 %	6. 5. 2002
DM 2,000,000,000	Deutsche Finance (Netherlands) B.V. bond issue of 1993	7.5%	10. 2. 2003

For the above subordinated borrowings, there is in no case a premature redemption obligation on the part of the issuers. In the case of liquidation, bankruptcy, composition or any other procedure to avoid bankruptcy, the claims and interest claims resulting from these liabilities are subordinate to the claims which are not also subordinated of all creditors of the issuers.

These conditions also apply in principle to the subordinated borrowings not specified individually.

Interest expenses for the entire subordinated liabilities amounted to DM 375 m. Deferred, but not yet matured interest of DM 225 m. included in the figure is reported under "Other liabilities".

Participatory capital

The issued participatory capital accords with the preconditions of § 10 (5) Banking Act and is made up of the following issues:

- DM 1.2 bn. bearer participatory certificates with warrants of 1991, maturing on December 31, 2002. Redemption will be on June 30, 2003,

subject to the stipulations on loss participation. The participatory certificate entitles the bearer to an annual dividend payment of 9% of par value, which ranks prior to the profit share attributable to shareholders.
- DM 1.5 bn. bearer participatory certificates with warrants of 1992, maturing on December 31, 2003. Redemption will be on June 30, 2004, subject to the stipulations on loss participation. The annual dividend, which ranks prior to the profit share attributable to shareholders, is 8.75% of par value.

The distribution for 1993 in the total amount of DM 239 m. is reported under Other liabilities.

The General Meeting on May 19, 1993 authorized the Board of Managing Directors to issue up to April 30, 1998, once or more than once, participatory certificates or bonds with warrants up to a total of DM 2 bn.

Own shares

At the end of 1993, Deutsche Bank AG and its related companies had no Deutsche Bank shares in their holdings.

On December 31, 1993, 250,524 Deutsche Bank shares of DM 50 par value each, i.e. 0.53% of share capital, were pledged to Deutsche Bank and its related companies as security for loans.

Development of subscribed, authorized and conditional capital

in DM	Subscribed capital	Authorized capital	Authorized capital excl. shareholders' subscription rights	Conditional capital
as at 31. 12. 1992	2,316,559,450	220,000,000	108,500,000	432,954,550
Issue of staff shares	+ 7,000,000		– 7,000,000	
Shares subscribed against submission of convertible bonds	+ 33,095,950			33,095,950
Shares subscribed against submission of warrants	+ 134,850			– 134,850
Expiry of resolution of General Meeting on May 11, 1988		220,000,000		
Increase pursuant to resolution of General Meeting on May 19, 1993		+ 500,000,000		+ 200,000,000
as at 31. 12. 1993	2,356,790,250	500,000,000	101,500,000	599,723,750

The subscribed capital is divided up as follows:

300,000 shares in the nominal amount of DM 1,000	= DM	300,000,000
500,000 shares in the nominal amount of DM 100	= DM	50,000,000
40,135,805 shares in the nominal amount of DM 50	= DM	2,006,790,250

Out of the authorized capital with exclusion of subscription rights, DM 26.5 m. is earmarked for the issue of staff shares. A further DM 75 m. is earmarked, according to the resolution of the General Meeting on May 23, 1991, for the introduction of the Deutsche Bank share at foreign stock exchanges.

By resolution of the General Meeting on May 19, 1993, the Board of Managing Directors was authorized to increase the share capital, with the approval of the Supervisory Board, up to April 30, 1998, once or more than once, by up to a total of DM 500 m. against the granting of subscription rights. Additionally, the conditional capital was increased by a further DM 200 m. for participatory certificates with warrants and bonds with warrants to be issued up to April 30, 1998.

Outstanding conversion and option rights

Issue	Conversion/subscription period	Conversion/subscription price per DM 50 share	Conditional capital DM
4 % bearer convertible bonds of 1984 of Deutsche Bank AG	up to 15. 12. 1994	250	7,839,500
Warrants attaching to participatory rights of 1991 of Deutsche Bank AG	up to 30. 6. 1995	550	117,288,800
Warrants attaching to $6\frac{1}{4}$% bond of Deutsche Bank Finance N.V., Curaçao, of 1986 (taken over through debtor substitution by Deutsche Finance (Netherlands) B.V., Amsterdam)	up to 28. 2. 1996	793	49,700,000
Warrants attaching to participatory rights of 1992 of Deutsche Bank AG	up to 30. 6. 1997	610	149,895,450
Reserved conditional capital			324,723,750
Still open conditional capital			275,000,000
Total			599,723,750

The 4% bearer convertible bonds of 1984, reported under the balance sheet item "Subordinated liabilities", decreased as a result of the exercise of conversion rights by DM 165,479,750 to DM 39,197,500. The convertible bonds are divided up into 2,813 units of DM 10,000 par value each, 7,847 units of DM 1,000 par value each and 12,882 units of

DM 250 par value each. Unconverted amounts will be repaid on January 2, 1995.

Development of capital and reserves

		in DM m.
Capital and reserves of Deutsche Bank AG as at 31. 12. 1992		18,853
Minority interests as at 31. 12. 1992		549
Effect of new law on revenue reserves:		
Assets-side balance from capital consolidation as at 31. 12. 1992		426
Allocation from distributable profit for 1992 in accordance with the respective General Meeting resolutions	+	284
Adjustment to reporting and valuation regulations standardized throughout the Group	+	215
Valuation of associated companies at the proportionate share of capital and reserves	+	103
Other	+	64
Distribution by Deutsche Bank AG in 1993		695
Increase in subscribed capital at Deutsche Bank AG	+	40
Allocation of share premium from the increase in subscribed capital to capital reserves	+	223
Allocation to revenue reserves from net income for 1993	+	1,390
Consolidated profit for 1993	+	778
Offsetting of goodwill	–	307
Change in minority interests	–	6
Difference from currency translation		50
As at 31. 12. 1993		21,015

Group capital and reserves for bank regulatory purposes pursuant to the Banking Act totalled DM 33,032 m.
Reserves pursuant to § 10 (4a) sentence 1 No. 4 Banking Act, which form part of capital and reserves for bank regulatory purposes, amount to DM 4,703 m.

Contingent liabilities

In the balance sheet item "Liabilities from guarantees and indemnity agreements" we report:

in DM m.	31. 12. 1993
Guarantees	31,964
Letters of credit	6,692
Credit liabilities	1,233

Other obligations

Placement and underwriting obligations not utilized are reported at DM 948 m. Utilizations stood at DM 173 m.
Of the irrevocable credit commitments reported in the balance sheet (DM 72,867 m.), DM 67,269 m. relates to commitments for book loans to non-banks.

Miscellaneous obligations

Annual payment obligations resulting from rental agreements or leasing contracts amount to DM 367 m. with a residual maturity of 3 to 12 years. Liabilities for possible calls on not fully paid-up shares in public and private limited companies and other shares amounted to DM 185 m. at the end of 1993. Joint liabilities pursuant to § 24 GmbH Act amounted to DM 124 m. Where other joint liabilities exist, the standing of the co-shareholders is beyond doubt in all cases.

In connection with our participating interest in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there is an obligation to pay further capital of up to DM 128 m. and a proportionate contingent liability to fulfil the capital obligations of other shareholders belonging to the Bundesverband deutscher Banken e. V., Cologne.

Liabilities for possible calls on other shares and an existing indemnity obligation amounted to a total of DM 3.2 m. on December 31, 1993. Pursuant to § 5 (10) of the Statute of the Deposit Insurance Fund, Deutsche Bank AG has undertaken to indemnify the Bundesverband deutscher Banken e. V., Cologne, for any losses incurred through measures taken in favour of banks majority-held by Deutsche Bank.

Within the framework of our business activity, collateral security was required in a total amount of DM 322 m. owing to legal stipulations and in connection with trading in financial futures contracts.

Obligations from transactions on futures and options exchanges for which securities had to be provided as collateral amounted to DM 148 m. as at December 31, 1993.

DB Investment Management S.A., Luxembourg, has given performance guarantees for specified periods for some of the investment funds it manages.

In connection with the resale of the trading house Klöckner & Co. AG, Duisburg, there are contingent liabilities totalling DM 164 m.

Declaration of backing

For the following banks and affiliated companies, Deutsche Bank AG ensures, except in the case of political risk, that they are able to meet their contractual liabilities:

ALD AutoLeasing D GmbH, Hamburg
Bain & Company Ltd., Sydney
Banca d'America e d'Italia S.p.A., Milan
DB (Belgium) Finance S.A./N.V., Brussels
DB Bourse S.N.C., Paris
DB Finanziaria S.p.A., Milan
DB Investment Management S.A., Luxembourg
DBMG Futures & Options Ltd., London
DB Research GmbH Gesellschaft für Wirtschafts- und Finanzanalyse, Frankfurt am Main
DB U.K. Finance p.l.c., London
DEBEKO Immobilien GmbH, Eschborn
DEBEKO Immobilien GmbH & Co Grundbesitz Berlin OHG, Berlin
DEBEKO Immobilien GmbH & Co Grundbesitz OHG, Eschborn
Deutsche Asset Management GmbH, Frankfurt am Main
Deutsche Bank (Asia Pacific) Ltd., Singapore
Deutsche Bank Australia Ltd., Melbourne
Deutsche Bank (Austria) Aktiengesellschaft, Vienna
Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main
Deutsche Bank (Canada), Toronto
Deutsche Bank Capital Markets (Asia) Ltd., Hong Kong
Deutsche Bank de Bary N.V., Amsterdam
Deutsche Bank de Investimento S.A., Lisbon
Deutsche Bank Finance N.V., Curaçao
Deutsche Bank Financial Inc., Dover/U.S.A.
Deutsche Bank France S.N.C., Paris
Deutsche Bank Gestion S.A., Paris
Deutsche Bank Gilts Ltd., London
Deutsche Bank Lübeck Aktiengesellschaft vormals Handelsbank, Lübeck
Deutsche Bank Luxembourg S.A., Luxembourg
Deutsche Bank North America Holding Corp., Dover/U.S.A.
Deutsche Bank Saar AG, Saarbrücken
Deutsche Bank, Sociedad Anónima Española, Barcelona
Deutsche Bank (Suisse) S.A., Geneva
Deutsche Capital Management Australia Ltd., Melbourne
Deutsche Capital Markets Australia Ltd., Sydney
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin - Cologne
Deutsche Finance (Netherlands) B.V., Amsterdam
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main
Deutsche Grundbesitz-Investmentgesellschaft mbH, Frankfurt am Main
Deutsche Immobilien Anlagegesellschaft mbH, Frankfurt am Main
Deutsche Immobilienvermittlungs-Holding GmbH, Frankfurt am Main
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v.d.H.
Deutscher Herold Aktiengesellschaft, Bonn and Berlin
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main
Europäische Hypothekenbank S.A., Luxembourg
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main
Grunelius KG Privatbankiers, Frankfurt am Main
Lebensversicherungs-Aktiengesellschaft der Deutschen Bank, Frankfurt am Main
Lübecker Hypothekenbank Aktiengesellschaft, Lübeck
McLean McCarthy Inc., Toronto
Morgan Grenfell Group plc, London
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Hamburg
Süddeutsche Bank GmbH, Frankfurt am Main
Vertriebsgesellschaft mbH der Deutschen Bank für Privatkunden, Frankfurt am Main

Maturity structure

– of claims

in DM m.	31. 12. 1993	31. 12. 1992
Other claims on banks with originally agreed period or period of notice of		
a) less than three months	34,962	24,533
b) at least three months, but less than four years	32,116	40,652
c) four years or more	10,899	12,041
Total	77,977	77,226
Claims on customers with originally agreed period or period of notice of		
a) less than four years	150,921	140,465
b) four years or more	181,210	164,467
Total	332,131	304,932
Bonds and notes of		
a) public-sector issuers with an original life of		
aa) up to four years	6,088	2,660
ab) more than four years	18,370	12,732
Total	24,458	15,392
b) other issuers with an original life of		
ba) up to four years	8,170	3,996
bb) more than four years	18,673	13,423
Total	26,843	17,419

– of liabilities

in DM m.	31. 12. 1993	31. 12. 1992
Liabilities to banks with originally agreed period or period of notice of		
a) less than three months	29,370	24,416
b) at least three months, but less than four years	23,937	31,255
c) four years or more	20,623	20,575
Total	73,930	76,246
thereof: due in less than four years	70,367	*)
Other liabilities to customers with originally agreed period or period of notice of		
a) less than three months	84,023	65,144
b) at least three months, but less than four years	23,658	23,031
c) four years or more	38,671	38,461
Total	146,352	126,636
thereof: due in less than four years	130,296	*)
Liabilities in certificate *form with an original life of*		
a) up to four years	31,597	27,841
b) more than four years	77,892	72,626
Total	109,489	100,467
thereof: maturing in less than four years	78,554	*)

*) Of the dated liabilities to banks, customers and the liabilities in certificate form, DM 277,814 m. was due in less than four years as at December 31, 1992.

Deferred items

The assets-side deferred items of DM 745 m. include balances in the amount of DM 150 m. pursuant to § 250 (3) CommC and DM 2 m. pursuant to § 340 e (2) CommC. The deferred items on the liabilities side in the amount of DM 3,918 m. contain DM 955 m. in balances pursuant to § 340 e (2) CommC.

Business on a trust basis

Structure of assets and liabilities held on trust:

Assets held on a trust basis (in DM m.)	31. 12. 1993	Liabilities held on a trust basis (in DM m.)	31. 12. 1993
Claims on banks	1,894	Liabilities to banks	282
Claims on customers	630	Liabilities to customers	2,477
Participating interests	235		
Total	2,759	Total	2,759

Information concerning related companies and companies with which a participation relationship exists

in DM m.	Related companies 31. 12. 1993	Companies with which a participation relationship exists 31. 12. 1993
Claims on banks		327
Claims on customers	760	1,790
Bonds and other fixed-income securities	–	21
Capital investments of the insurance companies	34	
Other assets of the insurance companies	12	
Liabilities to banks		86
Liabilities to customers	227	2,096
Liabilities in certificate form	30	
Other liabilities of the insurance companies	2	

Assets transferred as collateral security

For the following liabilities and contingent liabilities, assets have been transferred in the stated value:

in DM m.	31. 12. 1993
Liabilities to banks	12,086
Liabilities to customers	520
Contingent liabilities	31

Transactions subject to sale and repurchase agreements

As at December 31, 1993, the book value of assets reported in the balance sheet and sold subject to a repurchase agreement amounted to DM 11,352 m.; of this amount, DM 1,909 m. referred to securities repos with Deutsche Bundesbank.

Foreign currencies

The total amount of assets in foreign currency was the equivalent of DM 205,177 m. on balance sheet date; the total value of debts was the equivalent of DM 189,373 m.

Forward business

On balance sheet date, still outstanding forward deals consisted mostly of the following types of business:

Interest rate-linked transactions
Forward deals linked with debt paper, forward rate agreements, interest rate swap agreements, interest futures, option rights in certificate form, option business and option contracts linked with interest rates and indices;

Exchange rate-linked transactions
Foreign exchange and precious metal forwards, exchange rate swap agreements, option rights in certificate form, option deals and option contracts linked with foreign exchange and precious metals, foreign exchange and precious metals futures;

Other transactions
Equities futures, index futures, option rights in certificate form, option business and option contracts linked with equities and indices.

The above-mentioned types of transaction are concluded for trading business to a very large extent to cover interest, exchange rate or market price fluctuations.

Notes to the Profit and Loss Account of the Group

Income by geographical markets

The total amount of interest income, current income from equities etc., commission income, net income from financial transactions and other operating income is spread out over the following markets:

in DM m.	1993
Federal Republic of Germany	32,194
Europe excl. Germany	12,719
America	2,981
Asia/Australia	2,092
Total	49,986

Administration and agency services provided to third parties

The following administration and agency services were provided to third parties:
- safe custody account administration
- asset management
- administration of assets held on trust
- mergers & acquisitions

Insurance business

Structure of income and expenses in insurance business:

Income (in DM m.)	1993	1992	Expenses (in DM m.)	1993	1992
Net premiums earned	3,459	674	Claims	984	36
Contributions from gross provision for premium refunds	247	–	Increase in provisions in insurance business	2,051	502
Income from capital investments	1,114	55	Premiums refunded	476	27
Other income	223	18	Agents' commissions, front-end fees	361	12
			Expenses for capital investments	49	2
			Other expenses	611	76
Total	5,043	747	Total	4,532	655

Other operating income

The item "Other operating income" in the amount of DM 3,461 m. contains above all income from leasing business (DM 2,741 m.). It also includes DM 260 m. in income from the writing up of office furniture and equipment, DM 143 m. in income from the writing back of provisions not relating to lending or securities business, DM 32 m. in capital investment grants received and profits from the sale of property in the amount of DM 120 m.

Other operating expenses

"Other operating expenses" of DM 622 m. relate, among other things, to additions to provisions for uncertain liabilities and impending losses not relating to lending or securities business in the amount of DM 358 m. Also included are other expenses for leasing business amounting to DM 125 m.

Special depreciation

Besides tax-related special depreciation pursuant to the Regional Development Act in the sum of DM 60 m., profits of DM 184 m. subject to the tax privilege conferred by § 6 b Income Tax Act were offset with tangible assets. Burdens arising from this valuation and corresponding measures in previous years are spread out over several years and therefore only have minor importance for future annual results.

Other Information

Emoluments of the Board of Managing Directors and Supervisory Board, and loans granted

In 1993, the total emoluments of the Board of Managing Directors amounted to DM 19,456,535.06. Furthermore, the Board of Managing Directors received DM 1.5 m. for the exercise of management functions at subsidiary companies. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received DM 11,035,161.93. In addition to a fixed payment of DM 296,700, the Supervisory Board received dividend-related emoluments totalling DM 1,535,297.07.

Provisions for pension commitments to former members of the Board of Managing Directors and their surviving dependents totalled DM 80,073,247.

As at the end of 1993, advances and loans granted and liabilities assumed for members of the Board of Managing Directors amounted to DM 11,645,740.76 and for members of the Supervisory Board of Deutsche Bank AG to DM 3,061,397.92.

The names of the members of the Supervisory Board and of the Board of Managing Directors are listed on pages 84 and 86.

Staff

The average number of effective staff employed during the financial year totalled 64,559 (1992: 62,290), of whom 30,690 were women. Part-time staff are included in these figures proportionately. An average of 15,621 (1992: 13,711) members of staff worked abroad.

Frankfurt am Main, March 16, 1994

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Auditor's Certificate

The Consolidated Financial Statements, which we have audited in accordance with professional standards, comply with the legal provisions. With due regard to the generally accepted accounting principles, the Consolidated Financial Statements give a true and fair view of the Group's net assets, financial and profit situation. The Group Management Report is consistent with the Consolidated Financial Statements.

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Frankfurt am Main, March 18, 1994

Brackert	Dr. Fliess
Wirtschaftsprüfer	Wirtschaftsprüfer

Both in the course of its formal meetings and in individual conversations, the Supervisory Board was kept informed last year of the bank's status, its recent policy decisions and its current business developments. The growing risk in the Group's lending, both domestically and abroad, was among the main topics of discussion.

At its meetings, the Credit Committee of the Supervisory Board discussed with the Board of Managing Directors all loans requiring authorization under German law and the bank's own Articles of Association and rendered its approval where necessary. In addition, all larger loans and those entailing greater risks were analyzed and assessed.

Extensive talks were also held on business developments in eastern Germany, on the new "Private Banking" division and on the bank's increased insurance activities.

Major changes in the bank's shareholdings were discussed and the proposals of the Board of Managing Directors were approved as required. A number of significant business transactions were examined, and we voted on those which had to be submitted to us for legal reasons or in accordance with the Articles of Association.

Economic and monetary developments as well as the German recession, including its repercussions on the bank, were the subject of numerous reports and discussions.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, the auditor of the annual accounts elected at last year's Annual General Meeting, has inspected the accounting, the annual financial statements and the Management Report – all of which are based on the new bank accounting law in effect since January 1, 1993 – and has given them its unqualified certification. We agree with the outcome of this inspection. Furthermore, we have examined the Annual Financial Statements as of December 31, 1993, the Management Report and the proposed allocation of profits and have had no objections. The Consolidated Financial Statements, the

Management Report of the Group and the Report of the Auditor of the Consolidated Financial Statements have been submitted to us.

The Annual Financial Statements, prepared by the Board of Managing Directors, has been approved by us today and is thus established. We agree with the proposed allocation of profits.

At our meeting on January 25, 1994, Dr. Tessen von Heydebreck, formerly Manager of Deutsche Bank, Hamburg Branch, was appointed Deputy Member of the Board of Managing Directors.

Frankfurt am Main, March 29, 1994

The Supervisory Board

Dr. F. Wilhelm Christians
Chairman

The Deutsche Bank Share

Tax advantage passed on to shareholders

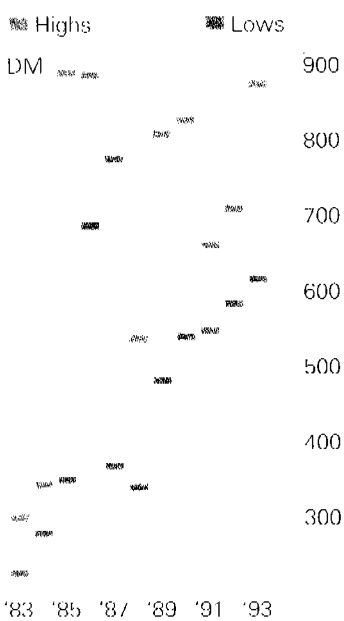
It will be proposed at the Annual General Meeting on May 19, 1994 that the annual dividend per DM 50 par value be raised to DM 16.50 from DM 15.00 last year. Including the tax credit of DM 7.07 per share, the total income for our domestic shareholders will be DM 23.57 per share, compared to DM 23.44 the previous year. Accordingly, we are passing on to our shareholders the tax benefits derived from the Business Location Act.

The Deutsche Bank share price performed well in 1993. After a marked upturn in the second quarter, it rose steadily to a yearly high (based on closing prices) of DM 897.50. It finished the year at DM 886.50. The price behavior of bank and other financial stocks often differs somewhat from stocks in the industrial sector and other stocks with more direct links to the underlying economy. The total return for the year of 40%, including the cash dividend, was therefore slightly lower than for the Dax (German Stock Index) which gained 46.7%.

Over 13% return p.a. in ten-year period

Over the last ten years, the value of an equity investment in Deutsche Bank has grown at an average rate of 13.7% per year. If, for example, an investor had placed DM 10,000 in Deutsche Bank stock at the beginning of 1984, had reinvested cash dividends and had participated in capital increases without injecting additional funds, the value of the holding would have risen to DM 36,190 by the end of 1993.

The Deutsche Bank share



Deutsche Bank's shares are listed on all German stock exchanges and on eleven foreign exchanges (Amsterdam, Antwerp, Basel, Brussels, Geneva, London, Luxembourg, Paris, Tokyo, Vienna and Zurich).

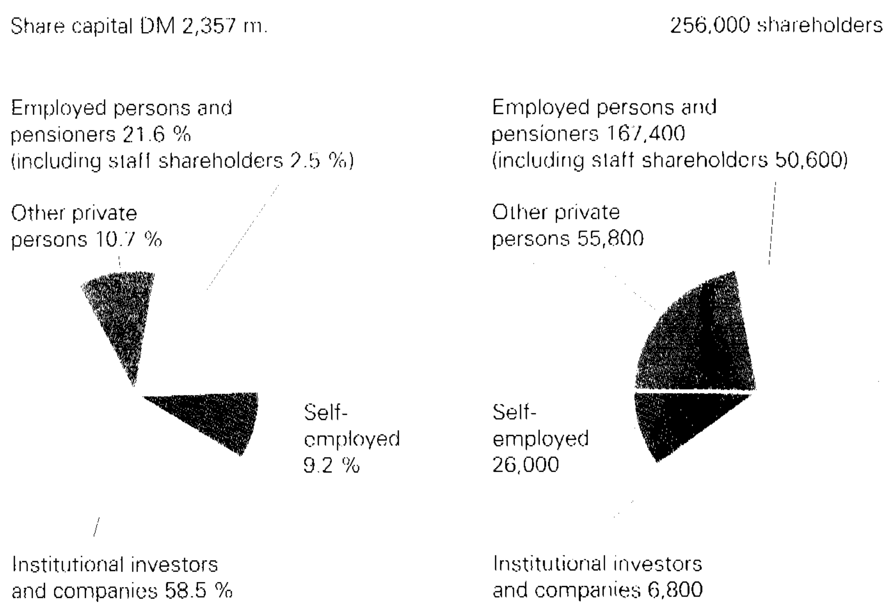
Last year, Deutsche Bank's shares were once again among the most actively traded on German exchanges. In total, shares with an aggregate value of DM 215.7 billion changed hands. This represented 11.8% of total turnover in German shares. Options on Deutsche Bank shares, which are traded on the Deutsche Terminbörse (DTB), the German Futures and Options Exchange, were among the most actively traded.

Based on a survey of our shareholder structure conducted in December 1993, Deutsche Bank AG has 256,000 shareholders, including approximately 50,600 staff. The shares remain widely dispersed, with private individuals holding 41.5% of the capital. The significance of institutional shareholders increased again in 1993 and foreign investors now hold 46% of the equity.

Investor relations activities expanded

To satisfy the information needs of private and institutional investors, we have steadily expanded our investor relations activities in recent years, including a comprehensive worldwide shareholder support program. The financial presentations held around the world for investors and financial analysts are one outcome of this information policy.

Who owns Deutsche Bank? – Shareholder structure at end of 1993



Group Figures – Long-Term Comparison

in DM m. end of	1993*)	1992*)
Balance sheet total	556,636	498,711
Assets		
Cash reserve	7,522	8,948
Claims on banks	97,940	95,646
Claims on customers	309,262	294,560
short and medium-term	128,052**)	130,094**
long-term (4 years or more)	181,210	164,466
Bonds and other fixed-income securities	59,671	38,315
Equity shares and other variable yield securities	14,711	9,912
Participating interests, shares in related/associated companies	6,097	5,993
Tangible assets	12,341	11,136
Total credit extended	332,793**)	321,521**
Liabilities		
Liabilities to banks	106,984	98,874
Liabilities to customers	275,954	242,218
thereof: savings deposits and building savings deposits	46,740	45,430
repayable on demand	82,862	70,152
time deposits	146,352	126,636
Liabilities in certificate form	109,489	100,467
Provisions	25,067	22,082
Subordinated liabilities/Participatory capital	8,185	5,765
Capital and reserves	21,015	19,324
Off-balance-sheet		
nominal volume	1,341,414	1,107,113
credit equivalent	11,006	8,890

Profit and Loss Account for the year	1993*)	1992
Net interest income	11,706	10,899
Net commission income	5,846	4,630
Net income from insurance business	511	92
Net income from financial transactions	1,997	1,134
Administrative expense	11,731	10,420
Risk provisioning	3,286	1,910
Operating profit	5,266	4,553
Taxes	2,356	1,906
Net income	2,243	1,830

Key figures	1993	1992
Net income per DM 50 share	DM 46.00	DM 38.70
Dividend total Deutsche Bank AG	778	695
Dividend per DM 50 share	DM 16.50	DM 15.00
Return on equity	12.1%	10.3%
BIS capital ratio (Tier I + II)	11.3%	10.5%
Staff at year's end	73,176	74,256

*) owing to application of the new bank accounting law, the 1993 and 1992 balance sheet figures are only partially comparable to t
the preceding years, the comparative figures in the P & L have been adjusted from 1990 onwards

**) excluding money market business backed by securities (reverse repos) of DM 22.9 bn. and DM 10.4 bn. respectively

1991	1990	1985	1980	1975	1970	1967***)
448,785	399,850	237,227	174,594	91,539	38,398	22,133
8,266	6,541	7,956	8,006	5,106	3,021	1,553
104,948	93,530	43,741	33,549	15,587	4,317	2,269
272,511	246,799	153,076	111,198	54,688	20,703	9,015
116,939	102,282	53,836	37,833	21,052	10,353	6,860
155,572	144,517	99,240	73,365	33,636	10,350	2,155
27,364	22,388	16,293	8,657	2,844	1,870	943
10,006	7,182	2,825	2,174	1,538	1,331	1,047
4,415	3,625	2,522	647	374	302	138
10,038	7,838	3,185	2,039	1,415	540	364
299,723	273,324	174,583	127,707	65,208	27,443	14,144
102,607	82,986	57,450	53,059	21,574	7,598	3,168
227,395	204,444	104,919	74,658	44,243	24,871	17,010
41,647	37,615	24,773	22,243	18,367	9,030	6,542
59,579	51,709	23,669	15,769	12,735	7,454	6,335
126,169	115,120	56,477	36,646	13,141	8,387	4,133
83,875	81,838	55,397	34,832	19,209	3,355	15
10,108	8,894	5,866	2,911	1,460	626	431
1,200						
17,067	15,566	9,392	5,365	3,325	1,462	1,111
701,445	601,991					
6,631	5,250					

***) first Consolidated Financial Statements

1991	1990
10,328	8,773
4,157	3,930
74	32
1,114	606
9,664	8,163
1,660	2,257
4,182	2,971
2,046	1,371
1,410	1,067

1991	1990
DM 30.10	DM 23.20
688	618
DM 15.00	DM 14.00
8.7%	7.1%
10.7%	10.7%

71,400	69,272	48,851	44,128	40,839	36,957	28,800

Principal Shareholdings

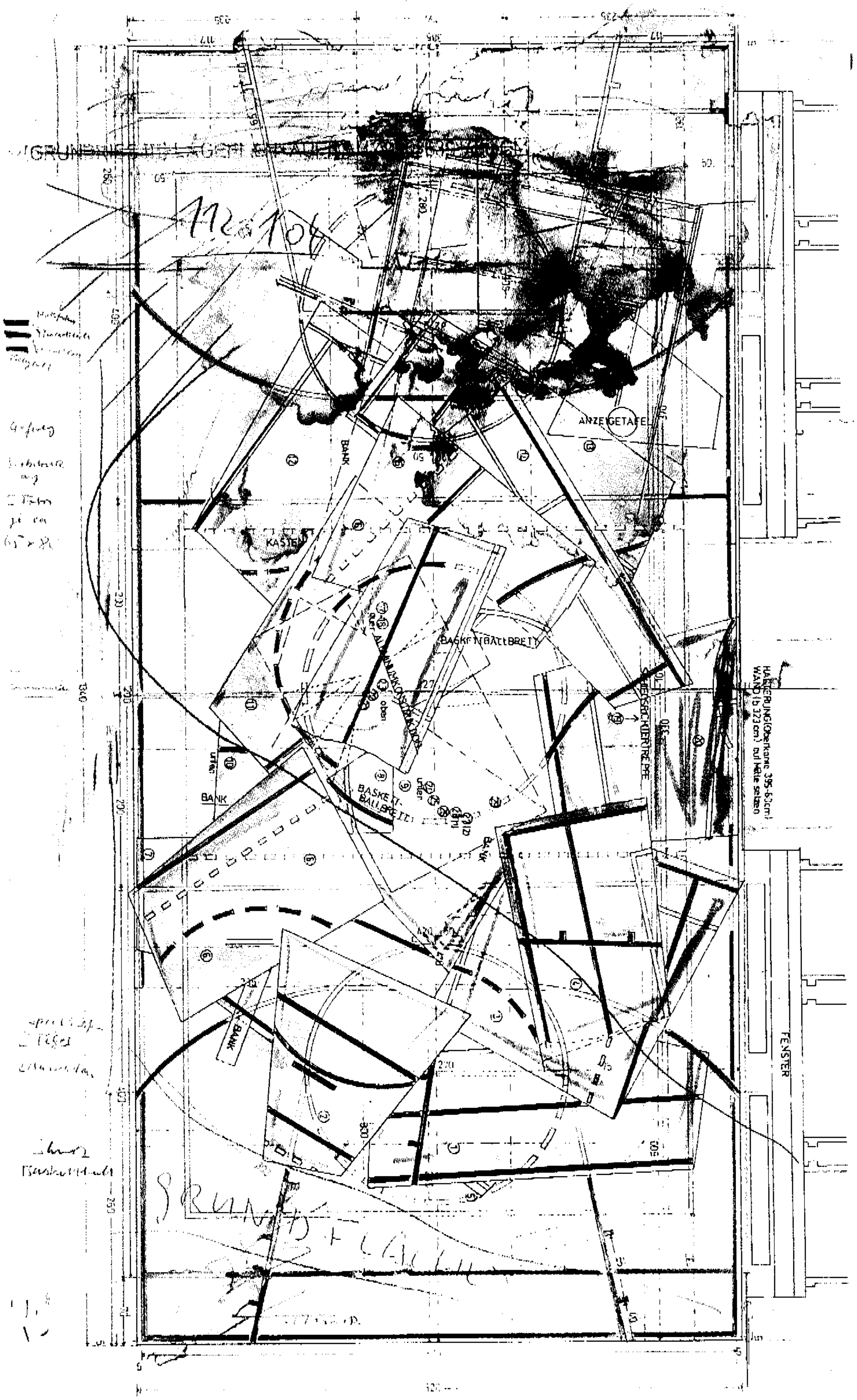
Principal shareholdings in non-banks

Shareholdings of Deutsche Bank AG and group companies of 10% or more in company capital; total percentages and market values directly and/or indirectly attributable to Deutsche Bank AG.

Listed companies	Holding in %	Market value 31. 12. 1993 DM m.
Allianz AG Holding	10.00	5,651
Continental AG	10.49	254
Daimler-Benz AG (after 31. 12. 1993 reduced to 24.42%)	28.13	11,060
Fuchs Petrolub AG (9.30% share of voting capital)	10.00	28
Hapag-Lloyd AG	10.00	108
Heidelberger Zement AG	10.00	453
Philipp Holzmann AG	25.86	816
Horten AG*)	18.75	218
Hutschenreuther AG*)	25.09	32
Karstadt AG (after 31. 12. 1993 reduced to 10.00%)	25.00	1,239
Klöckner-Humboldt-Deutz AG**)	31.82	352
Leifheit AG	10.00	38
Leonische Drahtwerke AG*)	12.50	23
Linde AG	10.00	648
Metallgesellschaft AG*)	10.65	254
Münchener Rückvers. Ges. AG	10.00	2,523
Nürnberger-Beteiligungs-AG**)	25.95	486
Phoenix AG	10.00	33
Salamander AG	10.00	61
Schmalbach-Lubeca AG	10.00	147
Südzucker AG (15.68% share of voting capital)	12.76	436
Vereinigte Seidenwebereien AG	10.00	15
Vögele AG	10.00	11
Vossloh AG*)	6.82	28
WMF Württembergische Metallwarenfabrik AG*) (13.53% total indirect share of voting capital)	9.02	53
		24,967

Unlisted companies	Holding in %
Dynamit Nobel AG	14.29
Gerling-Konzern Versicherungs-Beteiligungs-AG (24.93% share of voting capital)	30.00
Intertractor AG*)	99.50

*) held indirectly; **) held directly and indirectly



112:104, 1990
pencil and felt pen, tusche, Tipp-Ex and acetone on tracing paper, 147 × 90.7 cm

Hermann J. Abs
Honorary President
Frankfurt am Main
† 5. 2. 1994

Supervisory Board

Dr. F. Wilhelm Christians
Chairman
Düsseldorf

Hagen Findeisen*
Deputy Chairman
Deutsche Bank AG
Hamburg

Jürgen Bartoschek*
Deutsche Bank AG
Frankfurt am Main

Dr. Marcus Bierich
Chairman of the Supervisory Board of Robert Bosch GmbH
Stuttgart

Dr. Horst Burgard
Frankfurt am Main
from 19. 5. 1993

Dr. Robert Ehret
Frankfurt am Main
until 19. 5. 1993

Dr. Friedrich Karl Flick
Düsseldorf
until 19. 5. 1993

Heidrun Förster*
Deutsche Bank AG
Berlin
from 19. 5. 1993

Dr.-Ing. E. h.
Hermann Oskar Franz
Chairman of the Supervisory Board of Siemens AG
Munich
from 19. 5. 1993

Dr. Wilfried Guth
Frankfurt am Main

Gerd Hirsbrunner*
Deutsche Bank AG
Berlin
until 19. 5. 1993

Louis R. Hughes
Executive Vice President General Motors Corporation und President General Motors Europe AG
Glattbrugg/Zürich
from 19. 5. 1993

Ulrich Kaufmann*
Deutsche Bank AG
Düsseldorf

Dr. Elmar Kindermann*
Deutsche Bank AG
Frankfurt am Main

Dr. Hellmut Kruse
President of Wiechers & Helm GmbH & Co
Hamburg
until 19. 5. 1993

Dr. Klaus Liesen
Chairman of the Board of Management of Ruhrgas AG
Essen
from 19. 5. 1993

Dr. Heribald Närger
former Chairman of the Supervisory Board of Siemens AG
Munich
until 19. 5. 1993

Heinz-Jürgen Neuhaus*
Deutsche Bank AG
Frankfurt am Main
from 19. 5. 1993

Dr. Michael Otto
Chairman of the Board of Management of Otto-Versand (GmbH & Co.)
Hamburg

Josef Pfaff*
Deutsche Bank AG
Cologne
until 19. 5. 1993

Gerhard Renner*
Member of the National Executive of Deutsche Angestellten-Gewerkschaft
Hamburg

Dr. Henning Schulte-Noelle
Chairman of the Board of Management of Allianz AG
Munich
from 19. 5. 1993

Lorenz Schwegler*
Gewerkschaft Handel, Banken und Versicherungen
Düsseldorf

Herbert Seebold*
Deutsche Bank AG
Stuttgart

Dr. Günter Vogelsang
Düsseldorf-Oberkassel
until 19. 5. 1993

Lothar Wacker*
Deutsche Bank AG
Cologne

Hannelore Winter
Düsseldorf-Oberkassel
until 19. 5. 1993

Dipl.-Ing. Albrecht Woeste
Chairman of the Supervisory Board and the Shareholders' Committee of Henkel KGaA
Düsseldorf
from 19. 5. 1993

** elected by the staff*

Advisory Board

Dr.-Ing. E. h.
Werner Dieter
Chairman
Chairman of the Executive Board of Mannesmann AG Düsseldorf

Dipl.-Volkswirt
Dr. h. c. Tyll Necker
Deputy Chairman
President of Hako-Werke GmbH & Co. Bad Oldesloe

Dr. rer. nat. Hans Albers
Chairman of the Supervisory Board of BASF Aktiengesellschaft Ludwigshafen until 19. 5. 1993

Hans H. Angermueller
Attorney New York

Dr. rer. oec.
Karl-Hermann Baumann
Member of the Managing Board of Siemens AG Munich

Professor Dr.-Ing. E. h.
Werner Breitschwerdt
former Chairman of the Board of Management of Daimler-Benz AG Stuttgart until 19. 5. 1993

Dr. Walter Deuss
Chairman of the Executive Board of Karstadt AG Essen from 14. 3. 1994

Dr. Robert Ehret
Frankfurt am Main from 19. 5. 1993

Ulrich Hartmann
Chairman of the Board of Managing Directors of VEBA Aktiengesellschaft Düsseldorf from 19. 5. 1993

Dr. Eckart van Hooven
Hamburg

Dr.-Ing. Dr.-Ing. E. h.
Günther Klätte
Managing Director (retd.) of RWE AG Essen until 19. 5. 1993

Adolf Kracht
Chairman of the Board of Management of Gerling-Konzern Versicherungs-Beteiligungs-Aktiengesellschaft Cologne from 19. 5. 1993

Hans Jakob Kruse
Hamburg

Yoh Kurosawa
President IBJ The Industrial Bank of Japan, Ltd. Tokyo

Dipl.-Ing. E. h. Dipl.-Ing.
Berthold Leibinger
Senator E. h.
President of TRUMPF GmbH + Co. Maschinenfabrik Stuttgart Ditzingen from 19. 5. 1993

Dr. h. c. André Leysen
Chairman of the Supervisory Board of Agfa-Gevaert-Group Mortsel/Belgium

Dr. Klaus Liesen
Chairman of the Board of Management of Ruhrgas AG Essen until 19. 5. 1993

Helmut Loehr
Member of the Board of Management of BAYER AG Leverkusen

Francis Mer
Président Directeur Général d'Usinor Sacilor Paris

Dr. Klaus Mertin
Frankfurt am Main until 19. 5. 1993

Dr. rer. nat. Dietrich Natus
Member of the Supervisory Board of Metallgesellschaft AG Frankfurt am Main until 19. 5. 1993

Dr. techn. h. c. Dipl.-Ing. ETH
Ferdinand Piëch
Chairman of the Board of Managing Directors of Volkswagen AG Wolfsburg from 19. 5. 1993

Prof. Dr. Hans-Jürgen
Quadbeck-Seeger
Member of the Board of Executive Directors of BASF Aktiengesellschaft Ludwigshafen from 19. 5. 1993

Edzard Reuter
Chairman of the Board of Management of Daimler-Benz AG Stuttgart from 19. 5. 1993

Dr. rer. pol. Dipl.-Kfm.
Gerhard Rüschen
Chairman of the Supervisory Board of Nestlé Deutschland AG Frankfurt am Main

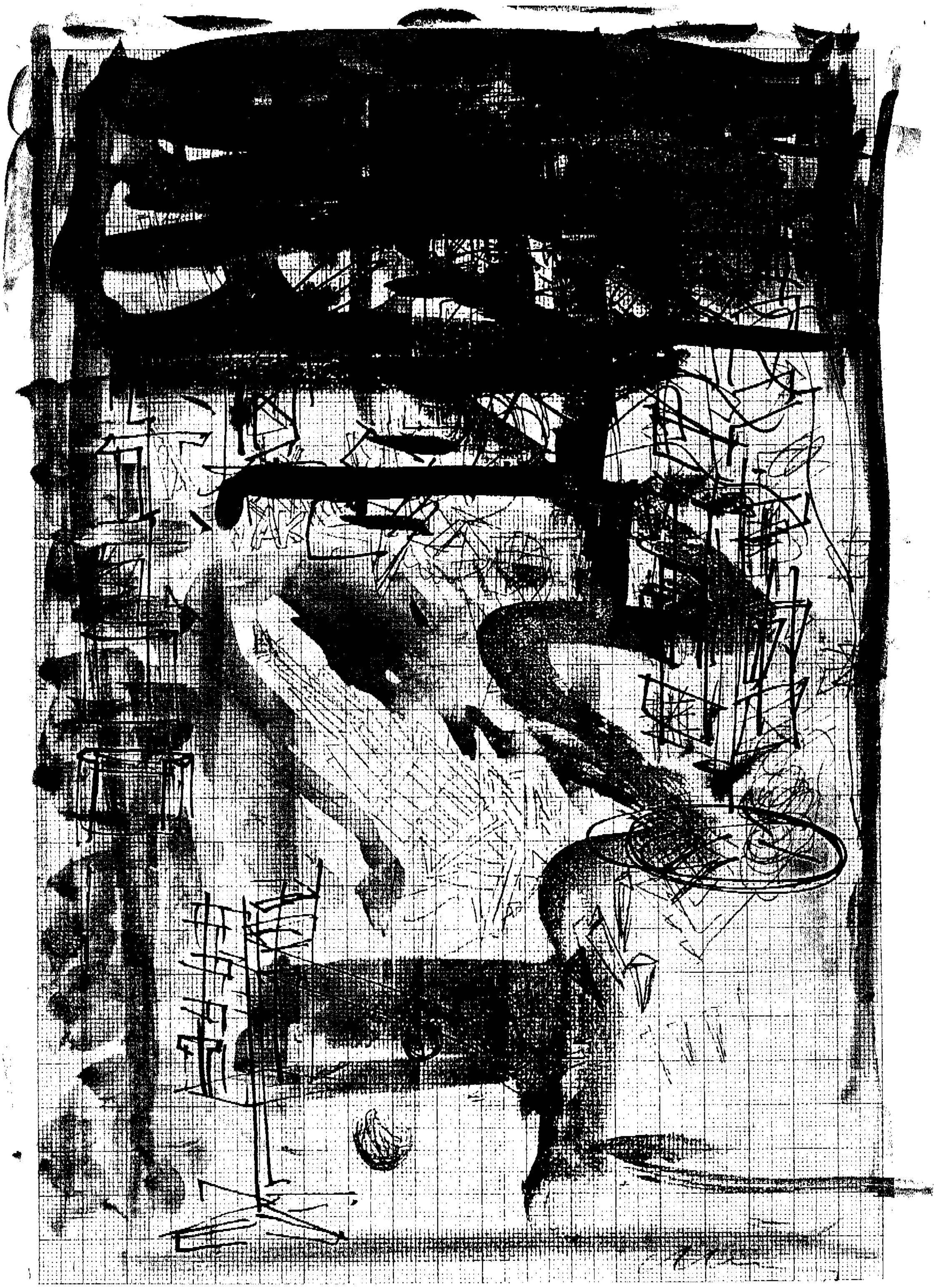
David A. G. Simon CBE
Chief Executive Officer The British Petroleum Company p.l.c. London

Dipl.-Ing. Hans Peter Stihl
Chairman and Chief Executive Officer of Andreas Stihl Waiblingen

Dr. Frank Trömel
Chairman of the Board of Managing Directors of DELTON Aktiengesellschaft für Beteiligungen Bad Homburg v. d. Höhe

Dr. Mark Wössner
President and Chief Executive Officer of Bertelsmann AG Gütersloh

Corporate Group	**Board of Managing Directors**	Business/Service Division *Staff Department*	Branch Region *Foreign Region*
	Hilmar Kopper Spokesman	*Group Strategy* *Communications*	Cologne
Private Banking	Georg Krupp	Retail Banking	Leipzig, Saarbrücken *Asian CIS states, Eastern Europe*
	Carl L. von Boehm-Bezing	Private Banking	Bielefeld, Frankfurt am Main, Mainz *Latin America*
Corporate/ Institutional Banking	Herbert Zapp	Corporate Banking *Legal*	Berlin, Düsseldorf
	Ellen R. Schneider-Lenné	Financial Institutions	Wuppertal *Belgium, Ireland,* *Netherlands, United Kingdom*
	John A. Craven	Mergers & Acquisitions	Morgan Grenfell Group *Morgan Grenfell Group*
	Ronaldo H. Schmitz	Corporate Finance	Freiburg *Mexico, North America*
	Rolf-E. Breuer	Trading & Sales: Equities, Fixed Income, Capital Markets	Stuttgart *France, Near and Middle East* *Switzerland*
	Ulrich Cartellieri	Trading & Sales: FX, Money & Precious Metal Trading, OTC Derivatives *Economics*	Essen *Asia/Pacific*
Resources & Controlling	Ulrich Cartellieri	Treasury	
	Horst Burgard *until 19. 5. 1993*	Credit Control	Frankfurt am Main *Belgium, France, Netherlands*
	Ellen R. Schneider-Lenné	Credit Control	
	Ulrich Weiss	Personnel *Compliance, Auditing*	Mannheim *Italy, Luxembourg, Portugal, Spain*
	Michael Endres	Organization and Operations	Munich *Israel, Southeastern Europe*
	Jürgen Krumnow	Controlling *Taxes*	Bremen, Hamburg, Hanover, Lübeck *Africa, Scandinavia*
	Tessen von Heydebreck *Deputy from 25. 1. 1994*		



Composition with Tatlin, 1989
watercolour, tusche, pencil and pen on green graph paper, 29.5 × 20.9 cm

Publications

In addition to this Group Annual Report, we would be pleased to send you the publications listed on the post card. They are also available at your local Deutsche Bank branch. This Annual Report also appears as a brief summary and in German, French, Spanish and Japanese.

Please send me the following publications:

- ☐ 1993 Annual Statement of Accounts and Management Report of Deutsche Bank AG
- ☐ List of shareholdings 1993
- ☐ List of Regional Council members
- ☐ Directory of Deutsche Bank Offices

Name

Street

Postcode town/city

Country

Art in the Annual Report

This Annual Report contains work by Olaf Metzel from Deutsche Bank's "Contemporary Art" collection.
Born in 1952 in Berlin, Olaf Metzel lives in Munich. From 1971 to1977 he studied at the Free University of Berlin and the College of Art in Berlin where he obtained his primary degree and was master pupil. In 1986 he was visiting professor at the College of Fine Art in Hamburg. Since 1991, Olaf Metzel has been professor at the Academy of Art in Munich.

Works illustrated

Cover: Study of an Oak, 1986
Page 2 Sketch, 1986
Page 40 Mirror with blades, 1989
Page 83 112:104, 1990
Page 87 Composition with Tatlin, 1989

Deutsche Bank
Aktiengesellschaft
Taunusanlage 12
D-60262 Frankfurt am Main

Edited by Deutsche Bank Press Department

This paper is *environment-friendly.*

Invitation to the General Meeting

Deutsche Bank
Aktiengesellschaft
Frankfurt am Main

Dear Shareholders,

with the notice published in the Bundesanzeiger No. 64 of April 6, 1994

the **Ordinary General Meeting**

of Deutsche Bank AG

has been convened for

Thursday, May 19, 1994, 10 a. m.

at the Stadthalle Düsseldorf,

Fischerstrasse 20,

40477 Düsseldorf.

The points to be discussed at the meeting are detailed below. We would be pleased to see you in Düsseldorf.

Agenda

1. Presentation of the established Annual Statement of Accounts and the Management Report for the 1993 financial year with the Report of the Supervisory Board

   Presentation of the Consolidated Financial Statements and Group Management Report for the 1993 financial year.

2. Resolution on the appropriation of distributable profit

   The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM 777,740,782.50 be used to distribute a dividend of DM 16.50 per share of DM 50 par value.

3. Ratification of the acts of management of the Board of Managing Directors for the 1993 financial year

   The Board of Managing Directors and the Supervisory Board propose that the acts of management be ratified.

4. Ratification of the acts of management of the Supervisory Board for the 1993 financial year

   The Board of Managing Directors and the Supervisory Board propose that the acts of management be ratified.

5. Election of the auditor for the 1994 financial year

   The Supervisory Board proposes that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed auditor for the 1994 financial year.

6. Amendment of the Articles of Association to abolish the maximum voting right

   The Board of Managing Directors and the Supervisory Board propose

   since, in view of the planned implementation of the Transparency Directive through the Second Financial Market Promotion Act (Parliamentary publication 12/6679), it no longer seems necessary for the purpose of maintaining the bank's independence to uphold the maximum voting right, that § 18 (1) of the Articles of Association, which now reads:

   "(1) The voting right of each share corresponds to its nominal amount. If a shareholder owns shares in a total nominal amount exceeding 5% of the share capital, his voting rights are restricted to the number of votes carried by shares with a total nominal amount of 5% of the share capital. Shares held for account of a shareholder by a third person shall be added to the shares owned by such shareholder. If an enterprise is a shareholder, the shares owned by it shall include any shares which are held by another enterprise controlling, controlled by or affiliated within a group with such enterprise, or which are held by a third person for account of such enterprises."

   be amended by deletion of sentences 2 to 4, so that Section 1 then reads:

   "(1) The voting right of each share corresponds to its nominal amount."

7. Authorization to purchase own shares

   The Board of Managing Directors and the Supervisory Board propose the following resolution:

   Pending the amendment of § 71 (1) Joint Stock Corporation Act foreseen in Article 4 of the draft of the Second Financial Market Promotion Act (Parliamentary publication 12/6679), which would allow such authorizations, the company is authorized to buy and sell until 30.09.1995 its own shares for trading purposes at prices within a margin of 10% above or below the share's average daily quoted price on the Frankfurt Stock Exchange over the ten preceding trading days. Holdings of shares bought for this purpose may not exceed 5% of the share capital of Deutsche Bank AG at the end of any given day. Should individual points of the final legislation be less extensive than the present draft, this authorization shall also be restricted accordingly.

Shareholders who deposit their shares with one of the depositaries listed below by Wednesday, May 11, 1994 at the latest until conclusion of the General Meeting shall be entitled to participate in the General Meeting and to exercise their voting rights. The deposit shall also be deemed to have been properly effected when shares, with the approval of a depositary, are held blocked for it with other banks until conclusion of the General Meeting.

Depositaries

in Germany:

all offices of
Deutsche Bank AG, Frankfurt am Main,
Deutsche Bank Lübeck AG vormals Handelsbank, Lübeck,
Deutsche Bank Saar AG, Saarbrücken,

in Austria:

Deutsche Bank (Austria) AG, Vienna,
Creditanstalt-Bankverein, Vienna,

in Belgium:

Deutsche Bank AG, Succursale de Bruxelles
and Filiaal Antwerpen,
Generale Bank N.V., Brussels and Antwerp,

in France:

Deutsche Bank AG, Succursale de Paris,
Société Générale, Paris,

in Luxembourg:

Deutsche Bank Luxembourg S.A., Luxembourg,
Banque de Luxembourg S.A., Luxembourg,

in the Netherlands:

Deutsche Bank de Bary N.V., Amsterdam,
ABN Amro Bank N.V., Amsterdam,

in Switzerland:

all offices of
Deutsche Bank (Suisse) S.A., Geneva,
Crédit Suisse, Zürich,
Union Bank of Switzerland, Zürich, and
Swiss Bank Corporation, Basle,

in the United Kingdom:

Deutsche Bank AG, London,
Midland Bank plc, London.

The shares may also be deposited with a German notary or with a collective security-deposit bank. In these cases please present the statement of confirmation to be issued by the notary or a collective security-deposit bank to a depositary no later than one day after the last date for deposit.

With regard to the exercise of voting rights we wish to draw your attention to § 18 (1) of our Articles of Association:

"The voting right of each share corresponds to its nominal amount. If a shareholder owns shares in a total nominal amount exceeding 5 % of the share capital, his voting rights are restricted to the number of votes carried by shares with a total nominal amount of 5 % of the share capital. Shares held for account of a shareholder by a third person shall be added to the shares owned by such shareholder. If an enterprise is a shareholder, the shares owned by it shall include any shares which are held by another enterprise controlling, controlled by or affiliated within a group with such enterprise, or which are held by a third person for account of such enterprises."

The 5 % of share capital mentioned in § 18 (1) corresponds at present to a nominal amount of DM 117,843,407 = 2,356,868 shares of DM 50 par value.

Yours sincerely,

Deutsche Bank
Aktiengesellschaft

The Board of Managing Directors

Frankfurt am Main, April 1994

Deutsche Bank
Aktiengesellschaft
Frankfurt am Main

Dear Shareholder,

With regard to our Annual General Meeting on May 19, 1994 in Düsseldorf, shareholders have informed us that they intend to make counter-proposals.

Mr. Hubert Grevenkamp, Munich, and Mr. Leonhard Knoll, Mainbernheim, intend to propose that the acts of management of the Board of Managing Directors not be ratified (Agenda item 3).

Mr. Grevenkamp's reasons:

"Although the overall interest margin has been slightly reduced, the bank still receives an effective 18% on retail loans (some of them actually secured). The "normal customer", therefore, indirectly pays for losses in wholesale lending business (Poland, Metallgesellschaft). In Germany the bank is an aggressive pricer with its over-expansion of the interest margin in standardized retail business and the introduction of new charges (e.g. for currency exchange services). It is also guilty of supporting tax evasion (Luxembourg). The retail customer is always left to foot the bill. In doing this, the bank is undermining the foundations of the social market economy."

Our position:

Our effective interest rate on agreed personal overdrafts averages 13.5% p.a. (according to region). The interest margin for retail customers is appropriate to labour expense and risk structure; it is not high internationally. The margin between buying and selling rates for small amounts of foreign currency does not cover our costs. Like other domestic and foreign banks, we charge an additional fee for exchanging small amounts (up to DM 200). We absolutely reject the allegation that we support tax evasion. The freedom of capital movement is guaranteed in the Treaty on the European Union. After all, undesired political repercussions of differences in taxation can only be avoided through international harmonization of taxation on investment income. This is why we support lower tax rates - i.e. a harmonized withholding tax.

Mr. Knoll's reasons:

"While thousands of Deutsche Bank employees do good work and generate profits for the company, there is a group of managers on the Board of Managing Directors, whose collective failure is only as inconspicuous as it is because Spokesman Kopper is very good at destroying assets. The latest example is roughly DM 800 m. which Deutsche Bank could have gained with an appropriate capital measure at Daimler-Benz. Instead of representing our interests on the Supervisory Board of Daimler-Benz, Mr. Kopper simply looks on without batting an eyelid until the tax office can finally retain excess tax revenue at the end of 1994. Ratification would only encourage him to make more mistakes in future."

Our position:

Deutsche Bank AG, as shareholder of Daimler-Benz AG, has opposed a "pay out and bring back" procedure because, after weighing up all points of view, the remaining risks would have clearly exceeded the advantages. It was questionable whether, in what amount, at what terms and conditions and at what subscription price the capital increase of roughly DM 11 bn. needed to retrieve the distributed funds could have been carried out. Retrieval of only part of these funds would have been damaging to the company and thus to Deutsche Bank and its shareholders.

Mr. Volker Herrmann, Saarwellingen, intends to propose that ratification of the acts of management of the Board of Managing Directors be delayed (Agenda item 3).

Reasons:

"With regard to Metallgesellschaft, no clear and unanimous statements have been received concerning the problems which have arisen. Further doubts have been raised in connection with settlement of the composition proceedings at Südmilch. More detailed explanations concerning the restriction of the number of floor speakers at the General Meeting. A further point is the transaction of lending business. In this case, loan loss provisions had to be increased by around 72%. (Of this, a large part of the value adjustments can be attributed to claims on Metallgesellschaft. And then, of course, the quality of "supervision" must be questioned). This is a catastrophic result if one considers that the existing value adjustments have accumulated over many years."

Our position:

To shed light on the events at Metallgesellschaft, its General Meeting resolved to carry out a special investigation, the results of which are not yet available. The implementation of the composition at Südmilch AG is a matter for the court-appointed trustee. The higher value adjustments to loans were largely due to the economic and structural crisis in the German economy, which led to a clear deterioration in the profits and the credit standing of many companies.

Dr. Ruth Schlette, Bonn, and Mr. Erich Nold, Darmstadt, intend to propose that the acts of management of the Board of Managing Directors and of the Supervisory Board not be ratified (Agenda items 3 and 4).

Dr. Schlette's reasons:

"Spokesman of the Board of Managing Directors, Kopper, expressly stated in 1993: 'Debt reduction for the poorest countries of the Third World' has no further relevance for Deutsche Bank. From the viewpoint of the bank, this may well apply to Africa - but not to other debtor countries. Deutsche Bank, which as a global player makes good profits abroad, plays down the debt crisis of the southern countries and will not participate in the debate on more far-reaching solutions. The aim, embedded in the Bank Codex of 1992, of working towards upholding environmental protection and development, i.e. towards 'sustainability', includes debt reduction. The Board of Managing Directors and Supervisory Board have not taken action through any initiatives whatsoever in this direction."

Our position:

Until very recently Deutsche Bank has participated actively in supporting the rescheduling of Third World countries debt, especially in Latin America and Southeast Asia, within the framework of the Brady Plan by waiving considerable interest and capital payments and is still engaged in ongoing negotiations in this connection.

Mr. Nold's reasons:

"Members of the Board of Managing Directors – especially Ronaldo Schmitz – failed with the new issues of Südmilch-Sachsenmilch, Villeroy & Boch AG, but above all as Supervisory Board members of Metallgesellschaft, causing immeasurable damage to the reputation of Deutsche Bank. Schmitz even extended the contract of MG Chairman Schimmelbusch, even though he must have known that he and his colleagues were involved in totally unclear and unpredictable gambles which could cause damage running into billions, but to which Deutsche Bank gave its backing to avoid bankruptcy . . . The members of the Board of Managing Directors of Deutsche Bank make an arrogant impression and obviously cannot admit to a mistake. The speculative transactions in derivatives, allegedly over hundreds of billions, could mean RUIN – as in the case of MG, which irresponsibly risked a quantity of crude oil the size of part of Lake Constance for ten years. A large part of Deutsche Bank's shares could not be registered because the Board of Managing Directors refused to pay the cost of depositing shares with a notary, which in my opinion, breaches the legal requirements of the General Meeting."

Our position:

In the past ten years, over 150 new companies have been introduced to the stock market. In Germany, as in other countries, it cannot be ruled out that despite careful examination there are companies which do not develop as planned. They include the cases mentioned by Mr. Nold. At Sachsenmilch, as is known, fraud played an important role in the insolvency. Regarding the development at Metallgesellschaft, we refer to the special investigation already mentioned. A special investigation already completed revealed that the Supervisory Board was neither fully nor accurately informed by the Management Board. The aim of our derivatives business is to cover risks. For this reason, there can be no talk of irresponsible speculation. The cost of depositing shares with a notary is paid by the depositing shareholder as there is no reason why it should be paid by Deutsche Bank.

Mr. Leonhard Knoll, Mainbernheim, and Mr. Joachim Müllensiefen, Ibbenbüren, intend to propose that the acts of management of the Supervisory Board not be ratified (Agenda item 4).

Mr. Knoll's reasons:

"Instead of doing its job of keeping a close watch on the Board of Managing Directors, our Supervisory Board acts like a group of local dignitaries meeting at their club. The latest example of them not doing their duty is our bank's nine-digit exposure at Metallgesellschaft. When the damage was done, the bank was too cowardly to take suitable action, and is now trying to cover up its own mistakes and those of the responsible Management Board members by using the money due to us shareholders to underwrite shares and participatory certificates at inflated prices. It would be absurd for us to honour this kind of expropriation by ratifying the acts of management."

Our position:

Metallgesellschaft withheld information from us right up to the last minute on the development of its real situation. Our Supervisory Board was therefore also unable to take appropriate action. By courageously increasing our exposure and taking measures to restore the company's equity funds, we are making a responsible and necessary contribution to putting the company back on a healthy footing and at the same time are protecting the bank from damage.

Mr. Müllensiefen's reasons:

"Shareholder Deutsche Bank (28% interest in Daimler), for years prevented Daimler Supervisory Board member Steinkühler from being promptly admonished as a result of the Supervisory Board's refusal to agree to the proposals: 'Individual ratification, non-ratification of Steinkühler'! By defaming the Board of Managing Directors and repeatedly threatening strike action while pretending that this meant no risk to jobs, Steinkühler increased the willingness of his own members to go on strike, forced excessive pay settlements and therefore disturbed the strategy of the Board of Managing Directors to secure sales and jobs in the long term. Loss of employment and mass lay-offs harmed Deutsche Bank shareholders through the loss of value and income from the Daimler holding!"

Our position:

In 1993, Mr. Steinkühler was refused ratification of his acts of management at the request and with the votes of Deutsche Bank for reasons which are well known. In previous years we have replied to Mr. Müllensiefen's proposals in this matter by pointing out that the exercise of voting rights at companies in which an equity participation is held does not contain any judgement on pay settlements in the respective industry.

M.I.S. MANAGEMENT-+INFORMATIONS-SYSTEME GmbH, Recklinghausen, intends to propose that

- the vote on the ratification of the acts of management of the Supervisory Board take place in two blocs: the first bloc to comprise the members of the Presiding Committee (Dr. Christians, Dr. Guth, Mr. Findeisen and Mr. Seebold), and the second bloc to comprise the rest of the members;
- to refuse to ratify the acts of management of the Presiding Committee members - Dr. Christians, Dr. Guth, Mr. Findeisen and Mr. Seebold - and to ratify the acts of management of the remaining members of the Supervisory Board.

Reasons:

"An en bloc resolution only allows the acts of management of either all or none of the Supervisory Board members to be ratified. Since, however, we wish to differentiate here, the proposed resolution is necessary. All lending business involves a certain risk. We are not complaining about the substantial loan defaults and extraordinarily high risk provisioning in Germany. These amount to net allocations of DM 3.3 billion, according to the Balance Sheet Press Conference of March 31, 1994. There were, however, some defaults which would not have occurred after normal consideration of the risks involved. Mistakes were made here both on the lending and supervisory side. The loan defaults occurring in the 1993 financial year are not fully included. What lessons have been learned from these events? As far as we can see, none so far. Why has the Presiding Committee not initiated any changes?"

Our position:

The reason for making these proposals is wrong for the simple reason that the Presiding Committee as such does not bear any responsibility for the bank's lending business. The accusations are also materially incorrect. Even with highly sophisticated risk management and a cautious lending policy aimed at minimizing risks, as practised by Deutsche Bank, the possibility of individual loan defaults in the current difficult economic situation cannot be ruled out.

Mr. Volker Herrmann, Saarwellingen, intends to propose that the Articles of Association not be amended (Agenda item 6).

Reasons:

"It seems that you are being put under pressure by a major shareholder (e.g. Daimler-Benz?) to strengthen the latter's position. If Deutsche Bank itself has some sort of influence on these major shareholders, which given the capital and lending commitments is the case, it would basically be controlling itself with shareholders having no possibility to intervene. In this respect, item 7, too, can only be accepted under this precondition. Since it cannot be in the interest of a small shareholder for his company to be controlled and directed against his will by a single shareholder, I am against the abolition of the maximum voting right."

Our position:

As already explained in the invitation, the maximum voting right now no longer seems necessary, given the reporting duties of participating interests contained in the Second Financial Markets Promotion Act (Parliamentary publication 12/6679), to maintain Deutsche Bank's independence. Ther are no other reasons to abolish the maximum voting right, in particular influence by our shareholders.

Yours sincerely,

Deutsche Bank
Aktiengesellschaft
The Board of Managing Directors

Frankfurt am Main, April 1994