



## Bank and History

### Historical Review

No. 21

February 2010

#### 100 years ago: Deutsche Bank goes to Belgium

An illustrious circle of people gathered in a meeting room at Deutsche Bank's Berlin head office on December 16, 1909: the Bank's Management Board and Supervisory Board were holding a joint meeting to deal with the final formalities necessary for establishing a branch office in Brussels. The Management Board had already passed the resolution; the Supervisory Board's approval, required by the Bank's statutes, had already been obtained by means of a circulation procedure and now the last details needed to be sorted out by appointing the management. This meant putting on a new footing a relationship that Deutsche Bank had maintained almost since its establishment. The Bank's expansion westward had never been limited to the English-speaking countries. On the contrary, it also maintained close contacts with the Belgian banking world, particularly because in the first half of the 19th century an efficient banking system had emerged there.

Deutsche Bank had obtained a 33 percent stake in Deutsch-Belgische La Plata-Bank as early as 1874. As well as a number of Belgian companies, including, in particular, Banque Centrale Anversoise, Disconto-Gesellschaft, the Cologne-based bank Sal. Oppenheim jr. & Cie. and Credit-Anstalt in Vienna were involved in the deal. As was the case with a number of business deals in the company's early years, here too, Deutsche Bank had to learn the hard way: the investment did not fulfil its promise. As a result of internal strife in South America, the company had to be liquidated in the mid-1880s after long years of difficulties marked by only gradual signs of improvement.

At the beginning of 1910 Deutsche Bank's Brussels branch opened. It involved a takeover of the local banking company Balser &

Co., whose senior partner Charles Balser joined Deutsche Bank's Supervisory Board, remaining a member until his death in 1914. The branch's first director was Hermann von Hauff, his deputy, Hermann Dufer. The branch moved into offices on rue d'Arenberg. The original premises soon needed expanding and a new building was acquired. By 1913, the original staff of 63 employed in 1910 had swelled to 207 – a surprisingly high figure. In 1918, of the 206 employees 65 were German citizens.

## DEUTSCHE BANK

AKTIEN-GESELLSCHAFT

Filiale Brüssel, 5, 7 u. 9, Rue d'Arenberg

Hauptsitz (gegründet 1870): BERLIN

Kapital — voll eingezahlt — und Reserven: Mark 428 500 000

Dividenden in den letzten 10 Jahren:  
1905-1908 12%, 1909-1913 12 1/2%, 1914 10%

60 Zweigniederlassungen

Eröffnung laufender Rechnungen. --: Aufbewahrung von Wertpapieren  
--: Ausführung aller anderen Arten bankgeschäftlicher Aufträge --:

When, in November 1910, a financial newspaper in Brussels reported that Deutsche Bank intended opening another branch in Antwerp – not an entirely unimaginable notion – Berlin issued a strong denial, stating that the news was completely unfounded. The bank did in fact have certain difficulties with the press, because for nationalistic reasons the move to Brussels was not greeted with universal approval. On March 4, 1910, the head office in Berlin responsible for the branches recommended countering "the underhand tactics to which we have been subjected by the Belgian gutter press since opening our branch" by publishing Deutsche Bank's balance sheets. Looking at things

this way, the branch had initially been in a difficult position. Its earnings fluctuated. After initial losses in 1910, the branch did, in fact, manage to break even as early as 1911. There were repeated losses at the beginning of the War, but the branch made a profit again in 1916 and 1917.



Check issued by the Brussels branch

The branch's activities included all the traditional banking services. Partly through its head office in Berlin and partly through the Brussels branch Deutsche Bank acquired stakes in a number of companies with an international focus and also participated in the establishment of two banks. The Brussels branch took a stake in Banque Centrale de Liège, established in 1911, but this was lost in the First World War. A larger undertaking was Banque Hypothécaire Transatlantique, established in 1910 as a joint venture between Deutsche Bank, Deutsche Ueberseeische Bank and Banque Centrale Anversoise. Deutsche Bank underwrote 25 percent of the 10 million Belgian francs principal involved. The bank was liquidated in 1923.

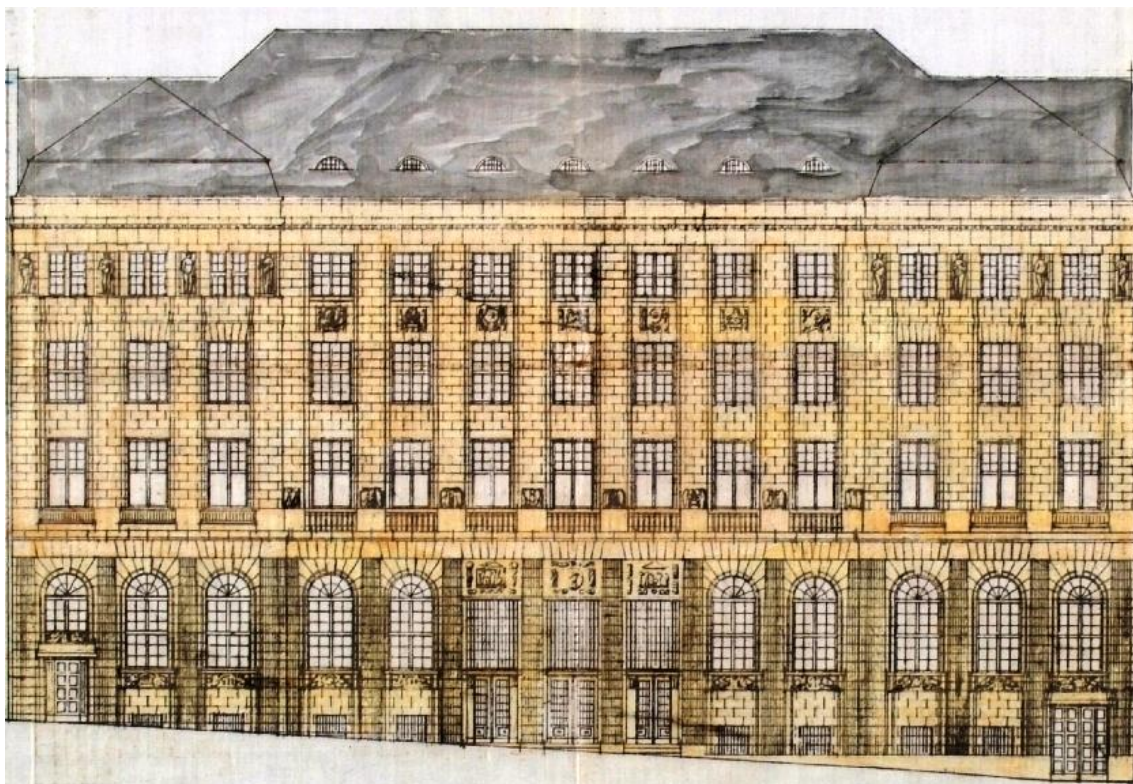
Part of the business conducted by the Brussels branch was connected with Belgian colonial enterprises. One example of this was a mining concession in the Congo that was acquired in 1912. It gave Deutsche Bank the right to occupy an area of 500,000 hectares within two years, after which it would then enjoy the exclusive mining rights over the land for the following two years. If any sites were discovered within this time limit – they were expecting copper ore deposits – there was a prospect of exploitation rights until 1990. The company's partners were Société Belge Industrielle et Minière du Katanga and Compagnie Géologique et Minière des Ingénieurs et Industriels Belges. An expedition set out for the Congo in June 1914; however, the First World War foiled all attempts to do any business in connection with this concession – something that is not necessarily to be regretted, considering the inhumane nature of Belgian colonial politics.

## German roots

In 1912, sources close to the *Deutscher Sprachverein* (German Language Society) registered the following complaint with the bank's Berlin head office: "Deutsche Bank's branch in Brussels is mainly using French in its dealings with its German business friends – including those living in Germany – and its forms are written entirely in French. The company also expects its German business friends to be able to reply in French. It would be going too far to mention the individual forms by name here and no doubt it is enough to mention that these forms [...] are in no way distinguishable from those used in purely French banks, in other words, that Deutsche Bank, our first and foremost joint stock corporation, is denying its German roots abroad".

The Brussels branch made the following statement in this respect: "We conduct our running correspondence (our regular written correspondence) with persons and companies who are, to our knowledge, Germans – independent of the country in which they are resident – exclusively in German; moreover, we naturally correspond with those of our foreign business friends who write to us in German also in German. Our correspondence department is also organized accordingly and falls into two completely separate sections, one German with ten staff members and one French with seven. In other words, the department for German correspondence even considerably outweighs the French one. It is however correct that the majority of our preprinted forms used in the various offices, apart from those used directly in the German correspondence department, are in French [...]. Even now, in view of the fact that 92 – i.e., more than half – of our employees are not able to speak German, we experience considerable difficulties in booking, checking, expediting and filing our correspondence in German. However, we would only increase these difficulties if we were to demand that our Belgian employees correspondingly fill in the texts in German forms, although these are often difficult for them or even completely incomprehensible to them."





Drawing of the Deutsche Bank branch in Brussels

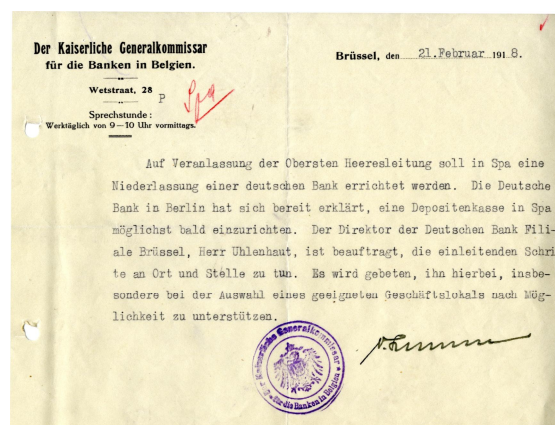
The war caused the branch's function to change fundamentally. Nevertheless, it was possible to maintain operations until 1918. Of course, links with companies in Belgium that worked for the German military authorities played a significant role.

cause at the same time Wilhelm II's military headquarters were being set up there. And in order to set the opening in motion, no lesser person than Paul Millington-Herrmann, a member of the Bank's Management Board, was dispatched to Belgium to discuss everything that would be necessary in situ.



During the war all correspondence had to pass through the military censorship. German stamps were used, but these bore the imprint "Belgien" (Belgium) and displayed a new value.

One curious fact that occurred in the final year of the war is worth mentioning. At the behest of the German military administration in Belgium, in February 1918 preparations were made for opening a branch in Spa. This location was of significance be-



Pass for the branch's director Max Uhlenhaut

In war conditions, a certain organizational talent was required to assemble everything necessary for banking operations and to convey these to the correct location. The branch was set up in the baths at Spa although, as stated in a confidential memo released by the bank, "complete silence

needed to be maintained" regarding the fact of its establishment.

#### August 1914

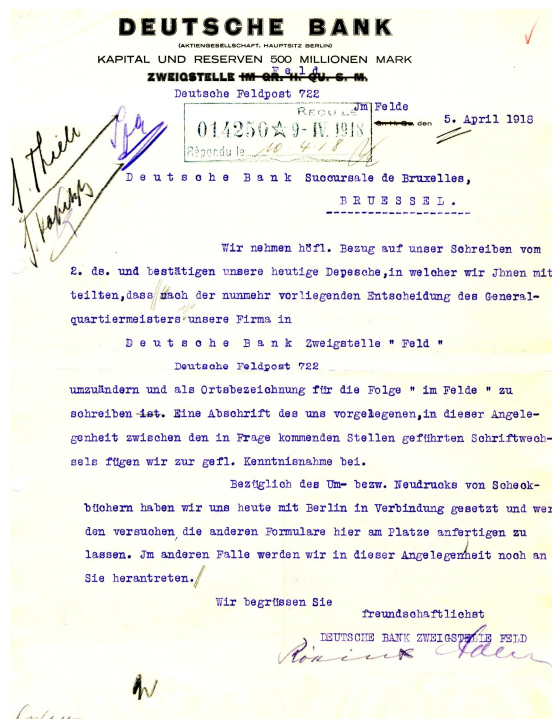
*The closer we came to the end of July, the greater was the agitation. [...] Colleagues who had things to do in town during business hours reported, on their return, gatherings and clashes with the public on the streets: they explained how sometimes things had gone very badly indeed and that people had inveighed against Germany [...]. They were the usual kind of incidents that were to be observed, no doubt, everywhere in countries outside Germany that were not on our side. However, since people were not yet familiar with them, they did place a strain on their nerves. [...]*

*Early on Sunday morning (August 2, 1914) the Brussels newspapers carried the headline in bold type "L'Allemagne déclare la guerre à la Russie!" We young Germans now knew that there was nothing more for the bank to say to us. We gathered in front of the senior management rooms where Director Dufer held a speech for our benefit [...]. He wished us all the best for the coming months and hoped that everybody would be able to return to his old workplace in the none too distant future [...] That afternoon around 4 p.m. my train steamed out of Brussels North Station. [...] When we reached Welkenraedt, the Belgian border town, that evening, we all had to leave the Belgian train and to walk to Herbesthal, the German border town, because the railway tracks between these two towns had been ripped up. [...] As I later found out, the Germans who had remained in Brussels were ordered by the Belgians to leave; they were deported via Holland. The branch then continued working with the Belgian staff until, after the occupation of Brussels, the Germans who were not subject to military service were allowed to return to the Brussels branch to reassume their duties there.*

Friedrich Stoll: Kriegausbruch in Brüssel; in: Monatshefte für die Beamten der Deutschen Bank und Disconto-Gesellschaft, August/September 1934

Only a staff member with the rank of an officer came into question as manager of the branch that opened on March 15, 1918. The man who complied with this criterion was Albert Rössing, Managing Director of the Chemnitz branch who was

serving in an infantry regiment but was now released. Letterheads and checks showing the attractive designation "Zweigstelle im Gr.H.Qu.S.M." (branch in H.M.'s HQ) had already been printed when, after lengthy deliberations, the military finally decided that this designation was not permissible for reasons of secrecy. Accordingly, a unique branch came into being, the "field" branch.



Three weeks after its opening, the branch's designation was finally decided upon.

Two more branches, one in Liège and one in Namur, were scheduled to open as early as August 1918, at the instigation of the German military authorities; however, there is no longer any evidence as to whether they ever opened for business.

On November 19, 1918, the Brussels branch was closed. November 11 had been the last working day for the "field" branch. The Brussels branch continued to exist in Berlin for a number of years as a processing centre since it had been possible to bring most of the German customers' assets out of Belgium in time. The Belgian government employed an administrator. The liquidation process started in summer 1922. The building on rue d'Arenberg, reconstruction of which had not yet been completed, was auctioned off. The Volksbank van Leuven acquired it in 1928 for 2.6 million Belgian francs. It later housed the Volksbank's head office.





Employees at Deutsche Bank's Brussels branch before the First World War

In 1929 Deutsche Bank merged with Disconto-Gesellschaft, a rival bank with a long-standing tradition. In 1914, obviously inspired by the establishment of Deutsche Bank's branch in Brussels, Disconto-Gesellschaft had also decided to start doing business in Belgium. However, the latter company did not choose Brussels as a location, opting instead for Antwerp. The reasoning behind this was almost timeless: Antwerp was Belgium's most important trade centre, a place that not only a large proportion of foreign trade went through, but also the scene of an extensive volume of transit traffic. Other deciding factors were the strong growth of German trade with Belgium and the country's economic growth. Another argument was that the Antwerp branch could be used to further expand Disconto-Gesellschaft's overseas

connections. The man who was appointed director of the branch was Robert Pferdmeniges, who had previously worked at Disconto-Gesellschaft's London branch for a number of years.

The branch had scarcely opened before it had to close again because of the War. When, in October 1914, German troops occupied Antwerp, business could be resumed. After opening losses, results for the financial year 1914 were good. Until 1918, the company operated at a profit every year. However, after the German troops retreated from Belgium the branch was forced to terminate operations. On November 15, 1918, Pferdmeniges sent a telegram to Berlin: "Antwerp branch successfully reached Düsseldorf. Books to follow by boat."

### The other side

*There are vast numbers of people on the streets of Brussels. The police is keeping order, together with the police troop composed of German soldiers. [...] Naturally, the [...] obstruction of all forms of transport is the most dramatic effect. The train journey from Antwerp to Brussels takes 8 hours which amounts to making it impossible to use the railways and accordingly the roads are full of people moving backwards and forwards, dragging their luggage from place to place, and vehicles of all kinds loaded with people and goods. It is impossible to tell how long letters and telegrams will take, even if they are transmitted via official channels. Use of the telephone is reserved exclusively for the German authorities. [...] It is all the more necessary for us to be alert because both Deutsche Bank and Dresdner Bank are on the square, obviously observing the situation intently, the former represented by its Brussels branch and by Mr. Helfferich who was once again summoned to the headquarters only a few days ago and who was also in Belgium for a few days, the latter by Dr. Schacht who appears to be developing into an authoritative figure in the German administration's banking department and who is capable of taking thorough advantage of the months of involvement in what has been created there for his own establishment. His strong aversion to Deutsche Bank has allowed me to discover more about the latter's scope of the influence than would perhaps otherwise have been possible.*

From a report by Georg Solmssen (Disconto-Gesellschaft), December 2, 1914

Alongside its Antwerp branch, Disconto-Gesellschaft had a second foothold in Belgium. In 1889, together with Norddeutsche Bank in Hamburg, the company had become a limited partner in the Antwerp-based merchant and private bank H. Albert de Bary & Cie. that was transformed into an incorporated company in 1900 and took on the name Compagnie Commerciale Belge, anciennement H. Albert de Bary & Cie. in 1914. After the War, the company relocated its head office to the Netherlands.

Between the two World Wars Deutsche Bank maintained neither branches of its own nor stakes in other institutes in Belgium. However, it did establish a branch in Amsterdam in 1921. It was not until the Second World War that after disputes with the neighbouring

banks regarding the limiting spheres of influence the bank returned to Belgium, at least with a small office, at a time when the liquidation of its old branch had still not finally been completed.



1941 letterhead of the Brussels office with the initials of Hermann J. Abs, Alfred Kurzmeier, Helmuth Pollems, and Franz Heinrich Ulrich

In May 1941, Deutsche Bank set up a representative office in Brussels. This was located at rue Royale 54 on the second floor of a building belonging to Société Forestière et Minière du Congo. August Koenemann was in charge of this office which only employed a small staff.



August Koenemann, manager of Deutsche Bank's Brussels representative office from 1941 to 1944

Koenemann stayed in this position for as long as the bank's representative office remained in existence. At the end of August 1944 he was actually intending to await the arrival of American troops in the Swiss Embassy in Brussels, but was urgently recalled



to Germany by telephone by Hermann J. Abs. This marked the end of the bank's second presence in Brussels. After 1945, initially, the old correspondent bank connection was re-established and expanded. It was not until the second half of the 1950s that Deutsche Bank began to think about foreign expansion once again. However, the prerequisite for this was re-establishing the free flow of money and capital between Germany and other countries. Even before the movement of capital was liberalized, however, Deutsche Bank put up the money for the first foreign loan from Germany since 1945. By accepting treasury bonds, the governments of the Netherlands and Belgium received loans intended to serve to improve the balance of payments situation in both countries. Whereas the loan to the Netherlands amounted to the sum of 200 million guilders, for Belgium a syndicated loan of 200 million deutschmarks offered jointly by Deutsche Girozentrale and Rheinische Girozentrale was arranged, with Deutsche Bank putting up half the funds. The London *Times* saw this transaction as a sign that Germany was again taking to the stage as one of the world's financial centres.

In the late 1950s, soon after the European Economic Community had been established, Deutsche Bank started pursuing the idea of a cooperative agreement between leading European banks. The correspondent banks in Belgium and Holland formed the core of a group that was only institutionalized as such when other banks joined it. Together with Amsterdamsche Bank, Banque de la Société Générale de Belgique and Midland Bank, Deutsche Bank formed the first European banking group, the European Advisory Committee. As Management Board member Franz Heinrich Ulrich explained, in a manner of speaking, this type of collaboration represented the adoption of a kind of front-line position against the policies of the American banks, for example, that were establishing their own branches in Europe or acquiring stakes. As Deutsche Bank saw it, customers were better served by a closer collaboration with the well-established correspondent banks in the individual countries.

The first community bank was Banque Européenne de Crédit à Moyen Terme, established in Belgium in 1967. In 1970, the European Banks' International Company (EBIC) was founded, also based in Brussels. This expanded the scope of the European Advi-

sory Committee and replaced it. Two years later, the European Arab Bank (Brussels) was established, in which Deutsche Bank had a stake. As well as the EBIC banks, a string of Arab establishments had shares in this bank. Nevertheless, it remained in existence for only a short time.

It was not until the mid-1970s that Deutsche Bank started reconsidering the idea of becoming actively involved in Belgium by opening its own branch there. At this point it became clear that the bank needed to complement and strengthen the EBIC concept by establishing its own branches at all the important financial centres. After opening branches in London and Paris, where existing representative offices had been transformed into branches, a branch in Brussels was an obvious next move, since, as Europe's secret or even putative capital, the location was the domicile of the European administration and of several hundred multinational companies.



The provisional offices for preparing the opening of the branches in Brussels and Antwerp were housed at Place des Barricades 2.

Antwerp was soon included in planning as the location of a second branch, not only because the port was of major significance but also as the region was the focus of German investments in Belgium. Accordingly, in April 1977, Deutsche Bank's Management Board passed a resolution to open branches in Brussels and Antwerp at the same time. In January 1978 a working party at the head office in Frankfurt started preparatory work. This was headed by future branch managers Axel Wiesener and Eberhard Weiershäuser. Initially, an application for a license needed to be registered with the Belgian banking commission.



Brussels branch in 1978

Suitable bank premises then had to be found in Brussels and Antwerp and technical and administrative preparations set in motion. In April 1978 the bank moved into provisional offices on Place des Barricades in Brussels. From here, recruitment of the Belgian staff began. The move into the new premises then took place in July as scheduled. In Brussels, the branch rented suitable premises in a new building that had only just been completed at Boulevard du Régent 50, in a central location in the banking district and these were used until 1987. In Antwerp, the building Frankrijklei 156 was acquired.

After establishing that the technical processing of transactions met Deutsche Bank's standards, a high priority, the bank opened for business on August 16, 1978. The Brussels



Antwerp branch in 1978

and Antwerp branches were managed as affiliated branches: the administrative departments were located in Brussels and all sales-oriented departments were represented in both branches. The official opening of the Brussels and Antwerp branches took place on October 16 and 17, 1978. The entire Management Boards had come over for the event and took advantage of the occasion to hold a meeting. Initially, a staff of 50 was employed, 30 of these in Brussels and 18 in Antwerp.

In association with the inauguration, Deutsche Bank shares were launched on the stock exchanges in Brussels and Antwerp. It was possible to trade these there until 2006. In 1998 Deutsche Bank acquired the Belgian branches of Crédit Lyonnais, thus becoming involved in the business of general private customers.

## Lost and Found

### Not without authorization

"Mr. B. came to me today and informed me that he was thinking of becoming engaged in the near future. He remarked that he had drawn his parents-in-law's attention to the regulation in place at our bank stating that because of the fact that his income was less than M. 3,000.– he would not be allowed to

marry. In view of the fact that B. has communicated this to the family of his bride and that if necessary the latter will vouch for the difference upon marriage, I have given him the bank's permission to become engaged." (Memo by the director of the branch, Alfred von Heyden, Frankfurt, September 18, 1912)