



Bank and History

Historical Review

What remained of the old bank

Deutsche Bank was deleted from the Company Register of Berlin on July 21, 1983, after it had been prohibited from transacting any banking business since the end of the Second World War. Today's Deutsche Bank AG was founded in 1957, and although it is the economic successor of its predecessor institution, strictly speaking from a legal perspective, it is not the identical company.

In 1945, Deutsche Bank's 75th year of existence, there really was no reason to celebrate. Germany's political and military collapse was imminent. The bank's head office was cut off from its branches. After the conquering of Berlin, banks were closed completely. On April 28, 1945, Bersarin, the Military Commandant of the city of Berlin, ordered the owners of banking houses and bank directors to temporarily halt all financial business. This was expressly confirmed by the City Council of Berlin on June 5. It designated the new Berliner Stadtbank as the sole operating bank. The establishment of the four-power Allied Control Council in Berlin did not change anything; on the contrary, on July 11, the military Allied Kommandatura confirmed all of the previous orders. The "banks in abeyance" were only permitted to produce the closing balances and to secure buildings, technical facilities and business documents. In March 1946, the offices of Deutsche Bank in the Eastern section of Berlin were completely closed by the occupation authorities.

Although the bank was not permitted to undertake any new business, the first post-war years posed several difficult tasks. In any event, at the end of the war, the Berlin main branch had 181,235 current accounts, 104,950 savings accounts, 22,000 accounts of foreign workers, 54,563 "Eiserne Sparkonten" ("iron savings accounts", somewhat similar to war bonds) and 81,545 securities accounts with approximately 400,000

individual items. It rented 14,500 steel safe-deposit boxes and held custody of 8,000 sealed deposits. Certain assets had to be reported to the authorities; Nazi assets had to be blocked. Inquiries from former clients were processed using the large archive which, despite all of the destruction in the war, still existed.

In 1950, the Allied Kommandatura reconfirmed that banks that had existed before the occupation could not be reopened, nor could their styles or similar names be used. The "temporary" suspension of banking activities had become a permanent prohibition. Deutsche Bank thus remained an old Berlin bank in abeyance, forced to direct its efforts towards its own dissolution. For the Berlin clientele, there already was, however, a successor at this time. Once the Western Allies in Berlin had permitted new banks in their zones, all three big banks opened independent institutions there in 1949. The Deutsche Bank Group founded, as its subsidiary, the Berliner Disconto Bank AG, which was renamed Deutsche Bank Berlin AG in 1978 and has been operating as the Berlin Branch since 1991.

In the years after 1950, as a bank in abeyance, Deutsche Bank's activities were specified by regulations, primarily from post-war legislation. In particular, the bank was affected by the consequences of the currency reform in 1948. The handling of this required the deployment of a large number of staff members over decades; a law concluding the currency conversion first came into effect in 1976. However, the number of employees first shrunk as a result of the closing after the war until 1949 to 130. The growing amount of work meant that this figure again rose during the next three years to 537. After reaching this peak, the number of staff decreased continually. In mid-1968, only 16 employees remained, and in 1974 only 4.

The settlement of equities was also very complicated. It “was a first-class performance on the part of lawmakers that gave work to entire legions of specialists for years,” commented *Börsen-Zeitung* in taking an ironic look back. This, too, was part of dealing with the aftermaths of the war. Lost securities could be declared null and void, and existing securities needed to be issued with a certificate of ownership. Additional tasks were the fulfilment of custody duties for issuers abroad and participation in reparation issues. What made things more complicated was that numerous cases involved inheritance issues because of the long period of time that had gone by. This often meant that the bank had to go through a protracted investigation of the rights of disposal.

Within the three West German zones of occupation, Deutsche Bank’s branches were able to resume operations after a brief interruption in 1945. The heaviest burden came when the military governments in their zones ordered, for their individual *Länder*, regional banks under new names in the years 1947-48. Deutsche Bank was broken up into ten regional banks. None of them was permitted to maintain branches outside of the respective Land, and the companies were not allowed to have names that reminded of their origins.

This provision, however, did not last long. The Act on the Regional Scope of Credit Institutions (the Big Banks Act) of 1952 permitted the hive-down of Deutsche Bank’s West German business into three regional, legally independent successor institutions. On September 25, 1952, the corresponding resolution was taken in Berlin at an extraordinary general meeting. The shareholders of the old bank received shares of the new institutions in exchange. For every old share of Deutsche Bank with a nominal value of RM 1,000, new shares with a total nominal value of DM 625 were allocated, subdivided into DM 125 of shares in Norddeutsche Bank, DM 250 of shares in Rheinisch-Westfälische Bank and DM 250 of shares in Süddeutsche Bank. The founding capital of the three successor banks thus came to DM 100 million, distributed in the ratio 20:40:40.

Shareholders also received new share certificates denominated in Reichsmarks, which came to be known as “Restquoten” (salvage shares), for the remaining assets not included in the hive-down. They certified a claim to the old bank’s confiscated assets

remaining in the German Democratic Republic and Poland. They were comparable to debtor warrants or liquidation participatory certificates, as issued by other companies with previously large assets in the East. The exchange and issue of the new shares took place in 1953-54.

The formation of the three successor banks was a first step on the way to full recentralization. This took place in 1957 once the Act to Remove Limitations on the Regional Scope of Credit institutions came into effect, repealing the former special legislation at the end of 1956. At three general meetings, the shareholders resolved to approve the amalgamation into Deutsche Bank AG, registered in Frankfurt am Main. In 1957-58, the shares of the three successor banks were exchanged in a ratio of 1:1 into bearer shares of Deutsche Bank. The status of the old bank as a “bank in abeyance” remained unaffected by the union. Due to West Berlin’s special political situation, Berliner Disconto Bank was not included in the merger.



Hermann J. Abs speaks at the last general meeting of the old bank on December 12, 1974

The salvage shares were always considered to be “wishful assets”, and dividends were never paid. Its share price fluctuated greatly, depending on the prospects for German reunification. Furthermore, stock market rumours repeatedly drove waves of speculation, pushing the price to peaks unjustified by the material value of the salvage shares. In 1997, Commerzbank’s salvage shares rose to a price of almost DM 100 as a result of legal disputes concerning the right to the name “Commerzbank”.

After the old bank was deleted from the

Company Register in 1983 due to the lack of assets, the salvage shares were delisted. Dresdner Bank followed suit, only Commerzbank's old bank still exists today. However, court disputes about the legality of the cancellation went on for years. In 1990, as a precautionary measure, reconveyance claims for properties and other assets were registered. The authorities responsible rejected these claims, as restitution for confiscations between 1945 and 1949 had been excluded by law. The German Supreme Court confirmed the legality of this regulation, definitively ruling out a return of the old bank assets. Government compensation pay-

ments, which were possible in principle in such cases, were excluded as well, so that hopes of "Eastern assets" had to be buried once and for all: The old bank remained without assets; its salvage shares were worthless.

A large number of Deutsche Bank's "Restquoten" (salvage shares) was held by the Group's Trinitas Vermögensverwaltung GmbH, which provided the copy attached to this edition of the Historical Review (p. 5).

Bibliographic reference: Hans-Georg Glasemann: "Die Restquoten der Grossbanken". In: *Die Bank*, No. 10, October 1997, pp. 624-628.

Oscar Wassermann and Deutsche Bank

Oscar Wassermann was Spokesman of the Board of Managing Directors from 1923 to 1933. An upcoming biography by Israeli historian Avraham Barkai describes the remarkable life of this banker who was born into a well-established and wealthy Jewish family in Bamberg in 1869. Barkai, who in 1997 became a member of the Historical Commission Appointed to Examine the History of Deutsche Bank in the Period of National Socialism, delved into the records of Wassermann's life at many archives.

Beginning with the foundation of Bankhaus A. E. Wassermann in 1850, Barkai relates the stellar rise of the family and bank that at the turn of the 20th century was one of the most respected private banks in Germany. This reputation and the personal achievements of Oscar Wassermann as manager of his bank's Berlin branch led Deutsche Bank to appoint him to its management in 1912.

As a member of the Board of Managing Directors he was entrusted with the management of the bank's important securities business. He was also closely involved in mortgage business and corporate banking, above all in the potash and shipping industries. At the end of 1923, Wassermann succeeded his mentor Paul Mankiewitz as Spokesman of the Board of Managing Directors of Deutsche Bank. He steered the bank through the difficult years of the Weimar Republic, which were marked by the merger with Disconto-Gesellschaft and the global economic and banking crisis.

Barkai does not merely describe Wassermann's professional life but also gives equal attention his strong support of Zionism. He

had an orthodox upbringing, and while he was no longer a practicing Jew, he maintained a lifelong interest in Jewish studies. In his final years, his work in Jewish organizations caused increasing friction with his Board colleagues who viewed this activity with suspicion.



After the seizure of power by the National Socialists, Wassermann's ousting from the Board of Managing Directors of Deutsche Bank was only a matter of time, even if age was cited as the reason for his departure. He resigned in June 1933, ahead of the General

Meeting, and retired to Garmisch, where he died one year later.

This new, insightful biography recalls a key figure at Deutsche Bank, who has unjustly been forgotten.

Avraham Barkai: *Oscar Wassermann und die Deutsche Bank. Bankier in schwieriger Zeit.* Published by C. H. Beck, Munich, 2005, 175 pages.

Writings by Alfred Herrhausen

It is difficult to imagine: if history had taken a different course and if the Deutsche Bank of back then with its strict set of rules still existed today, then Alfred Herrhausen would be leaving the Supervisory Board at 75 years of age following the next General Meeting. Although his work at Deutsche Bank has meanwhile been consigned to history, his thoughts and ideas are still relevant today.

To demonstrate this, a new edition of selected articles and speeches first published posthumously in 1990 has been reissued to commemorate his 75th birthday on January 30. The book *Denken – Ordnen – Gestalten* is a collection of “leading articles” by Herrhausen in Deutsche Bank’s Annual Reports from 1980 to 1989 along with speeches from almost two decades of public appearances. Topics go beyond – not unexpectedly – banking matters and economic policy issues. “Freedom and openness”, “the economy and the press”, “paradigms and reality” – these are issues he addressed in later years.

This new edition contains a new foreword by Deutsche Bank’s Board of Managing Directors.



Alfred Herrhausen: *Denken – Ordnen – Gestalten. Reden und Aufsätze.* Edited by Kurt Weidemann, Siedler Verlag, Munich, 2004, 383 pages. A free copy of the book is available upon request (in German only).

Lost and Found

Non-cash benefit?

“Mr. von Ostman today informed me on the phone that the Düsseldorf branch has concluded an agreement with Solinger Fahrradwerke in Lintorf, pursuant to which the Düsseldorf branch can purchase men’s and women’s bicycles directly from the factory at the wholesale prices of DM 145 for women’s and DM 135 for men’s. These are

to be passed on to the staff, with payment, if necessary, in instalments. If there is corresponding interest on the part of our employees for this, Mr. von Ostman is willing to arrange the same conditions for us with the Solinger Fahrradwerke.” (Memo from Director Ernst Hoppe, Cologne branch, dated July 3, 1948. 32 bicycles were ordered.)



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