

Deutsche Bank at a glance

	Deutsche Bank Group		Deutsche Bank AG	
	1989	1988	1989	1988
	DM m.	DM m.	DM m.	DM m.
Business volume	348,800	309,300	219,500	196,100
Balance sheet total.....	344,000	305,300	214,700	192,000
Funds from outside sources	312,500	276,700	188,900	168,200
Total credit extended	233,800	211,400	135,200	122,100
Capital and reserves.....	14,367	11,500	12,796	10,176
Equity ratio	4.2%	3.8%	6.0%	5.3%
Income on business volume	7,619	6,710	5,324	4,794
Income on services business	2,788	2,421	2,099	1,923
Staff and other operating expenses	6,536	6,030	4,787	4,694
Partial operating result.....	3,871	3,101	2,636	2,024
Taxes.....	2,193	2,030	1,521	1,429
Net income for the year.....	1,340	1,203	1,007	825
Net income per share of DM 50	DM 33.10 ¹⁾	DM 33.40 ¹⁾	DM 25.30	DM 23.30
Allocations to revenue reserves	604	537	450	400
Total dividend payment	*	*	557	425
Dividend per share of DM 50	*	*	DM 14.00	DM 12.00
Tax credit per share of DM 50.....	*	*	DM 7.88	DM 6.75
(for shareholders subject to full German tax liability)				
¹⁾ excluding minority interests in profit				
Shareholders.....	*	*	310,000	310,000
Staff.....	56,580	54,769	43,845	45,274
Customers (excl. banks).....	6.98 m. ²⁾)	7.21 m.	5.17 m. ²⁾)	5.62 m.
Offices.....	1,640	1,530	1,200	1,213
domestic.....	1,330	1,339	1,124	1,139
foreign	310	191	76	/4
²⁾ after adjustment of accounts in retail banking business				
* not applicable				

Report for the Year 1989

Deutsche Bank AG



Alfred Herrhausen

* 30. 1. 1930 † 30. 11. 1989

Commitment was the essence
of his life.

His gifts and courage enabled him
to live by his convictions.

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Cover and flyleaf: House of the Navajo, 1988, aquatint,
manganese and graphite on canvas, 180×50 cm

Honorary President

Hermann J. Abs, Frankfurt am Main

Supervisory Board

Dr. Hans Dieter Mosthaf, Stuttgart (until 10. 5. 1989)
General Counsel of Robert Bosch GmbH

Dr. Wilfried Guth, Frankfurt am Main
Chairman

Dr. Heribald Närger, Munich
Chairman of the Supervisory Board of Siemens AG

Hagen Findeisen, Hamburg*
Deputy Chairman
Deutsche Bank AG

Dr. Michael Otto, Hamburg (from 10. 5. 1989)
Chairman of the Board of Management
of Otto-Versand (GmbH & Co.)

Jürgen Bartoschek, Frankfurt am Main*
Deutsche Bank AG

Josef Pfaff, Cologne*
Deutsche Bank AG

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

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

Dr. F. Wilhelm Christians, Düsseldorf

Lorenz Schwegler, Düsseldorf*
President of Gewerkschaft
Handel, Banken und Versicherungen

Dr. Robert Ehret, Frankfurt am Main

Herbert Seibold, Stuttgart*
Deutsche Bank AG

Dr. Friedrich Karl Flick, Düsseldorf

Dipl.-Kfm. Günter Vogelsang,
Düsseldorf-Oberkassel

Gerd Hirsbrunner, Berlin*
Deutsche Bank Berlin AG

Lothar Wacker, Cologne*
Deutsche Bank AG

Ulrich Kaufmann, Düsseldorf*
Deutsche Bank AG

Hannelore Winter, Düsseldorf-Oberkassel

Dr. Elmar Kindermann, Frankfurt am Main*
Deutsche Bank AG

* elected by the staff

Dr. Hellmut Kruse, Hamburg
Member of the Supervisory Board of Beiersdorf AG

Advisory Board

Rudolf von Bennigsen-Foerder,

Düsseldorf

Chairman

Chairman of the Board of Managing Directors
of VEBA Aktiengesellschaft

(† 28. 10. 1989)

Dipl.-Volkswirt Dr. h. c. Tyll Necker,
Bad Oldesloe

Deputy Chairman

(from 28. 3. 1989)

President of Hako-Werke GmbH & Co.

Dr. rer. nat. Hans Albers, Ludwigshafen

Chairman of the Board of Executive Directors
of BASF Aktiengesellschaft

Dr. rer. oec. Karl-Hermann Baumann,
Munich

Member of the Managing Board of Siemens AG

Professor Dr.-Ing. E. h. Werner Breitschwerdt,
Stuttgart

Member of the Supervisory Board of Daimler-Benz AG

Dr.-Ing. E. h. Werner Dieter, Düsseldorf

Chairman of the Executive Board of Mannesmann AG

Dr.-Ing. Dr. rer. nat. h. c. Konrad Henkel,
Düsseldorf

Chairman of the Supervisory Board of Henkel KGaA

Eberhard von Heusinger,
Bad Homburg v.d.Höhe

Lawyer

Dr.-Ing. Dr.-Ing. E. h. Günther Klätte, Essen

Managing Director (retd.)

of Rheinisch-Westfälisches Elektrizitätswerk AG

Hans Jakob Kruse, Hamburg

Spokesman of the Board of Managing Directors
of Hapag-Lloyd AG

Dr. h. c. André Leysen,
Mortsel (Belgium)

Chairman of the Supervisory Board
of the Agfa-Gevaert Group

Dr. Klaus Liesen, Essen

(from 10. 5. 1989)

Chairman of the Board of Management of Ruhrgas AG

Helmut Loehr, Leverkusen

Member of the Board of Management of BAYER AG

Klaus Luft, Paderborn

(until 31. 12. 1989)

Dr. Klaus Mertin, Frankfurt am Main

Dr. rer. nat. Dietrich Natus, Frankfurt am Main

Member of the Supervisory Board
of Metallgesellschaft AG

Dr. rer. pol. Dipl.-Kfm. Gerhard Rüschen,
Frankfurt am Main

Managing Director of Nestlé Deutschland AG

Dipl.-Ing. Hans Peter Stihl, Waiblingen

Chairman and Chief Executive Officer of Andreas Stihl

Dr. Mark Wössner, Gütersloh

President and Chief Executive Officer of Bertelsmann AG

Board of Managing Directors

		Domestic Regions	Foreign Regions
Rolf-E. Breuer	Investment Banking (secondary markets)	Stuttgart	Near and Middle East
Horst Burgard	Credit Supervision, Risk Management	Frankfurt	Belgium, France, Netherlands
Ulrich Cartellieri	Economics, Group Treasury, Money Market, Foreign Exchange and Bullion Dealing	Essen	Asia-Pacific
John A. Craven (from January 30, 1990)	Mergers & Acquisitions		Morgan Grenfell Group
Michael Endres	Organization, Data Processing, Buildings and Premises	Freiburg Munich	Austria, Greece, Israel, Turkey
Eckart van Hooven	Building Finance and Real Estate	Bremen Hamburg	Scandinavia
Hilmar Kopper	Public Relations and Communication, Participations, Group Strategy, Investment Banking (primary markets)	Cologne	North America
Jürgen Krumnow	Accounting and Controlling	Hanover	Africa
Georg Krupp	Retail Banking	Bielefeld Saarland	European CMEA countries
Ellen R. Schneider-Lenné	International Commercial Business	Wuppertal	Ireland, United Kingdom
Ulrich Weiss	Human Resources and Training, Internal Auditing	Mannheim	Italy, Portugal, Spain
Herbert Zapp	Corporate Customer Business, Legal and Taxation	Düsseldorf Berlin	Latin America
Carl L. von Boehm-Bezing, Deputy (from January 30, 1990)	Asset Management, Investment Advisory	Mainz	Luxembourg, Switzerland



Report of the Board of Managing Directors

General Economic Situation

Sustained growth of the world economy

In 1989, the seventh year of the current upswing, the world economy continued to expand at a notable pace. GNP growth in the OECD countries was stronger than expected at approximately 3.5%, though not as marked as in the previous year (+4.3%). The rise in the number of employed persons was maintained across a broad front. In the OECD region another roughly 6 million jobs were created in 1989; the unemployment rate declined from 7% to c. 6.5%. On average, prices climbed by just under 5% (1988: 3.8%). Inflationary risks stem mainly from wage cost pressure.

Expanding world trade

World trade expanded quickly in 1989; at 7 to 8% in real terms the growth was not much lower than in the previous year. Here, the growing integration of Asia's young industrial nations into the world economy was a contributory factor. Thus, after strong growth in the three previous years (by an average of 20%), the foreign trade of Hong Kong, Singapore, South Korea and Taiwan together improved again by about 10% in real terms. The external economic imbalances of the main industrial regions – the U.S.A., Japan and Europe – continued to decrease in 1989.

Federal Republic of Germany: strongest growth in the '80s

The upturn in the Federal Republic of Germany, now underway since 1983, proceeded at an increased pace in 1989. The 4% growth in real GNP was the highest in ten years. The number of employed persons rose by 344,000 to a new post-war high of 27.65 million. Despite the arrival of 721,000 East Germans and other ethnic Germans in the Federal Republic of Germany, the number of unemployed declined by 204,000. The average annual inflation rate

climbed to 2.8%. For the first time since 1974, the Federal budget (incl. social security) recorded a surplus (DM 5.6 bn.).

Dynamic exports and capital spending

Exports and capital spending were the key factors in the strong GNP growth of the Federal Republic of Germany in 1989. Exports grew by 10.8% in real terms; capital investment in machinery and equipment climbed by 9.1%, and in buildings by 5.2%. However, private consumption increased by only 1.6% in real terms, whilst public consumption even declined by 0.8%.

Newcomers ease bottlenecks on the labour market

The widespread shortage of suitable labour despite persistent high unemployment was alleviated in the Federal Republic in 1989 by the inflow of East Germans and other ethnic Germans. Out of an estimated 450,000 newcomers seeking employment, about 200,000 found jobs. The availability of this group of people to take on vacant positions which would otherwise not have been filled, or at least not as quickly, facilitated higher overall production in 1989.

Increasingly restrictive monetary policy

Reacting to the strong economic dynamism and related fears of inflation, the Bundesbank further tightened its monetary policy. Key interest rates were increased in four stages by a total of 2½ percentage points to 6% (discount rate) and 8% (Lombard rate). There was a marked fall in the pace of money supply growth over the year. With an expansion rate of 4.7% the monetary target of "approximately 5%" was attained. One of the effects of the tighter Bundesbank policy was the inversion of the interest rate structure on the money and capital markets. At year's end,

short-term interest rates were higher than long-term rates, which had not risen so steeply; at the beginning of the year short-term rates had still been substantially lower.

Interest rates rise again worldwide

In the other European industrial countries and Japan, too, average interest rates for 1989 were for the most part appreciably higher than in the previous year. In the U.S.A., however, more moderate growth forecasts and the diminished risk of inflation led to a noticeable decline in short and long-term interest rates in spring. The difference between U.S. dollar and DM money market rates, which at the beginning of the year had stood at almost four percentage points, had completely disappeared by the end of the year; in the long-term segment it was well down.

From strong dollar to strong D-Mark

In 1989 the foreign exchange markets were initially influenced by the very strong dollar. From September onwards the D-Mark gained in value owing to changes in interest rates and business activity. As a result of the political upheavals in East Germany and East European countries the firming of the D-Mark gathered pace towards the end of the year. The revaluation of the D-Mark during 1989 was particularly marked against the yen (+20%) and sterling (+18%). The global (trade-weighted) external value of the D-Mark was also up slightly in real terms; however, this did not make up for the considerable losses in the previous year.

New approaches in debt strategy

After declining in the previous year, the foreign commitments of the highly indebted developing countries increased again in 1989 (to c. \$625 bn.). The payment difficulties of the countries concerned persisted. The prices for bank claims on the secondary market continued to fall. The danger of default, up to complete irrecoverability, looks high. Without a substantial reduction of the debt burden many countries are unlikely to achieve satisfactory economic development. The reorientation of the official debt strategy introduced by U.S. Treasury Secretary Brady in March 1989 takes this into account by focussing first and foremost on the reduction of debts to commercial banks through partial debt forgiveness, and lowering interest rates for countries willing to reform.



International bond markets: the year of bonds with warrants

Issuing activity on the international bond market increased steeply in the year under review; issues by Japanese debtors of equity-linked dollar bonds with warrants attached developed particularly dynamically. Attractive terms and conditions for swaps, climbing share prices in Japan, and companies' equity capital requirements all played a role here. The market segment of fixed-income dollar bonds improved mainly because U.S. interest rates went down during the long phase in which the dollar was firm. The reverse was true of issuing activity in other important currencies, especially the D-Mark, where interest rates climbed and the currency was weak at times.

Fewer syndicated euroloans

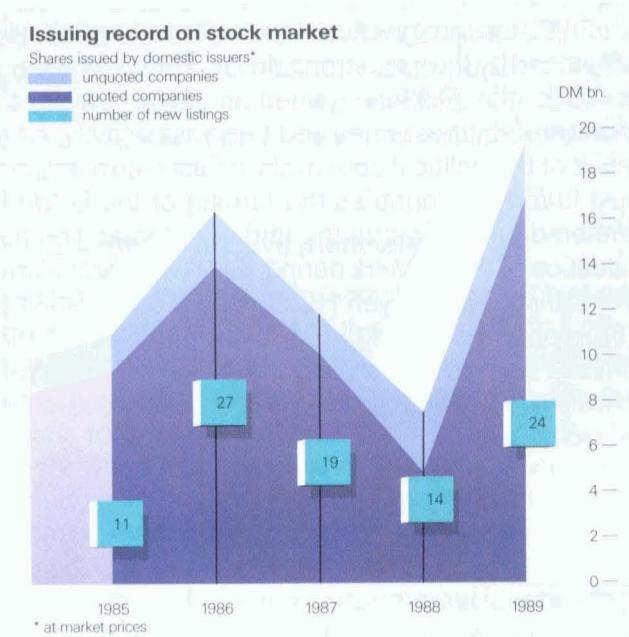
New business in medium and long-term international syndicated loans declined sharply in 1989, after two years of robust expansion. The main cause was falling demand for international financings of company mergers and acquisitions, an area in which borrowers in the U.S.A. and the U.K. increasingly turned to domestic markets. In international lending business there was greater diversification of margins in line with risks. New loans to developing countries continued to decline, whilst loan commitments to East European states increased slightly.

German bond market: withholding tax abolished

Following the abolition on July 1, 1989 of withholding tax – introduced at the beginning of 1989 – issuing and investment activity on the domestic bond market rose strongly. Banks again began to issue more

bearer bonds. On the other hand, there was considerably less public-sector borrowing on the bond market.

After the abolition of withholding tax was announced, both domestic and foreign investors returned to the German bond market. This development was encouraged by the diminishing interest rate disadvantage of German DM bonds, which also prompted hopes of a D-Mark revaluation. Nonetheless, domestic investors continued to buy large amounts of foreign currency bonds. The willingness of domestic institutions to invest on the German bond market was relatively modest owing to growing demand for credit and expected write-down requirements.



New issuing record on the German share market

The German share market achieved a record result in 1989. The volume of new issues clearly exceeded the peak level of 1986. The number of new listings also increased again: 24 companies with an issue volume of DM 2.4 bn. were introduced to the stock exchange.

In 1989 prices rose more strongly on the German share market (DAX Index +35%) than on the other major international stock exchanges. However, the shock wave on the German stock market on October 16, caused by the crash on Wall Street, produced the highest loss on one day in the post-war period (about 13%) – that was more than on any other bourse. On balance, construction and construction-related stocks, consumer goods, steel, energy, engineering and big bank shares made the greatest gains in 1989.

Owing to the strong growth of the German economy, the profit dynamic and the attractive opportunities arising from the opening-up of Eastern Europe, international institutions increasingly concentrated their investment strategy on the German share market towards the close of the year.

Germany as a financial centre needs further liberalization

Further steps were taken in 1989 to strengthen Germany's role as a financial centre, including various deregulatory measures:

- The minimum lifetime for new issues of DM foreign bonds was reduced to 2 years.
- Stock exchange trading of securities denominated in foreign currency or in units of account (e.g. ECU) was made possible.
- Since January 1990 residents in the Federal Republic have been permitted to issue bonds in foreign currency and the official units of account ECU and SDR.

- The legal prerequisites for Deutsche Terminbörsen (DTB) were created by an amendment to the Stock Exchange Act.

At the end of January 1990 DTB successfully started business – initially in share options; futures contracts in the share index (DAX) and a "notional" German government bond will follow in the course of 1990. In the medium term additional interest rate futures contracts are to be introduced to trading.

Germany's stock exchanges will also be strengthened by technological improvements, in particular the new Interbank Information System (IBIS). This system brings greater transparency to over-the-counter share trading and thereby complements traditional floor trading.

Additional measures are necessary if Germany is to remain a competitive international financial centre. Thus, in 1990 the approval procedure for new issues pursuant to §§ 795/808a German Civil Code, which up to now has hampered in particular the wider issuance of industrial bonds, is to be discontinued. In addition, stock exchange turnover tax is to be abolished on January 1, 1991; company tax and bill tax are to go a year later.

Deutsche Bank – Your Partner Worldwide

The services of Deutsche Bank Group are provided in particular by the following companies throughout the world

German

 Commercial banks	 Mortgage banks	 Investment banking, capital market and capital investment companies
Deutsche Bank AG <i>Frankfurt am Main</i> Capital and reserves DM 14,667 m.*	Deutsche Centralbodenkredit-AG <i>Berlin Cologne</i> Capital and reserves DM 796.5 m. Holding 91.0%	DB Capital Management International GmbH <i>Frankfurt am Main</i> Capital and reserves DM 8.2 m. Holding 100%
Deutsche Bank Berlin AG <i>Berlin</i> Capital and reserves DM 720.6 m. Holding 100%	Frankfurter Hypothekenbank AG <i>Frankfurt am Main</i> Capital and reserves DM 811.8 m. Holding 93.1%	degab Deutsche Gesellschaft für Anlageberatung mbH <i>Frankfurt am Main</i> Capital and reserves DM 0.7 m. Holding 100%
Deutsche Bank Lübeck AG <i>vormalis Handelsbank Lübeck</i> Capital and reserves DM 122.1 m. Holding 91.5%	Lübecker Hypothekenbank AG <i>Lübeck</i> Capital and reserves DM 254.2 m. Holding 100%	Deutsche Gesellschaft für Fondsverwaltung mbH <i>Frankfurt am Main</i> Capital and reserves DM 38.6 m. Holding 100%
Deutsche Bank Saar AG <i>Saarbrücken</i> Capital and reserves DM 97.6 m. Holding 69.2%	Schiffshypothekenbank zu Lübeck AG <i>Hamburg</i> Capital and reserves DM 86.9 m. Holding 100%	DWS Deutsche Gesellschaft für Wertpapierabsparen mbH <i>Frankfurt am Main</i> Capital and reserves DM 143.0 m. Holding 93%

International

		
Banca d'America e d'Italia S.p.A. <i>Milan</i> Capital and reserves Lit 529.0 bn. Holding 98.6%	Europäische Hypothekenbank der Deutschen Bank <i>Luxembourg</i> Capital and reserves DM 29.9 m. Holding 100%	Bain & Company Ltd. <i>Sydney</i> Capital and reserves A\$ 34.8 m. Holding 50%
Banco Comercial Transatlántico, S.A. <i>Barcelona</i> Capital and reserves Ptas. 18.9 bn. Holding 72.1%		McLean McCarthy Ltd. <i>Toronto</i> Capital and reserves Can \$ 4.7 m. Holding 1
Banco de Montevideo <i>Montevideo</i> Capital and reserves U.N\$ 12.6 bn. Holding 95.4%		MDM Sociedade de Investimento, S.A. <i>Lisbon</i> Capital and reserves Esc. 1.7 bn. Holding 1
H. Albert de Bary & Co. N.V. <i>Amsterdam</i> Capital and reserves Gul. 180.3 m. Holding 100%		Morgan Grenfell Group plc <i>London</i> Capital and reserves £ 363.6 m. Holding over
Deutsche Bank Australia Ltd. <i>Melbourne</i> Capital and reserves A\$ 132.2 m. Holding 100%		
Deutsche Bank (Austria) AG <i>Vienna</i> Capital and reserves AS 85.3 m. Holding 100%		
Deutsche Bank (Canada) <i>Toronto</i> Capital and reserves Can \$ 71.4 m. Holding 100%		
Deutsche Bank Luxembourg S.A. <i>Luxembourg</i> Capital and reserves LF 16.1 bn. Holding 100%		
DB Asia Finance (HK) Ltd. <i>Hong Kong</i> Capital and reserves US\$ 6.6 m. Holding 100%		
DB (Belgium) Finance S.A./N.V. <i>Brussels</i> Capital and reserves BE 282.3 m. Holding 100%		
DB U.K. Finance p.l.c. <i>London</i> Capital and reserves £ 21.0 m. Holding 100%		



**Instalment financing
and leasing companies**

AutoLeasing D GmbH <i>burg</i>	Capital and reserves DM 71.1 m.	Holding	51%
Co Datenanlagen GmbH & Co. KG <i>tal-Münchingen</i>	Capital and reserves DM 5.0 m.	Holding	81%
Export-Leasing GmbH <i>Kurt am Main</i>	Capital and reserves DM 0.05 m.	Holding	100%
tsche Immobilien Leasing GmbH <i>eldorf</i>	Capital and reserves DM 36.3 m.	Holding	50%
EE Gesellschaft für aufs-Finanzierung mbH <i>eldorf</i>	Capital and reserves DM 16.0 m.	Holding	100%
A Gesellschaft für atzfinanzierung mbH <i>berthal</i>	Capital and reserves DM 153.0 m.	Holding	100%
A-Leasing GmbH <i>berthal</i>	Capital and reserves DM 65.0 m.	Holding	100%



Specialized institutions

Deutsche Bank Bauspar-AG <i>Frankfurt am Main</i>	Capital and reserves DM 26.8 m.	Holding	98%
Deutsche Beteiligungsgesellschaft mbH <i>Frankfurt am Main</i>	Capital and reserves DM 3.6 m.	Holding	92.5%
Lebensversicherungs-AG der Deutschen Bank <i>Wiesbaden</i>	Capital and reserves DM 53.2 m.	Holding	100%
Deutsche Grundbesitz-Anlagegesellschaft mbH <i>Frankfurt am Main</i>	Capital and reserves DM 3.5 m.	Holding	60%
DPE Deutsche Projektentwicklungs- Gesellschaft für Grundvermögen mbH <i>Frankfurt am Main</i>	Capital and reserves DM 1.3 m.	Holding	50%
Immobiliengesellschaft der Deutschen Bank mbH <i>Frankfurt am Main</i>	Capital and reserves DM 6.0 m.	Holding	100%



Consultancy companies

Roland Berger & Partner Holding GmbH <i>Munich</i>	Capital and reserves DM 24.1 m.	Holding	75.1%
DB Mergers & Acquisitions GmbH <i>Frankfurt am Main</i>	Capital and reserves DM 15.8 m.	Holding	100%
Deutsche Gesellschaft für Mittelstandsberatung mbH <i>Munich</i>	Capital and reserves DM 2.6 m.	Holding	100%
Deutsche Grundbesitz-Anlagegesellschaft mbH <i>Frankfurt am Main</i>	Capital and reserves DM 3.5 m.	Holding	60%
DPE Deutsche Projektentwicklungs- Gesellschaft für Grundvermögen mbH <i>Frankfurt am Main</i>	Capital and reserves DM 1.3 m.	Holding	50%
Immobiliengesellschaft der Deutschen Bank mbH <i>Frankfurt am Main</i>	Capital and reserves DM 6.0 m.	Holding	100%



**International
financing companies**

Vaubel & Partners Ltd. <i>Tokyo</i>	Capital and reserves Yen 83.9 m.	Holding	33.3%
Deutsche Bank Finance N.V. <i>Curaçao</i>	Capital and reserves US\$ 5.4 m.	Holding	100%
Deutsche Bank Financial Inc. <i>Dover (U.S.A.)</i>	Capital and reserves US\$ 0.06 m.	Holding	100%
Deutsche Finance (Netherlands) B.V. <i>Amsterdam</i>	Capital and reserves Gul. 10.2 m.	Holding	100%
Deutsche Leasing S.p.A. <i>Lit 5.3 bn.</i>	Capital and reserves Lit 5.3 bn.	Holding	100%
Leasing S.p.A. <i>Lit 6.9 bn.</i>	Capital and reserves Lit 6.9 bn.	Holding	100%
tsche Credit Corporation <i>field (U.S.A.)</i>	Capital and reserves US\$ 16.3 m.	Holding	100%
ing Bancotrans, S.A. <i>lona</i>	Capital and reserves Ptas. 365.8 m.	Holding	100%
Euras Buana Leasing Indonesia <i>Riau</i>	Capital and reserves Rp. 3.6 bn.	Holding	60%

* incl. capital increase in February 1990
and exchange of bonds from the 4% convertible
bond issue up to end of February 1990

Development of Deutsche Bank Group

A. Review

1989 was characterized by a gratifying improvement of our income situation, strong expansion of the equity base and further steps to extend the Group. The placement of our shares in Tokyo enlarged the number of our shareholders.

We continued to devote special attention to enhancing our range of services at home and abroad.

We have accepted the challenges emerging for the nineties. The main focus is on securing our competitiveness and market position in the future single European market and positioning ourselves on the ever more closely interlinked financial markets. In addition, there are the preparations for our future business presence in the GDR and the countries of Eastern Europe after they have turned to systems based on market economics.

Further improvement in the operating result

The operating result of the Group rose by 22.6%, that of Deutsche Bank AG by 25.6%. We thus matched the result for 1986 in quantitative terms. All sectors participated in the improvement, especially interest business, thanks to the strong growth of volume on a stabilized interest margin in the Group.

The increase in staff and other operating expenses was kept within limits.

Notwithstanding the generally gratifying income situation, our attention to result quality is undiminished. With competition even keener in the future, earning power per share will be of greater significance.

Business volume clearly expanded

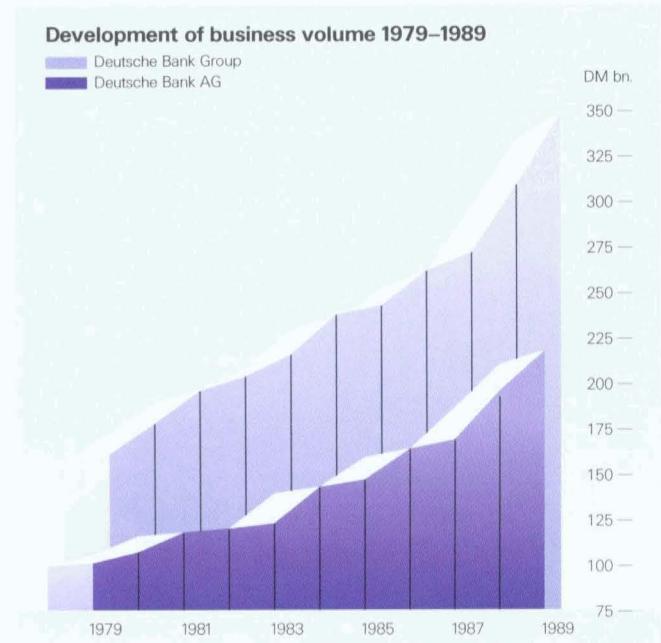
Group business volume increased by DM 39.5 bn. to DM 348.8 bn. The parent company alone accounts for DM 23.5 bn. of the growth.

Total credit extended rose by 10.6% to DM 233.8 bn. Funds from outside sources climbed 12.9% to DM 312.5 bn.

Group strengthened

- through a considerable increase in capital and reserves

We strengthened the Group's equity base considerably. Capital and reserves were raised by a total of DM 2,170 m. through our capital increase in spring 1989, the placement of our shares in Tokyo, and other funds received. Within the Group we also added DM 604 m. to revenue reserves from the results



earned for the financial year, while a further DM 212 m. will be transferred after the respective general meeting has given its approval. We obtained an additional DM 1,656 m. from the capital increase in February 1990 and a further DM 214 m. in the first two months of this year from the exchange of bonds from our 4% convertible bond issue, so that the equity base in the Group has risen to an aggregate DM 16.4 bn. Through this we have made provision for the further expansion of our business volume and the tighter international capital adequacy standards in future, and have created additional scope for capital investment.

- and through internal provisioning

We continue to attach great importance to strengthening the Group internally. To this end, we have

- assessed all discernible risks carefully, as in the past, and made corresponding provisioning;
- taken account of latent risks through appropriate collective adjustments;
- further strengthened adjustments and provisions for country risks, differentiating between individual debtor countries;
- again valued securities holdings uniformly throughout the Group in accordance with the strict "lower of cost and market" principle;
- added DM 116 m. to the special item with partial reserve character.

Dividend increase from DM 12 to DM 14

The Group achieved net income for the year of DM 1,340 m. In order to let our shareholders participate in the improvement in our results, we propose that the dividend be increased by DM 2 to DM 14 per DM 50 share.

B. Positioning of the Group

We continued to expand Deutsche Bank Group during the year under review.

In Europe: presence strengthened appreciably

At the beginning of December we issued a take-over bid to the shareholders of Morgan Grenfell Group plc, London, the British merchant bank. We meanwhile hold more than 90% of this company and shall acquire the remainder of the outstanding shares in the middle of May 1990. With Morgan Grenfell we will consolidate our presence in British corporate customer business and significantly enhance our international position in Mergers & Acquisitions and in asset management for institutional investors.

In Austria we bought Antoni, Hacker & Co., Vienna, a private bank. Since December it has been operating as Deutsche Bank (Austria) Aktiengesellschaft.

As a base from which to enter the European mortgage loan market, we – together with our three mortgage bank subsidiaries and Deutsche Bank Luxembourg S.A. – set up "Europäische Hypothekenbank der Deutschen Bank" in Luxembourg. From there, communal loan business in particular will be extended in the European market and funded through corresponding issues.

We have meanwhile built up our stake in Banco Comercial Transatlántico, S.A., Barcelona, to 72.1%. Now we have a branch network available to our customers in Spain as well.

In Portugal we received permission at the end of 1989 to set up an investment bank. It will take over the business of MDM Sociedade de Investimento, S.A., Lisbon, and be called Deutsche Bank de Investimento, S.A.

In 1989, Deutsche Bank AG received permission to open representative offices in Budapest and Warsaw. We also expect to receive a licence for Prague soon.

In South America: holding in bank increased

We increased our holding in Banco de Montevideo, Montevideo (Uruguay) from 45.3% to 95.4%.

In Asia: branch network extended

We complemented our network in the Asia-Pacific region by adding branches in New Delhi, Surabaya and Nagoya.

In the Federal Republic: new subsidiary and further acquisitions

Since September 1989 we have been offering life insurance in the Group through a newly-established company, Lebensversicherungs-AG der Deutschen Bank, Wiesbaden. Marketing is carried out mainly via our branches. The products already met with a good response in the first few months.

As of January 1, 1990 we participated in Grunelius & Co., a private bank in Frankfurt, with a limited-liability contribution of DM 30 m. Our share in the capital is hence over 80%. Grunelius, which is now called Grunelius KG Privatbankiers, will operate as an independent organization and staff unit serving high-net-worth private customers.

Within the framework of a restructuring of the ship mortgage banks, we took over the remaining shares in Schiffshypothekenbank zu Lübeck AG, Hamburg.

At the beginning of 1990 our holding in the capital investment company Deutsche Grundbesitz-Investmentsgesellschaft mbH, Frankfurt am Main, and in Deutsche Grundbesitz-Anlagegesellschaft mbH, Frankfurt am Main, which administer our real estate funds, was increased by 22.5% to 60%.

In the GDR: growing presence

At the end of 1989 we began to set up offices in the GDR. We are presently represented at 10 important locations. We serve East Berlin and the Brandenburg region through Deutsche Bank Berlin AG, our banking subsidiary in West Berlin.

We have meanwhile a considerable range of contacts and comprehensive information, forming the basis for our customers and ourselves to commence business in the GDR.

C. Our product range in the Group

1. Corporate customer business

Market position improved

We further expanded our market position in business with corporate customers at both national and international level. In the Group we today serve more than 220,000 corporate customers throughout the world with an aggregate credit volume of DM 109.5 bn. and deposits of DM 59.9 bn.

We added to our extensive range of financings, introducing "db-Immobilienarlehen", a real estate loan programme.

Once again, we attracted numerous customers who made use of our modern, rational forms of payment. With "db-expert: rationell", developed as part of our electronic banking service, we show ways of handling incoming and outgoing payments at lower cost.

Enhanced service for small and medium-sized firms

We have extended the spectrum of information and counselling on the subject of EC '92. Our services range from general information through database searches to full-scale consultancy and financing of projects in the different countries.

Deutsche Gesellschaft für Mittelstandsberatung mbH (DGM), Munich, has widened its consultancy range designed specially for small and medium-sized firms to include counselling for this customer group on internationalization and strategy. In view of current developments, DGM is stepping up its offer of consultancy know-how, with the GDR and countries in Eastern Europe also in mind.

2. Retail banking

Comprehensive service range

By introducing life insurance products of our own, we are attentively pursuing the objective of continually adapting our service range.

"Deutsche Bank EUROCARD" and "Deutsche Bank EUROCARD GOLD", which provides additional insurance cover and services, registered a roughly 60% increase in demand.

We further improved the service for self-employed private persons by deploying specially-trained client officers. Greater use was made of our comprehensive range of different types of financing and investment tailored to meet customers' requirements.

At the end of 1989, over 6 million private persons were customers of our Group. The volume of lending to private customers rose to DM 78.3 bn. in the Group, deposits were increased to DM 75.0 bn.

Building finance still climbing

Mounting demand for housing, favourable though gradually rising mortgage interest rates and the positive development of incomes led to marked growth of building loans. Loans with relatively long fixed-interest-rate periods were in heaviest demand.

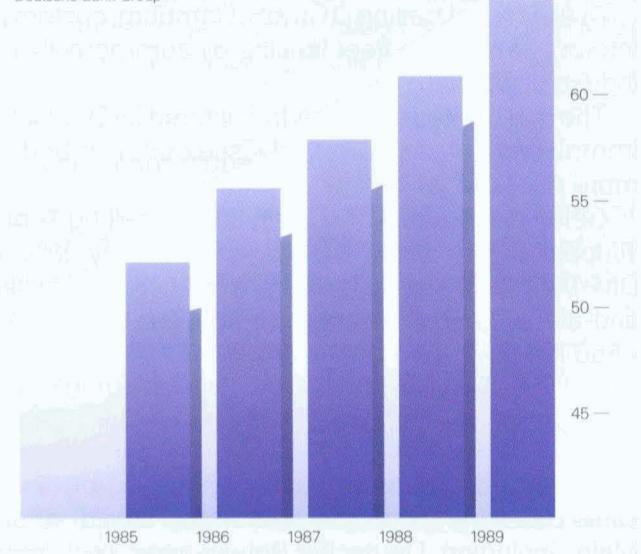
Building financing loans provided by the Group totalled DM 64.6 bn. at the end of 1989, an increase of 6% over the pre-year level.

Deutsche Bank building saving: target met

In its second full financial year, Deutsche Bank Bauspar-AG, Frankfurt am Main, succeeded in raising its market share further. The portfolio expanded by approx. 80,000 contracts to 235,000 with a total contract value of DM 5.8 bn. The first building loans were disbursed in the year under review.

**Steady growth
of building financing loans**

Deutsche Bank Group



Deposits business: demand for higher-interest-bearing types of saving

In 1989, our private customers showed a preference for higher-interest-bearing types of saving on which the interest rates were fixed for a set period. The fixed-interest-rate savings scheme, our savings certificates, and the Deutsche Bank Withdrawal Plan, which had already been a success in the previous year, enjoyed particular attention. The aggregate volume of DM 12 bn. underlines how attractive our customers find these investment products.

Life insurance off to a successful start

In its first four months in operation, Lebensversicherungs-AG der Deutschen Bank, Wiesbaden, took in insurance applications totalling DM 2.1 bn.

3. Leasing, instalment financing ...

Despite increased competition from captive leasing companies, GEFA-Leasing GmbH, Wuppertal, expanded its new business by 57% to DM 1,137 m.

At ALD AutoLeasing D GmbH, Hamburg, customer interest centred on fleet leasing by commercial and industrial clients.

The real estate portfolio administered by Deutsche Immobilien Leasing GmbH, Düsseldorf, climbed to more than DM 10 bn.

GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal, increased its new business by 10% to DM 1,487 m. It financed mainly commercial vehicles and all kinds of machinery for small and medium-sized firms.

... and equity finance expanded

The portfolio of participations managed by Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main, including Deutsche Beteiligungs AG Unter-

nehmensbeteiligungsgesellschaft, Königstein/Taunus, rose to a total of DM 381 m. comprising 92 commitments.

4. Securities business

Shares and bonds

In the domestic Group we achieved substantial growth in securities business with private and institutional customers; turnover increased by 14%.

There was a clear preference for investment in domestic and foreign equities (+84%). Among the latter, the main emphasis was on French and Swiss investments.

By contrast, turnover in fixed-income securities (including Schuldscheindarlehen) lagged 7% behind the high comparative figures for the previous year. There was heavier demand for foreign-currency bonds.

Investment fund units

Throughout the year, great interest was shown in EUROVESTA, the fund of our subsidiary DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main, which invests in equities from the single European market, and in INTERRENTA, the fund which invests in international bonds.

DB TIGER FUND, the equity fund newly launched by our Group subsidiary Internationale Investment Management Gesellschaft S.A. (IIM), Luxembourg, met with strong demand. In not quite three months it registered an inflow of approx. DM 360 m.

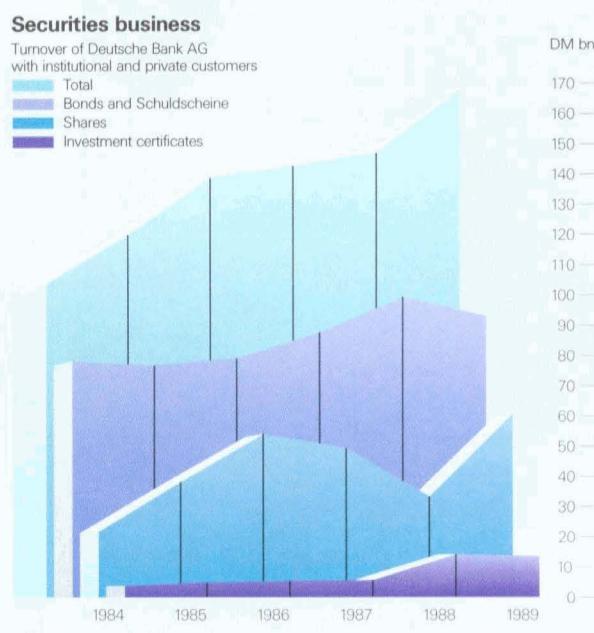
Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main, which manages special-purpose funds for institutional investors such as insurance companies, pension and benevolent funds, professional associations' pension

schemes, social insurance institutions etc., as well as staff funds, increased the fund assets under its management by DM 31 bn. in 1989 to DM 19.2 bn.

There was growing interest in the securities funds open to the public which are managed by Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v. d. H., and are designed especially to suit our corporate customers; the company manages assets totalling DM 350 m.

Risk management with DTB options

On the launch of Deutsche Terminbörse (DTB) on January 26, 1990 we became actively involved as market-maker in electronic trading in options on 14 high-turnover German equities. Our brokerage service seeks to meet the requirements of private and institutional investors and offers numerous alternative methods of efficient risk management using futures and options.



More than 1.5 million customer safe-custody accounts

In the Group there were more than 1.5 million customer safe-custody accounts on our books. At the end of 1989, their market value came to approx. DM 226 bn. Within the framework of our computer-based information systems we offer our domestic customers terminal access to all safe-custody account holdings. Inquiries can be made and orders given at 20,000 terminals.

5. Issuing business

We maintained our leading position in domestic and foreign issuing business.

In the Federal Republic ...

We participated in 56 capital increases for cash with a volume of DM 10.4 bn. and in 15 scrip issues.

We introduced the shares of 9 companies to the stock exchange and took part in 4 other new listings. Altogether, shares which raised a total of approx. DM 1.2 bn. were placed in the market.

... and internationally

The eurobond market reached a new record volume in 1989 with over 1,500 issues. In the face of continued strong competition, we once again took a leading position among the euro-issuing houses. In international issuing business, we participated in a management capacity in 563 eurobonds with a volume of approx. \$ 108 bn., which included 99 deals denominated in D-Marks. We acted as lead manager and book-runner for half of the first global bond issue of the World Bank in the amount of \$ 1.5 bn., which was syndicated worldwide.

We arranged three medium-term notes programmes in D-Marks with an aggregate volume of DM 1.3 bn. In addition, Deutsche Bank Group took part in 43 international share issues and further placements in regional markets.

Swap business expanded

We widened our activities in swap business by setting up new swap teams in Amsterdam and Sydney and by moving into major Western currencies (incl. the ECU). Business in option products in the interest rate sector, which was commenced in the previous year, has become well established.

6. International business influenced by foreign trade

Despite growing competition, we enhanced our traditionally strong market position of more than 20% in the financial settlement of German foreign trade.

We were able to expand business in export financing.

The growing importance of countertrade transactions in the international sector gave us numerous opportunities to support our customers in the structuring and settlement of such deals.

Project finance

We strengthened our position as one of the world's leading banks in project finance by widening our presence in Asia and Australia. In 1989 the focus was on commodities, energy and infrastructure projects. Communications and waste disposal are becoming increasingly important areas. We act as financial advisor in a number of major European projects.

Foreign exchange and precious metals

The good income of the previous year was once again surpassed in foreign exchange and precious metals business, with the contribution from the foreign branches showing a gratifying increase.

In our customers' hedging operations against exchange-rate risks – chiefly in non-EMS currencies – innovative methods of risk management, including technical analysis, gained further importance.



Our Staff

The work and commitment of our members of staff contributed to the bank's good performance. We would like to express our thanks and recognition for this.

Staff abroad exceeds 10,000 for the first time

The Group's total staff figure rose in the year under review by 1,811 to 56,580. This growth was due primarily to the first-time consolidation of foreign subsidiaries and the further expansion of business at our foreign offices. Staff reductions, on the other hand, were registered above all at the domestic parent company.

At the end of 1989 the staff figure at the parent was 43,845; that was 1,429 less than a year earlier. While personnel in administrative areas was cut back, investment of manpower in customer counselling was stepped up. Scope for rationalization at the domestic bank arose primarily through the further centralization of the work performed by the payment business, accounting and auditing sectors, as well as through the use of new technologies. As in the preceding years, there was growth in the number of qualified employees, above all in portfolio management as well as private and corporate customer business.

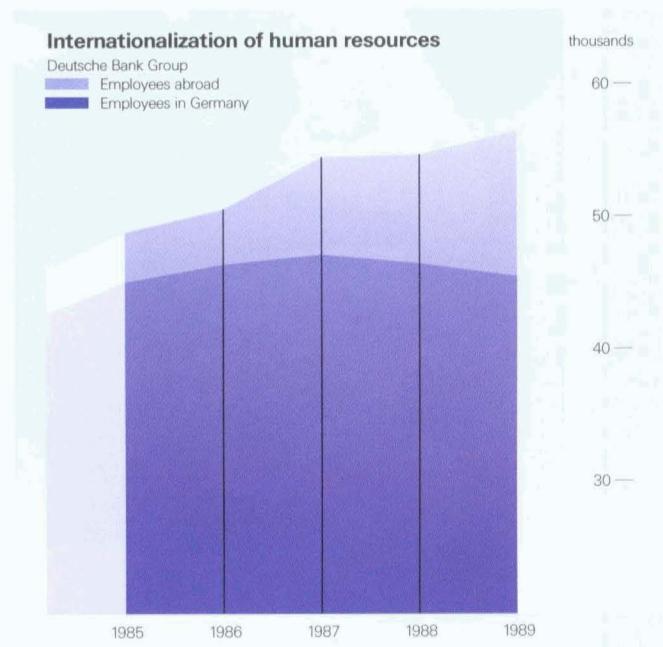
In the year under review the number of part-time jobs available was raised to 3,670. That corresponds to 10.3% of the total job figure (1988: 9.1%). In this way we are responding to the wish expressed by numerous employees for more individually-tailored working hours. For many this makes it easier to combine family and professional commitments.

The number of employees in our foreign network increased by 2,742 to 10,986 (incl. 529 delegated staff) through the inclusion of new companies and the further expansion of business. That means that one out of five staff members now works out-

side the Federal Republic of Germany. Over the last five years the employee figure abroad has trebled.

Promoting Group-wide staff exchange

In line with our business strategy we require an ever growing number of internationally oriented and deployable staff members. More and more management positions within the Group are going to internationally-trained employees. This requires extensive human resources development measures. 1989 marked the introduction of an exchange programme, launched together with our subsidiary Banca d'America e d'Italia S.p.A., for talented young staff members. This successful concept will be extended to other foreign subsidiaries.



The steadily growing demands placed on our staff make it essential for them to keep on enhancing their individual experience and knowledge. For this reason, we have intensified our Group-wide job rotation scheme. A person must have worked in both staff and line departments as well as at both domestic and foreign locations before assuming a position of responsibility.

Group-wide human resources development

At the end of the reporting year, our international management trainee group consisted of 212 university graduates. Nearly one out of five trainees is of foreign nationality. It is our goal to increase this share substantially in the coming years. To this end, we have initiated on-campus recruiting at universities of international renown such as Stanford, Harvard and Oxford.

Based on the good results obtained so far, the Development Group for Young Bankers, counting 319 at the end of the year, now also admits qualified young candidates from our foreign network.

We would like to see particularly promising management candidates assume positions of responsibility as soon as possible. That is why we initiated an individual development programme for our highly talented young people. It is based on a job rotation scheme which requires the individual to master a wide range of assignments and projects.

Customer-oriented training of apprentices

At the end of the year, a total of 4,645 young staff members were taking part in vocational training in Deutsche Bank Group. At 11.7%, the apprentice ratio at the parent company (apprentices in relation to domestic staff excl. apprentices) was below the previous year's level (12.8%). In the year under review, 130 apprentices were undergoing

training at 11 of our foreign offices. With effect from 1990, New York Branch will be added to the list of foreign offices with vocational training facilities.

In view of the growing demands and the changing face of banking business, we have adapted the in-house vocational training scheme for our apprentices. The time spent in technical/administrative departments was shortened to give them more time for training in customer counselling. In addition, foreign-language and EDP training are integral elements of the apprenticeship scheme.

New media in further training

Our in-house further training scheme for the first time included computer-assisted learning programmes. Throughout the bank we installed 220 learning stations consisting of a personal computer combined with a video recorder. In a short time, this computer-based training helped over 10,000 employees acquire the skills necessary to sell the life insurance products offered by Lebensversicherungs-AG der Deutschen Bank. This form of technological assistance was also used to prepare our staff for business on Deutsche Terminbörsen, the German futures and options exchange. In view of our staff's positive reaction to this form of training, we intend to expand it step by step to include most areas of specialist training.

In the year under review, a total of 35,366 Group employees took part in 2,310 in-house further training and management training seminars. In 1989, a total of DM 180 m. was spent in this field, which corresponds to 5.4% of total wages and salaries paid (at the parent company the ratio was 6.6%).

The bank's international outlook is reflected by the fact that our seminars are now open to participants from all over the world and by the increasingly international nature of the topics covered. In Germany last year a greater number of seminars were held in Eng-

lish, with people from all over the Group participating, as a means of encouraging a multinational team spirit.

Expansion of company health insurance

In autumn our staff voted (with an 88.5% majority) to extend the company health insurance scheme operating in our western region since 1952 to the entire parent company. Pursuant to the authorization of the Federal Insurance Office, all staff members insured with a statutory health insurance fund will have the option of joining our company health insurance plan from April 1, 1990.

New ideas pay off

Our scheme encouraging staff to make suggestions for improvements is gaining in significance. For the first time we awarded DM 100,000 for a single cost-saving suggestion. Over the last three years a total of more than DM 1.2 m. has been distributed in awards. We would like to thank the over 3,000 employees who submitted their ideas in 1989, mainly on how to improve work flows.

Cooperation with employee representatives

The Board of Managing Directors, in its regular talks with the Group Staff Council, the General Staff Council and their committees, discussed all current personnel and social questions. Among the most important issues dealt with were the practical implementation of the 39-hour week from April 1, 1989 as well as structural changes in our bank. "Active environmental protection" was increasingly dealt with and new business activities were presented. An initiative was agreed with the General Spokesman for the Severely Disabled to further promote their integration in the bank.

We thank the Staff Councils and their committees, the Youth Representatives and the Spokesmen for the Severely Disabled for their good cooperation and willingness to help find constructive solutions to the problems and challenges facing us all.

Committee of Spokesmen for Senior Executives

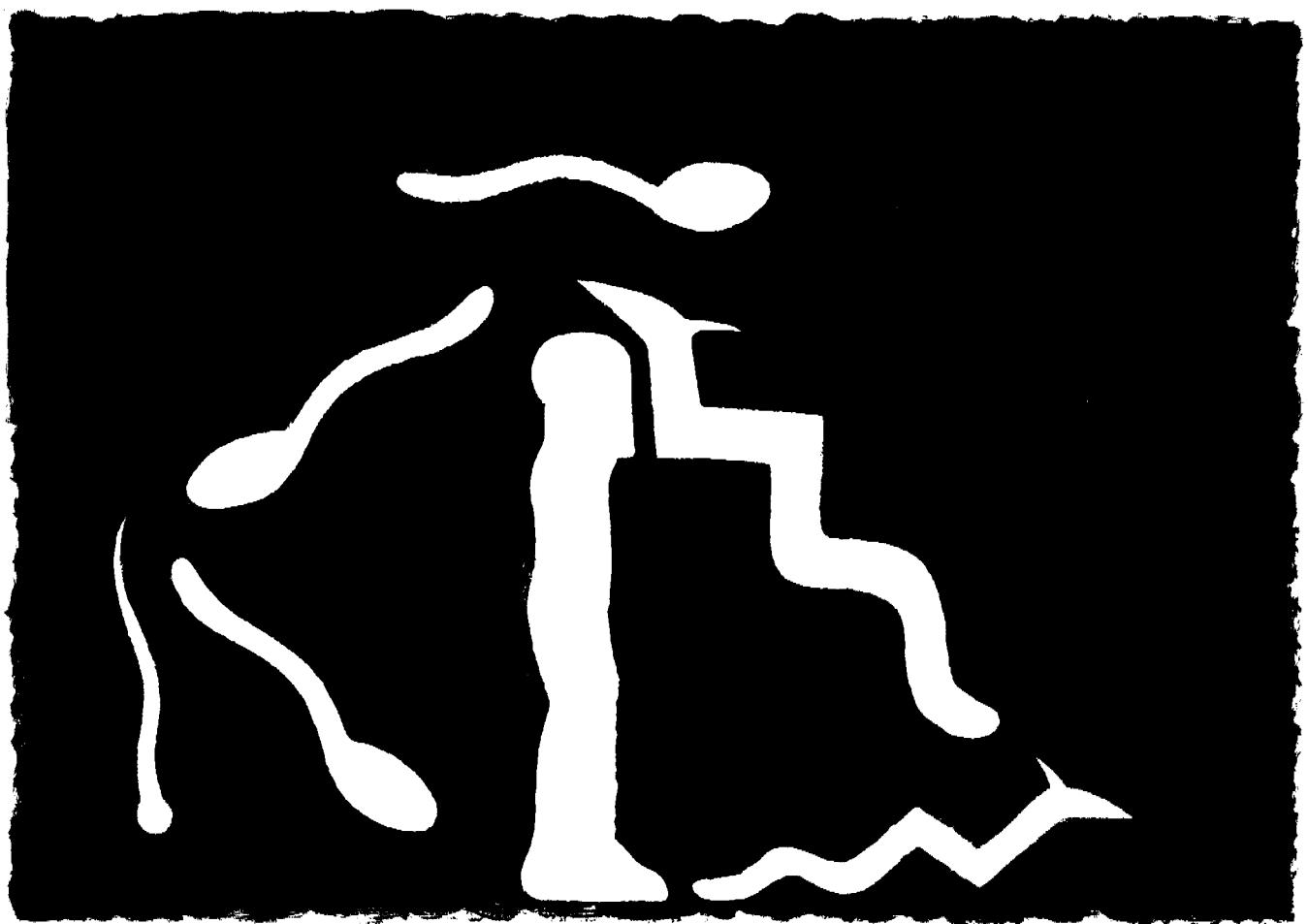
The Board of Managing Directors and the Committee of Spokesmen for Senior Executives discussed matters of specific concern to senior executives. Their main topics included corporate policy as well as business developments. The Committee of Spokesmen will be newly elected in spring of 1990 - for the first time pursuant to the Act on Committees of Spokesmen. In a vote taken by senior executives, a large majority (90.5%) was in favour of establishing a Company Committee of Spokesmen.

We would like to thank the members of the present Committee for their objective and reliable co-operation as well as the commitment they showed.

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

Dietmar Beck, Frankfurt	Hans-Werner Krämer, Essen
Heinz Bertelmann, Hanover	Rolf Krause, Frankfurt
Walter Blume, Hanover	Wolfgang Krause, Frankfurt
Gerhard Boldt, Aachen	Karl Messing, Düsseldorf
Wilfried Bolgen, Hamburg	Helge Morgen, Trier
Karl-Ernst Boye, Lübeck	Ingrid Mund, Düsseldorf
Ursula Bresser, Krefeld	Ralf Niehaus, Geneva
Hildogard Brouwers, Goch	Etsuko Nishikawa, Nagoya
Brigitte Dahlke, Krefeld	Gerhard Petruk, Munich
Hans-Martin Dechau, Hamburg	Gerda Pfeiffer, Bielefeld
Rudolf Deniers, Cologne	Cumporn Pranootnorapal, Bangkok
Dr. Heinz Denner, Bonn	Brigitte Richter, Düsseldorf
Herbert Dettmer, Hamburg	Gerhard Rippin, Rüsselsheim
Peter Draheim, Nuremberg	Alfred Roediger, Hanover
Peter Ensel, Frankfurt	Gudrun Rohden, Albstadt-Ebingen
Heinz Götz, Mainz	Gabriela Schlegel, Frankfurt
Hannelore Grünhagen, Düsseldorf	Günter Schubert, Githorn
Heinz Happe, Cologne	Wilhelm Schumacher, Brussels/Antwerp
Susanne Heermann, Cologne	Angelika Sickenberger, Eschborn
Josef Herold, Frankfurt	Hans Siegburg, Munich
Wilfried Hinnenkamp, Melle	Ralf Stegers, Viersen
Wilhelm Höge, Frankfurt	Dieter Sturm, Frankfurt
Eleonore Höhnke, Mannheim	Horst Teroerde, Paris
Andreas Hoffknecht, Gelsenkirchen	Gerhardt Theobald, Stuttgart
Bernardo Jakubson, Buenos Aires	Harry Wagner, Eschborn
Siegfried Kaiser, Frankfurt	Herbert Weber, Nuremberg
Werner Kessler, Frankenthal	Beate Winkler, Nuremberg
Karl Heinrich Kirsch, Aachen	Maria Würzburger, Mannheim
Hans-Joachim Kracke, Hamburg	

We mourn the passing away of 295 retired employees of the bank.
We shall always honour their memory.



Management Report of Deutsche Bank AG

Review

The growth in business volume and the improvement of results continued in the 1989 financial year.

The operating result increased by 25.6%. Net income for the year amounted to DM 1,006.7 m. after the inclusion of the cover required for extraordinary account and tax expenditure. DM 450.0 m. of this was allocated to the revenue reserves. DM 556.7 m. is to be distributed as dividend.

Business volume

Business volume was up DM 23.5 bn. or 12.0% compared with 31.12.1988 to DM 219.5 bn.

Balance sheet total increased by DM 22.7 bn. to DM 214.7 bn.

Total credit extended

Total credit extended (excl. guarantees and letters of credit) rose by DM 13.0 bn. (+10.7%) to DM 135.2 bn.

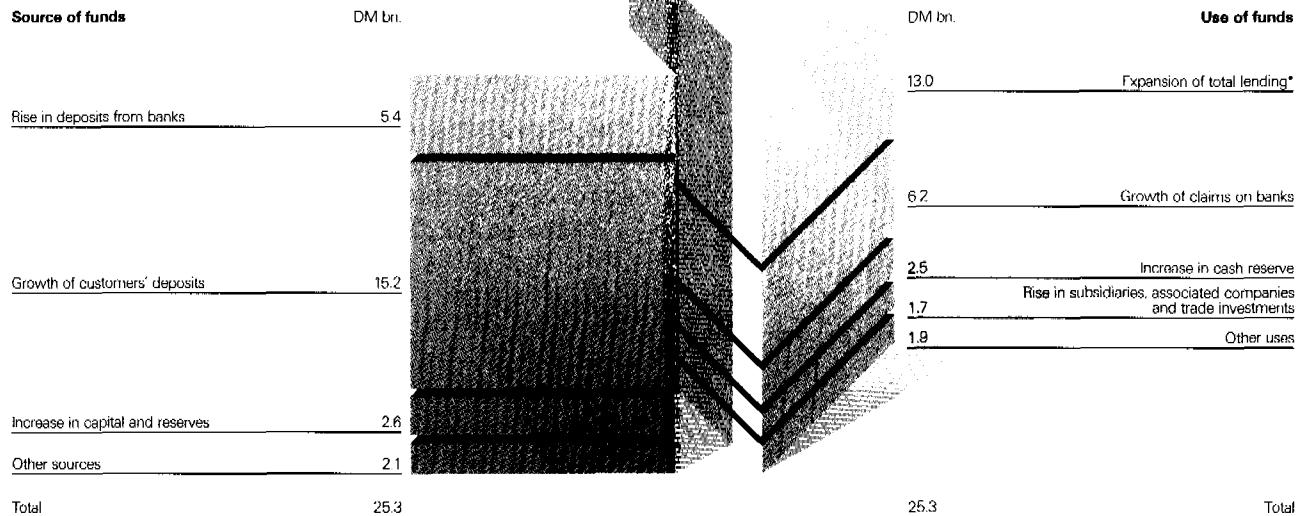
Lendings to customers climbed to an aggregate DM 117.0 bn. Long-term claims, up DM 7.1 bn., increased more strongly than short and medium-term items (+DM 6.0 bn.). Long-term lendings, as a proportion of total claims on customers, rose to 53.6%. Discounts amounted to DM 6.5 bn.

Claims on our corporate customers expanded by DM 8.8 bn. to DM 66.7 bn. This included claims on foreign corporate customers which were DM 3.7 bn. higher at DM 22.3 bn.

Credit extended to our private customers totalled DM 47.3 bn. This also covered building loans, which were up DM 2.3 bn. to DM 26.1 bn. In the reporting year we referred building financings totalling DM 1.2 bn. to our mortgage banks.

Financing balance 1989

Deutsche Bank AG



*Short and medium term claims on customers + DM 6.0 bn., long-term claims on customers + DM 7.1 bn., lendings to banks - DM 0.4 bn., discounts + DM 0.3 bn.

Total credit extended	End of 1989		End of 1988		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	54,311	40.2	48,289	39.5	+ 6,022	= 12.5
long-term (4 years or more)	62,661	46.3	55,528	45.5	+ 7,133	= 12.8
	116,972	86.5	103,817	85.0	+13,155	= 12.7
Discounts	6,480	4.8	6,186	5.1	+ 294	= 4.8
Lendings to banks	11,721	8.7	12,139	9.9	- 418	= 3.4
<i>Total credit extended</i>	<u>135,173</u>	<u>100.0</u>	<u>122,142</u>	<u>100.0</u>	<u>+13,031</u>	<u>= 10.7</u>

Lendings to banks fell DM 0.4 bn. to DM 11.7 bn. Once again, we provided our customers with a considerable volume of tied funds under Federal and Länder government promotion programmes.

Interbank business

Claims on banks grew by DM 5.8 bn. to DM 61.9 bn. Roughly one-fifth of our claims related to domestic and foreign banks in our own Group.

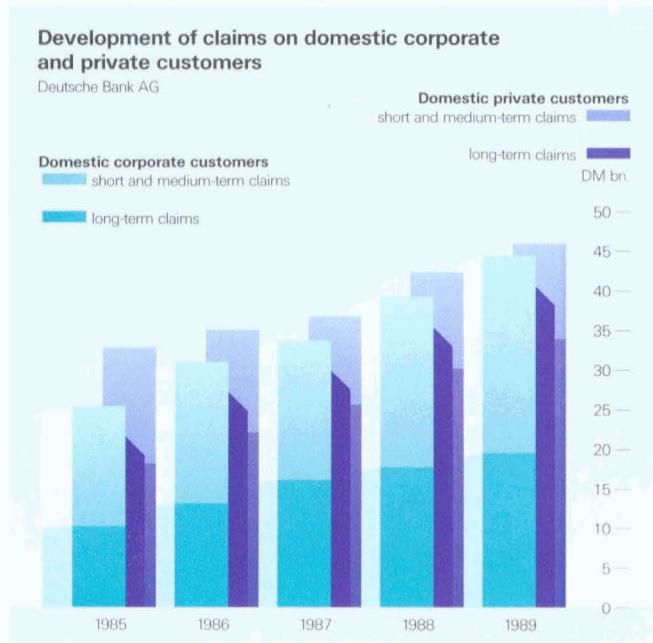
Banks' deposits expanded by DM 5.4 bn. to DM 71.2 bn. The growth stemmed largely from long-term deposits of Group banks and from the borrowing of tied funds.

Customers' deposits

Customers' deposits saw a strong increase of DM 15.2 bn. to DM 110.0 bn. More than three-quarters of this rise was accounted for by time deposits. The expansion of long-term time deposits is primarily due to funds placed by a foreign subsidiary.

At the end of 1989, savings deposits were slightly down on the previous year, at DM 26.4 bn., since our private customers showed a preference for special forms of saving with a higher interest yield and a fixed interest rate period.

The stock of own bonds and notes outstanding climbed DM 0.1 bn. to DM 7.8 bn.



Funds from outside sources	End of 1989		End of 1988		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	15,144	8.0	13,126	7.8	+ 2,018	= 15.4
time deposits	55,948	29.6	52,468	31.2	+ 3,480	= 6.6
customers' drawings on other banks	79	0.1	134	0.1	- 55	= 40.7
	<u>71,171</u>	<u>37.7</u>	<u>65,728</u>	<u>39.1</u>	<u>+ 5,443</u>	<u>= 8.3</u>
Liabilities to customers						
payable on demand	27,745	14.7	24,299	14.4	+ 3,446	= 14.2
time deposits	55,834	29.5	43,855	26.1	+11,979	= 27.3
savings deposits	26,379	14.0	26,636	15.8	- 257	= 1.0
	<u>109,958</u>	<u>58.2</u>	<u>94,790</u>	<u>56.3</u>	<u>+15,168</u>	<u>= 16.0</u>
Bonds and notes	7,783	4.1	7,696	4.6	+ 87	= 1.1
Total funds from outside sources	<u>188,912</u>	<u>100.0</u>	<u>168,214</u>	<u>100.0</u>	<u>+20,698</u>	<u>= 12.3</u>

Capital and reserves

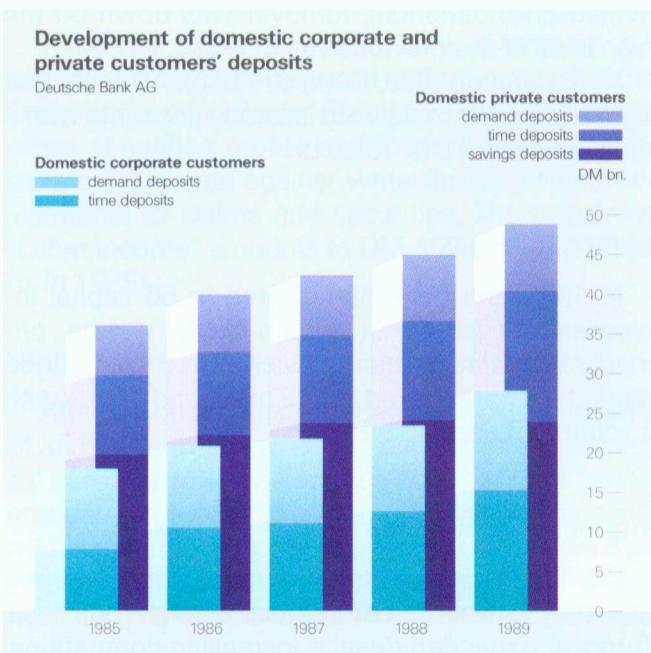
The bank strengthened its capital base by a total of DM 2.6 bn. to DM 12.8 bn. through capital increases and funds transferred to revenue reserves from net income for 1989. The capital increase in February 1990 and the exchange of bonds from our 4% convertible bond issue in the first two months of 1990 generated a further DM 1.9 bn. for the bank. This brought capital and reserves to an aggregate DM 14.7 bn.

Subsidiaries, associated companies and trade investments

The book value of subsidiaries, associated companies and trade investments increased by DM 1.7 bn. to DM 8.1 bn. This rise is primarily due to the holding acquired up to the end of the year in Morgan Grenfell Group plc, London. In addition, we participated in capital increases, particularly at our foreign Group banks.

On January 1, 1990, Mannesmann AG, Düsseldorf, took over our previous holding of approximately 10%

of the share capital of Krauss-Maffei AG, Munich, subject to the consent of the Federal Cartel Office.



The trading company Klöckner & Co AG, Duisburg, which was taken over by our subsidiary Alma Beteiligungsgesellschaft mbH, Düsseldorf, was sold to VIAG-Bayernwerk Beteiligungs-GmbH at the turn of the year 1989/90. The assets not forming part of the trading business, particularly the financial holding in Klöckner-Humboldt-Deutz AG, will remain with KCB-Beteiligungs-AG ("old" Klöckner & Co AG).

Securities business

Securities turnover with private and institutional customers rose 14% to DM 168 bn. The favourable development on the domestic stock market gave above-average impetus to the demand for German equities, so that turnover increased by 89%. In foreign equities, greater account was taken of the potential offered by the development in Europe, with French and Swiss equities attracting particular interest.

In business with fixed-income securities (incl. Schuldcheindarlehen), turnover was down on the high level of the previous year (-6%).

At the end of 1989, Deutsche Bank AG managed 1.2 million customers' safe-custody accounts with a market value of DM 186.8 bn.

Issuing business

In 1989, the bank participated in 56 capital increases for cash with a volume of DM 10.4 bn., primarily in a management capacity. On the eurobond market we participated in 563 eurobond issues with a volume of approx. \$ 108 bn.

International business

We further consolidated our traditionally strong market position in commercial foreign business. Turnover expanded despite increasing competition.

There was also a gratifying development in income in this sector.

Organizational measures

The consistent expansion of information processing, the optimization of operating procedures, and measures aimed at improving operational security at our computer centre were the main areas in this sector in 1989.

The efficiency of our computer centres was considerably increased through the use of the most modern technology. Optical archives, robots and glass-fibre links were successfully introduced here.

In the reporting year, our terminal network was expanded to over 20,000 units. We successfully concluded another stage of expansion in linking up our foreign branches, subsidiaries and investment banks to a worldwide terminal network.

Our range of information-processing services was increased, particularly with regard to the Deutsche Terminbörse, our life insurance company and our range of electronic banking products. The settlement of payments — still characterized by a large volume of vouchers — was further concentrated.

Income situation

Income on business volume

In the reporting period, average business volume rose 8.5% = DM 15.8 bn. to DM 202.0 bn. As a result of the widening of the overall interest margin by 0.07 percentage points to 2.52%, the increase of 11.1% in the interest surplus was above the growth in volume. Income on business volume (interest surplus) climbed DM 529.9 m. to DM 5,323.9 m.

Commission surplus on services business

In the reporting year, the bank achieved a surplus from commissions and other service charges received of DM 2,099.4 m. All sectors again contributed to the rise of DM 176.2 m. The biggest share here came from securities business, particularly commission business in equities.

Staff and other operating expenses

Staff and other operating expenses amounted to DM 4,787.1 m. The increment was limited to DM 93.5 m. = 2.0%.

The DM 81.7 m. rise in staff expenses remained – particularly as a result of the 3.2% fall in the average number of staff – below the increases of previous years. Tariff salaries were raised from November 1, 1989 by 4.6% flat. Non-tariff salaries were also increased.

General operating expenses climbed DM 24.0 m.

Depreciation of and adjustments to land and buildings and office furniture and equipment amounted to DM 433.5 m. This includes normal depreciation of DM 303.5 m. (-DM 12.2 m.) and special depreciation in accordance with Section 6b of the Income Tax Act of DM 130.0 m. (+DM 77.3 m.).

Partial operating result excluding own-account trading

The partial operating result excluding own-account trading, which comprises the interest and commission surplus less staff and other operating expenses, rose by DM 612.6 m. or 30.3% to DM 2,636.2 m. in 1989.

Profits on own-account trading

Profits on own-account trading in securities stemmed in particular from equities trading. Bond dealing was disappointing.

Profits on own-account trading in foreign exchange stabilized at the high level of the previous year. Own-account trading in precious metals achieved higher profits.

Operating result

The overall operating result of Deutsche Bank AG – surplus on current business, including own-account trading – was up 25.6%. The rise in the interest surplus and the incremental income from equities business both made a particular contribution to this growth.

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

In the year under review, the bank again made full use of the possibility provided under Section 4 of the Order concerning Banks' Statements of Accounts to offset securities profits and income from written-back adjustments against write-downs of and adjustments to claims and securities. The remaining "Other income" amounts to DM 409.1 m. (DM 794.3 m. in 1988).

Write-downs, depreciation and adjustments

After the offsetting described above, write-downs of and adjustments to claims and securities, as well as transfers to provisions for possible loan losses amounted to DM 98.8 m. All securities holdings are, as usual, valued according to the strict "lower of cost and market" principle. The total provisioning requirement for possible loan losses in domestic business was lower than in the previous year.

In the light of the continuing international debt crisis, provisions for country risks were increased further.

Commitments in lending business were valued with the usual care. Appropriate adjustments and provisions were formed for all discernible risks.

Latent risks were taken account of by the formation of collective adjustments.

In addition, there is a taxed valuation reserve pursuant to Section 26a of the German Banking Act.

Remaining expenses

Other expenses, shown at DM 276.0 m. (DM 213.0 m. in 1988), contain depreciation of leasing equipment and allocations to provisions not relating to lending business.

In 1989, the bank took advantage of all possibilities to form special items with partial reserve character. The allocations came to an aggregate DM 114.9 m.

Pre-tax profit

Pre-tax profit for 1989 rose 12.1% to DM 2,527.3 m.

Taxes on income and assets climbed DM 67.8 m. or 4.8% to DM 1,485.7 m.

The other taxes amounting to DM 34.9 m. include company tax of DM 21.7 m.

Proposed appropriation of profits

DM 450 m. of the net income for the year of DM 1,006.7 m. was transferred to revenue reserves. It is proposed to the shareholders that a dividend raised by DM 2 to DM 14 per share in the nominal amount of DM 50 be resolved, i.e. DM 556,702,734 on the share capital of DM 1,988,224,050. The new shares created by the capital increases in 1989 have full dividend entitlement for the 1989 financial year. The dividend amount is up by DM 131.3 m. = 30.9% on the previous year.

Together with imputable corporation tax of DM 7.88 per share, the total income for our domestic shareholders is DM 21.88 per DM 50 share.

Outlook for 1990

In view of favourable forecasts for economic development in the industrial countries in 1990, we expect further growth in our business volume and total credit extended.

With continuing pressure on the interest margin, we anticipate a further increase in our interest surplus in view of continuing brisk demand for credit.

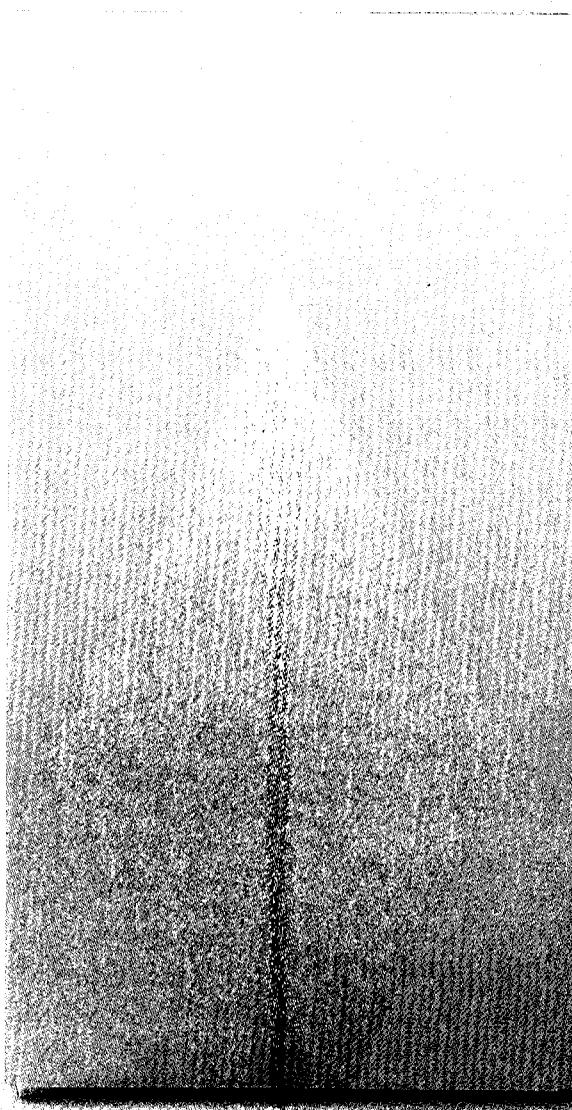
The ongoing development towards the single European market, coupled with market-oriented changes in the GDR and East European countries, will have positive effects on companies' growth. This, in turn, should influence stock market sentiment. We therefore assume that our commission business and own-account trading in equities will remain brisk. Bond dealing, on the other hand, is likely to be more difficult in the face of a still uncertain interest rate development.

We want to keep the rise in staff and other operating expenses within narrow limits again in 1990 through organizational measures, improved working procedures and the use of modern computer technology.

In the current year, our strategic efforts will be aimed in particular at integrating Morgan Grenfell, the merchant bank we acquired at the end of 1989, into our Group activities and at using rapidly the attendant opportunities to improve our service offering.

We are confident that we shall again be able to submit to our shareholders a satisfactory annual statement of accounts for 1990.

Report of the Supervisory Board



Report of the Supervisory Board

At the Supervisory Board meetings last year and in individual conversations, we obtained detailed information on the bank's situation and on the fundamental questions of business policy and discussed them with the Board of Managing Directors. Besides the development of the balance sheet and the profit and loss account, the matters discussed included the Group's lending business and the related risks at home and abroad, the bank's capital procurement, securities business and the stock market situation, new service products as well as the international business of the bank's branches and subsidiaries. At a special meeting on November 26, 1989 we discussed the bank's business policy abroad and approved the acquisition of Morgan Grenfell Group plc, London.

The cyclical and monetary situation was the subject of extensive reports and discussions. We examined important individual business transactions and dealt with the matters submitted to us for approval in accordance with legal requirements or the Articles of Association. Furthermore, general and specific questions of personnel policy were discussed by the Supervisory Board.

At its meetings, the Credit Committee of the Supervisory Board discussed, with the Board of Managing Directors, loans that had to be submitted in accordance with law and the Articles of Association as well as all larger-sized loans and those entailing greater risks and - where necessary - gave its approval.

Treuverkehr Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which was elected auditor of the annual accounts by the General Meeting, has inspected the accounting, the annual financial statements and the Management Report and given them its unqualified certificate. We agree with the results of this inspection.

Furthermore, we have examined the Annual Statement of Accounts as of December 31, 1989, the Management Report and the proposed appropriation of profits. We had no objections.

The Consolidated Statement of Accounts, the Report of the Group and the Report of the Auditor of the Consolidated Statement of Accounts have been submitted to us.

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

At the meeting on January 30, 1990, Mr. John A. Craven, who will also continue in his position as Chairman of Morgan Grenfell Group plc, London, was appointed full Member of the Board of Managing Directors, and Mr. Carl L. von Boehm-Bezing, previously Manager of Deutsche Bank's Frankfurt Branch, was appointed Deputy Member of the Board of Managing Directors.

At the same meeting, the Deputy Members of the Board of Managing Directors, Dr. Michael Endres, Dr. Jürgen Krumnow and Ms. Ellen R. Schneider-Lenné, were appointed full Members of the Board of Managing Directors.

Frankfurt am Main, March 28, 1990
The Supervisory Board



Chairman

Annual Balance Sheet as of December 31, 1989

**Profit and Loss Account
for the period from January 1 to December 31, 1989**

**Tables on the development of the bank
from January 1, 1952 to December 31, 1989 *)**

- Figures from the Balance Sheet and
Profit and Loss Account**
- Growth of Capital and Reserves**

*) not part of the Annual Statement of Accounts

Assets

Deutsche Bank Aktiengesellschaft

	DM	31.12.1988 in DM 1,000
Cash on hand		800,805,619 698,371
Balance with Deutsche Bundesbank		5,825,502,816 3,425,902
Balances on postal giro accounts		6,446,628 20,652
Cheques, matured bonds, interest and dividend coupons, items received for collection		430,124,787 201,101
Bills of exchange		1,568,075,133 1,956,103
including:		
a) rediscountable at Deutsche Bundesbank	DM 828,293,850	
b) own drawings	DM 52,882,128	
Claims on banks		
a) payable on demand		15,524,112,316 9,733,930
b) with original periods or periods of notice of		
ba) less than three months		16,494,095,840 19,264,115
bb) at least three months, but less than four years		24,148,252,781 21,204,527
bc) four years or more		5,774,786,575 5,936,958
Treasury bills and discountable Treasury notes		61,941,247,512 56,139,530
a) of the Federal and Länder Governments		472,727,683
b) of other issuers		1,963,375,761
Bonds and notes		2,436,103,444 2,380,980
a) with a life of up to four years		
aa) of the Federal und Länder Governments	DM 761,368,256	
ab) of banks	DM 930,533,989	
ac) of other issuers	DM 319,813,816	
including:		
eligible as collateral for Deutsche Bundesbank advances	DM 1,621,159,141	
b) with a life of more than four years		
ba) of the Federal and Länder Governments	DM 1,957,611,268	
bb) of banks	DM 2,404,488,755	
bc) of other issuers	DM 1,478,472,707	
including:		
eligible as collateral for Deutsche Bundesbank advances	DM 3,676,952,125	
Securities not to be shown elsewhere		
a) shares marketable on a stock exchange and investment fund certificates		5,634,967,219 4,677,011
b) other		78,765,617 53,117
including: holdings of more than one tenth of the shares of a joint stock corporation or a mining company, unless shown as Subsidiaries, associated companies and trade investments	DM 657,060,385	5,713,732,836 4,730,128
Claims on customers with original periods or periods of notice of		
a) less than four years		54,310,424,481 48,289,173
b) four years or more		62,661,263,394 55,528,249
including:		
ba) secured by mortgages on real estate	DM 12,209,627,962	
bb) communal loans	DM 1,880,288,648	
due in less than four years	DM 30,014,089,000	
Recovery claims on Federal and Länder authorities under Currency Reform Acts		128,502,164 146,491
Loans on a trust basis at third party risk		403,383,256 884,689
Subsidiaries, associated companies and trade investments		8,086,774,426 6,360,302
including: investments in banks	DM 4,273,063,546	
Land and buildings		1,130,260,200 1,105,641
Office furniture and equipment		611,200,000 658,000
Own bonds and notes		51,586,124 59,403
nominal amount	DM 27,012,250	
Other assets		588,594,385 679,832
Deferred items		
a) difference in accordance with Section 250 (3) of the Commercial Code		126,028,948 128,604
b) other deferred items		76,547,061 69,625
		202,576,009 198,229
Total Assets		214,748,892,005 192,006,635

Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include:

- a) claims on related companies
- b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the Banking Act, unless included under a)

19,914,034,614 16,051,262
705,703,009 677,170

Balance Sheet as of December 31, 1989

Liabilities

	DM	DM	DM	31.12.1988 in DM 1,000
Liabilities to banks				
a) payable on demand		15,143,416,463		
b) with original periods or periods of notice of				
ba) less than three months	9,535,417,163			13,126,253
bb) at least three months, but less than four years	17,193,379,100			
bc) four years or more	<u>29,219,178,301</u>	55,947,974,564		52,468,432
including: due in less than four years	DM 18,686,350,000			
c) customers' drawings on other banks		<u>79,270,382</u>		133,603
Liabilities to customers			71,170,661,409	65,728,288
a) payable on demand		27,745,331,856		24,299,192
b) with original periods or periods of notice of				
ba) less than three months	32,092,668,236			
bb) at least three months, but less than four years	9,930,932,351			
bc) four years or more	<u>13,810,161,605</u>	55,833,762,192		43,854,656
including: due in less than four years	DM 9,303,253,000			
c) savings deposits				
ca) subject to legal period of notice	15,645,902,805			
cb) other	<u>10,732,566,014</u>	<u>26,378,468,819</u>		26,635,654
Bonds and notes with a life of			109,957,562,866	94,789,502
a) up to four years		264,000		350
b) more than four years		<u>7,783,231,400</u>		7,695,396
including: maturing in less than four years	DM 6,576,624,400			7,695,746
Own acceptances and promissory notes outstanding			7,783,495,400	
Loans on a trust basis at third party risk			3,688,925,078	4,059,530
Provisions			403,383,256	884,689
a) for pensions		2,232,061,700		2,074,636
b) other		<u>4,786,811,894</u>		4,745,400
Other liabilities			7,018,873,594	
Franz Urbig- und Oscar Schlitter-Stiftung			218,078,882	196,378
Endowment assets		7,014,185		7,149
less investments in securities		<u>6,997,937</u>		6,998
			16,248	151
			922,019,075	901,318
Deferred items				
Special items with partial reserve character				
a) in accordance with the Tax Act regarding Developing Countries		1,435,791		2,829
b) in accordance with Section 6b of the Income Tax Act		93,059,450		152,163
c) in accordance with Section 3 of the Foreign Investment Act		14,363,000		15,087
d) in accordance with the administrative regulations on the cancellation of general provisions for possible loan losses and loan discountings		<u>123,482,000</u>		159,000
Subscribed capital (bearer shares)			232,340,241	329,079
Conditional capital DM 588,687,150			1,988,224,050	1,772,636
Capital reserve			b. 490,468,557	
Allocations in accordance with Section 272 (2) of the Commercial Code			<u>1,954,759,692</u>	7,445,228,249
Revenue reserves			5,490,468	
a) legal reserve		25,000,000		25,000
b) other revenue reserves	2,888,380,923			
Allocation from Net income for the year	<u>450,000,000</u>	<u>3,338,380,923</u>		2,888,381
Distributable profit			3,363,380,923	2,913,381
			556,702,734	426,433
			Total Liabilities	214,748,892,005
				192,006,635
Own drawings in circulation			69,725,188	60,094
including: those discounted for borrowers' account	DM 50,625,295			
Endorsement liabilities on rediscounted bills of exchange			4,743,634,281	4,010,902
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (cf. also the Notes to the Annual Statement of Accounts)			27,489,994,041	25,962,433
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements				-
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of			30,902,834,729	26,049,040

Expenses

Deutsche Bank Aktiengesellschaft

	DM	1988 in DM 1,000
Interest and similar expenses	9,677,563,130	7,283,775
Commissions and similar service charges paid	123,429,917	75,174
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses	98,809,545	—
Salaries and wages	2,495,503,872	2,451,796
Compulsory social security contributions	362,248,892	372,514
Expenses for pensions and other employee benefits	459,122,676	410,851
General operating expenses	1,166,732,022	1,142,747
Depreciation of and adjustments to land and buildings and office furniture and equipment	433,475,080	368,466
Write-downs of and adjustments to subsidiaries, associated companies and trade investments	3,941,913	8,084
Taxes		
a) on income and assets	DM 1,501,930,056	
less taxes debited to "single-entity companies"	DM 16,209,350	
b) other	<u>1,485,720,706</u>	<u>1,417,914</u>
	<u>34,936,470</u>	<u>11,271</u>
		1,429,185
Expenses from assumption of loss	1,520,657,176	
Allocations to Special items with partial reserve character	146,743,940	126,674
Other expenses	114,888,886	253,674
Net income for the year	275,978,728	213,054
	1,006,702,734	825,433
	<hr/> <hr/>	<hr/> <hr/>
Total Expenses	17,885,798,511	14,961,327
	<hr/> <hr/>	<hr/> <hr/>

Net income for the year
Allocations to revenue reserves	
a) legal reserve
b) other revenue reserves
Distributable profit

Profit and Loss Account for the period from January 1 to December 31, 1989

Income

	DM	DM	1988 in DM 1,000
Interest and similar income from lending and money market transactions		13,654,100,299	10,774,740
Current income from			
a) fixed-income securities and Government-inscribed debt	489,170,595		545,594
b) other securities	216,886,838		189,779
c) subsidiaries, associated companies and trade investments	<u>625,886,928</u>		544,907
		1,331,943,361	1,280,280
Commissions and other service charges received		2,222,831,604	1,998,410
Other income, including income from the writing back of provisions for possible loan losses		409,115,360	794,322
Income from profit-pooling, profit transfer and partial profit-transfer agreements		15,423,378	22,711
Income from the writing back of provisions, unless it has to be shown under "Other income"		40,757,102	35,502
Income from the writing back of special items with partial reserve character		211,627,407	55,362
		Total Income	17,885,798,511
			14,961,327

DM	DM	1988 DM
1,006,702,734	825,432,712	
<u>450,000,000</u>	<u>450,000,000</u>	<u>400,000,000</u>
<u>556,702,734</u>	<u>425,432,712</u>	

Figures from the Balance Sheet of Deutsche Bank AG

Amounts in DM millions

Balance Sheet	End of	1989	1988	1987	1986	1985	1984
Assets							
Cash reserve		6,633	4,145	7,547	6,231	7,266	5,940
Bills of exchange		1,568	1,956	1,785	1,784	1,812	2,050
Claims on banks		61,941	56,140	44,662	46,098	41,000	43,186
Treasury bills and discountable Treasury notes		2,436	2,381	2,287	2,139	1,866	1,111
Bonds and notes		7,852	8,544	7,549	9,773	10,183	10,765
Securities not to be shown elsewhere		5,714	4,730	5,086	4,637	2,711	3,080
Claims on customers		116,972	103,817	86,669	79,690	69,556	65,721
short and medium-term		54,311	48,289	39,402	38,978	36,091	38,241
long-term (four years or more)		62,661	55,528	41,267	40,712	33,465	27,480
Loans on a trust basis at third party risk		403	885	178	173	154	218
Subsidiaries, associated companies and trade investments		8,087	6,360	6,430	6,453	4,567	2,692
Land and buildings		1,130	1,106	1,039	912	862	816
Office furniture and equipment		611	658	656	641	558	415
Other assets		589	680	768	746	671	1,434
Remaining assets		813	605	542	651	699	460
	Balance Sheet Total	214,749	192,007	165,198	159,928	141,905	137,888
Liabilities							
Liabilities to banks		71,171	65,728	55,027	52,360	44,149	45,899
including: time deposits		56,027	52,602	44,996	39,862	32,437	35,331
Liabilities to customers		109,958	94,790	82,245	82,420	76,687	73,599
including: time deposits		55,834	43,855	34,160	36,164	34,593	33,100
savings deposits		26,379	26,636	26,266	24,551	21,582	20,656
Bonds and notes		7,783	7,696	7,305	5,561	3,407	2,553
Own acceptances and promissory notes outstanding		3,689	4,060	2,815	2,571	2,017	2,122
Provisions		7,019	6,820	6,210	6,831	6,190	5,615
for pensions		2,232	2,075	1,921	1,790	1,678	1,569
other		4,787	4,745	4,289	5,041	4,512	4,046
Capital and reserves		12,796	10,176	9,776	8,282	7,745	6,235
Subscribed capital		1,988	1,773	1,773	1,624	1,599	1,469
Capital reserve		7,445	5,490	5,490	4,145	3,904	2,903
Revenue reserves		3,363	2,913	2,513	2,513	2,242	1,863
Remaining liabilities		1,776	2,312	1,395	1,351	1,326	1,512
Distributable profit		557	425	425	552	384	353
	Balance Sheet Total	214,749	192,007	165,198	159,928	141,905	137,888
Own drawings in circulation (discounted)		51	49	19	18	12	10
Endorsement liabilities		4,744	4,011	3,506	4,148	4,914	5,520
	Business Volume	219,544	196,067	168,723	164,094	146,831	143,418
Contingent liabilities from guarantees, etc.		27,490	25,962	21,023	18,940	19,817	21,039

Figures from the Profit and Loss Account of Deutsche Bank AG

for the year	1989	1988	1987	1986	1985	1984
Income						
Income on business volume (Interest surplus)	5,324	4,794	4,366	5,465	4,317	4,217
Income on services business*) (Commission surplus)	2,093	1,923	1,765	1,581	1,394	1,167
Staff and other operating expenses	4,787	4,694	4,379	4,264	3,809	3,545
Taxes	1,521	1,429	547	1,243	1,324	937
Net income for the year	1,007	825	425	824	762	503
Allocations to revenue reserves	450	400		272	378	150
Distributable profit	557	425	425	552	384	353
Dividend in DM per share or in %	14.—	12.	12.—	12.—	12.—	12.—
I bonus				5.		
plus tax credit for shareholders with unlimited domestic tax liability	(7.88)	(6.75)	(6.75)	(9.56)	(6.75)	(6.75)
Figures up to 1986 not entirely comparable owing to change in reporting of re-allowances						
Number of staff at year's end	43,845	45,274	43,951	42,928	41,674	41,126

1983	1982	1981	1980	1979	1975	1970	1960	1956	1952
5,235	5,455	6,679	7,524	9,722	4,735	2,763	1,388	699	417
2,119	1,994	2,462	2,939	2,359	6,279	4,095	2,109	1,897	598
31,598	34,608	34,246	26,165	26,261	13,274	4,303	983	686	347
1,189	1,144	614	612	524	147	408	482	54	64
9,436	7,709	6,569	6,374	4,949	2,027	1,482	557	333	3
2,739	2,327	2,249	2,158	2,005	1,530	1,325	706	352	60
59,409	56,572	56,089	52,874	47,710	25,002	14,785	4,128	2,805	1,690
35,939	34,655	31,161	26,995	23,326	14,859	8,893	3,696	2,396	1,458
23,470	21,917	24,928	25,879	24,384	10,143	5,892	432	409	232
207	212	227	233	238	72	52	65	87	46
2,507	2,048	1,829	1,681	1,554	1,173	534	80	54	9
784	765	731	757	759	643	345	154	118	61
324	308	293	276	269	191	101	—	—	20
1,424	1,341	1,471	1,760	1,348	891	462	10	33	1
813	1,013	1,014	893	1,079	875	777	560	503	442
117,784	115,496	114,473	104,246	98,777	56,839	31,432	11,222	7,621	3,758

38,226	37,396	35,732	34,016	32,708	13,401	6,776	1,744	1,810	589
29,411	28,621	27,153	26,752	26,392	8,324	3,618	692	1,149	391
64,425	63,080	64,698	67,157	53,264	37,395	22,397	8,475	5,092	2,652
27,130	26,614	30,654	23,296	20,411	9,123	7,331	2,551	1,652	731
20,934	21,114	20,353	19,628	18,912	16,613	8,187	2,200	964	197
1,545	2,659	3,081	3,635	4,726	1,220	—	—	—	—
1,662	1,395	1,382	1,133	585	21	70	51	15	119
4,382	3,618	2,867	2,292	1,959	1,131	522	281	209	188
1,453	1,291	1,269	1,148	1,038	742	364	146	127	76
2,929	2,327	1,598	1,144	921	389	158	135	82	112
5,518	5,374	4,873	4,398	4,278	3,000	1,360	550	360	141
1,356	1,356	1,232	1,114	1,114	900	480	250	200	100
2,449	2,448	2,075	1,720	1,720	1,076	161	41	41	39
1,713	1,570	1,566	1,564	1,444	1,024	719	259	109	2
1,701	1,676	1,599	1,392	1,064	491	221	81	120	69
325	298	241	223	194	180	86	40	25	—
117,784	115,496	114,473	104,246	98,777	56,839	31,432	11,222	7,621	3,758
13	49	/3	31	7	—	—	—	—	—
4,960	4,525	3,604	3,165	2,231	125	640	167	317	794
122,757	120,070	118,150	107,442	101,015	56,964	32,072	11,389	7,938	4,552
21,005	21,013	21,182	18,245	16,307	11,927	4,185	1,473	816	461

1983	1982	1981	1980	1979	1975	1970	1960	1956	1952
4,146	3,810	3,412	2,812	2,385	1,697	901	—	—	—
1,076	941	892	807	698	515	249	—	—	—
3,316	3,076	2,868	2,687	2,398	1,647	884	—	—	—
940	757	553	482	448	279	96	—	—	—
469	302	242	343	284	281	116	90	50	—
144	4	1	120	90	101	30	50	25	—
325	298	241	223	194	180	86	40	25	—
12—	11.	10...	10.	9.—	10.	9.—	16%	12%	—
(6.75)	(6.19)	(5.63)	(5.63)	(5.06)	—	—	—	—	—

40,570	40,326	39,836	39,242	39,081	35,994	33,070	19,106	16,597	12,080
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Growth of Capital and Reserves

Deutsche Bank AG



	Subscribed capital DM	Capital reserve DM	Revenue reserves DM	Capital and reserves DM
January 1, 1952 (opening balance sheet)	100,000,000	39,118,794	1,381,206	140,500,000
Capital increase: 1955 (1 for 2 at par)	50,000,000			50,000,000
Capital increase: 1956 (1 for 3 at par)	50,000,000			50,000,000
Allocations from net income 1952–1956 and from the Conversion Account		1,500,000	108,000,000	109,500,000
December 31, 1956	200,000,000	40,618,794	109,381,206	350,000,000
Capital increase: 1958 (1 for 4 at par)	50,000,000			50,000,000
Capital increase: 1961 (1 for 5 at par)	50,000,000			50,000,000
Capital increase: 1965 (1 for 6 at par)	50,000,000			50,000,000
Capital increase: 1966 (1 for 7 at par)	50,000,000			50,000,000
Capital increase: 1968 (1 for 5 at DM 125 per share of DM 50)	80,000,000	120,000,000		200,000,000
Capital increase: 1971 (1 for 6 at DM 140 per share of DM 50)	80,000,000	144,000,000		224,000,000
Capital increase: 1972 (1 for 7 at DM 150 per share of DM 50)	80,000,000	160,000,000		240,000,000
Capital increase: 1973 (1 for 8 at DM 150 per share of DM 50)	80,000,000	160,000,000		240,000,000
Capital increase: 1975 (1 for 4 at DM 175 per share of DM 50)	180,000,000	450,000,000		630,000,000
Capital increase: 1977 (1 for 15 at DM 200 per share of DM 50)	60,000,000	180,000,000		240,000,000
Capital increase: 1978 (1 for 12 at DM 200 per share of DM 50) and exercise of option rights	80,132,900	240,427,359		320,560,259
Capital increase: 1979 (1 for 15 at DM 200 per share of DM 50)	74,000,000	223,249,108		297,249,108
Capital increase: 1980 by exercise of option rights	1,000	3,334		4,334
Capital increase: 1981 (1 for 10 at DM 200 per share of DM 50)	118,000,000	355,649,340		473,649,340
Capital increase: 1982 (1 for 10 at DM 200 per share of DM 50)	124,000,000	373,372,489		497,372,489
Capital increase: 1984 (1 for 12 at DM 250 per share of DM 50) and sale of convertible bonds not subscribed	113,011,200	454,224,326		567,235,526
Allocations from net income 1957–1984		1,147,563	1,760,270,307 ¹⁾	1,761,417,870
Withdrawals for own shares 1983			– 6,270,590	– 6,270,590
December 31, 1984	1,469,145,100	2,902,692,313	1,863,380,923	6,235,218,336
Capital increase: 1985 (1 for 15 at DM 450 per share of DM 50) and exercise of option rights	129,917,800	1,001,497,382		1,131,415,182
Allocation from net income 1985			350,000,000	350,000,000
Allocation from net income 1985 for own shares			28,247,500	28,247,500
December 31, 1985	1,599,062,900	3,904,189,695	2,241,628,423	7,744,881,018
Premium from bonds with warrants issued by DB Finance N.V., Curaçao, in 1986		142,000,000		142,000,000
Capital increase: 1986 by exercise of option rights and sale of shares not subscribed from the capital increase in 1985	24,301,950	98,646,904		122,948,854
Withdrawals for own shares			28,247,500	28,247,500
Allocation from net income 1986 (after withdrawals for own shares)			300,000,000	300,000,000
December 31, 1986	1,623,364,850	4,144,836,599	2,513,380,923	8,281,582,372
Capital increase: 1987 (1 for 15 at DM 450 per share of DM 50) and exercise of option rights plus sale of shares not subscribed from the capital increase	149,266,450	1,104,957,225		1,254,223,675
Premium from bonds with warrants issued by DB Finance N.V., Curaçao, in 1987		240,647,600		240,647,600
December 31, 1987	1,772,631,300	5,490,441,424	2,513,380,923	9,776,453,647
Capital increase: 1988 by exercise of option rights	5,000	27,133		32,133
Allocation from net income 1988			400,000,000	400,000,000
December 31, 1988	1,772,636,300	5,490,468,567	2,913,380,923	10,176,486,780
Capital increase: 1989 (1 for 15 at DM 450 per share of DM 50) and exercise of option rights plus sale of shares not subscribed from the capital increase	149,087,750	1,175,794,692		1,324,882,442
Capital increase: 1989 (issue of staff shares)	6,500,000	63,765,000		70,265,000
Capital increase: 1989 (placement of shares in Japan at issue price of DM 646 per share of DM 50)	60,000,000	715,200,000		775,200,000
Allocation from net income 1989			450,000,000	450,000,000
December 31, 1989	1,988,224,050	7,445,228,249 ²⁾	3,363,380,923	12,796,833,222

¹⁾ included therein: Reserve for own shares DM 6,270,590

²⁾ included therein: Allocations from the Conversion Account DM 41,766,357



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Notes to the Annual Statement of Accounts

Comparative figures for the previous year have not been given for some subdivisions of balance sheet

and profit and loss account items for reasons of clarity.

Development of subsidiaries, associated companies and trade investments, fixed and intangible assets

	31. 12. 1988 DM m.	Additions DM m.	Disposals DM m.	Write-downs, depreciation - DM m.	31. 12. 1989 DM m.
Subsidiaries, associated companies and trade investments.....	6,360.3	1,933.3	202.9	3.9	8,086.8
Land and buildings.....	1,105.6	246.5	40.2	181.6	1,130.3
Office furniture and equipment	658.0	206.2	1.2	251.8	611.2
Intangible assets	22.3	11.6		7.8	26.1

The shareholdings of Deutsche Bank AG pursuant to Section 285 No. 11 of the Commercial Code are published on pages 93 to 100 of the Annual Report as a separate list which forms part of the Notes.

The additions of DM 246.5 m. to land and buildings include DM 139.2 m. in building costs for new construction and conversions for which capitalization is compulsory, and DM 107.3 m. for land purchases, of which DM 20.5 m. relates to purchases to save mortgage rights.

The shares of our bank bought and sold during 1989 correspond to 15.02% of our share capital. The largest holding on any one day was 0.51%, the average daily holding was 0.14% of our share capital.

At the end of 1989, neither we nor any of our related companies held shares of the bank.

As of 31. 12. 1989, 115,586 Deutsche Bank shares in the nominal amount of DM 50 each were pledged to the bank and its related companies as security for loans; they represent 0.29% of our share capital.

Own shares

We and companies related to us bought and resold 5,972,684 Deutsche Bank shares in the nominal amount of DM 50 each at current market prices in the course of 1989 pursuant to Section 71 (1) 1 of the Joint Stock Corporation Act to protect the efficiency of the market in our shares. The average purchase price was DM 607.81, the average selling price was DM 611.05. The sales proceeds remained in working funds.

Capital and reserves

On 31. 12. 1989, subscribed capital (bearer shares) came to DM 1,988,224,050. It is divided into:

300,000 shares in the nominal amount of DM 1,000
500,000 shares in the nominal amount of DM 100
32,764,481 shares in the nominal amount of DM 50.

The authorization resolved at the General Meeting on May 11, 1988 to increase the share capital by April 30, 1993, with the consent of the Supervisory Board,

by up to an aggregate DM 500,000,000, granting the shareholders pre-emptive rights, was utilized partially in January 1989 with an amount of DM 142,000,000. The new shares were offered to the shareholders for subscription with full dividend entitlement for the 1989 financial year in the ratio of 1 for 15 at a price of DM 450 per DM 50 share.

In addition, the capital of DM 75,000,000 authorized at the General Meeting on May 14, 1987, excluding shareholders' pre-emptive rights, and limited until April 30, 1992 was utilized with an amount of DM 66,500,000 after the Supervisory Board had given its consent. Of the utilized amount, DM 6,500,000 related to the issue of staff shares, which were offered at a preferential price of DM 249 per DM 50 share and DM 60,000,000 to the placement in Japan at an issue price of DM 646 per DM 50 share.

Subsequent to this, there was authorized capital of an aggregate DM 366,500,000 on 31. 12. 1989.

The balance sheet item "Bonds and notes" includes DM 750,000,000 convertible bonds which can be exchanged for Deutsche Bank shares during the period from 2. 1. 1990 to 15. 12. 1994 at a conversion price of DM 250 per DM 50 share; the conditional capital for this purpose amounts to DM 150,000,000. The convertible bond issue is divided into 65,000 bonds in the nominal amount of DM 10,000; 80,000 bonds in the nominal amount of DM 1,000; and 80,000 bonds in the nominal amount of DM 250.

The following bonds with stock warrants were issued through our subsidiaries Deutsche Bank Luxembourg S.A., Luxembourg, and Deutsche Bank Finance N.V., Curaçao; the attached warrants entitle the holder to subscribe to Deutsche Bank shares. For this purpose, there was conditional capital at the end of 1989 in the amount of DM 198,687,150, which was an aggregate DM 250,887,750 down on 31. 12. 1988 owing to exercise of option rights and the reduction

resolved at the General Meeting on May 10, 1989, since the conditional capital previously resolved is no longer fully needed for the servicing of issued warrants.

The following bonds with warrants were in circulation on 31. 12. 1989:

3 7/8% and 6 1/8% bonds with warrants of 1983, issued by Deutsche Bank Luxembourg S.A., Luxembourg, in the amount of DM 240,000,000 and \$ 100,000,000 respectively; warrants are attached to each DM 1,000 bond and each \$ 1,000 bond, entitling the bearer to subscribe for 3 or 7 Deutsche Bank shares respectively at a subscription price of DM 321.33 per DM 50 share. The subscription period ends on 18. 6. 1991; in 1989, 141,755 Deutsche Bank shares DM 7,087,750 (nominal) were acquired pursuant to subscription rights.

6 1/8% bonds with warrants of 1986, issued by Deutsche Bank Finance N.V., Curaçao, in the amount of DM 710,000,000; 2 warrants are attached to each DM 5,000 bond, entitling the bearer to subscribe for 1 and 6 Deutsche Bank shares at a subscription price of DM 793 per DM 50 share. The subscription period ends on 28. 2. 1996.

5% and 4 7/8% bonds with warrants of 1987, issued by Deutsche Bank Finance N.V., Curaçao, in the amount of DM 750,000,000 and SF 200,000,000 respectively; warrants are attached to each DM 5,000 bond and each SF 5,000 bond, entitling the bearer to subscribe for 9 Deutsche Bank shares at a subscription price of DM 680 per DM 50 share. The subscription period ends on 15. 12. 1992.

The bonds with warrants issued by Deutsche Bank Finance N.V., Curaçao, have been taken over by Deutsche Finance (Netherlands) B.V., Amsterdam, under a borrower substitution agreement.

In addition, there is conditional capital of DM 240,000,000 in connection with an authorization, valid until April 30, 1993, to issue bonds with stock warrants or participatory certificates in a total amount of up to DM 1,200,000,000.

On 31. 12. 1989, total conditional capital came to DM 588,687,150.

In January 1990, the authorized capital was again partially utilized, in the amount of DM 138,000,000, with the consent of the Supervisory Board.

Including the funds from the capital increase, entered in the Commercial Register on February 1, 1990, and from the exchange of bonds from our 4% conver-

tible bond issue in the first two months of this year, capital and reserves are made up as follows:

Subscribed capital	DM 2,169,032,350
Capital reserve	DM 9,134,461,449
Revenue reserves	
a) legal reserve	DM 25,000,000
b) other revenue reserves	DM 3,338,380,923
<i>Total capital and reserves</i>	<u>DM 14,666,874,722</u>

Liabilities not shown in the balance sheet

For those banks and associated companies reported in the list contained in this Annual Report of the "Shareholdings of Deutsche Bank AG pursuant to § 285 No. 11 Commercial Code" as being covered by the declaration of backing, we ensure, except in the case of political risk, that they are able to meet their liabilities.

Liabilities for possible calls on not fully paid-up shares in public and private limited companies and on other shares amounted to DM 164 m. at the end of 1989. There were joint liabilities pursuant to Section 24 of the GmbH Act amounting to DM 48 m. Where we have other joint liabilities, the standing of the co-shareholders is beyond doubt in all cases.

There is an obligation arising out of our holding in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, to pay further capital of up to DM 59 m. and a proportional contingent liability to fulfil the capital obligations of other shareholders who are also members of the Bundesverband deutscher Banken e. V., Cologne. The obligations relating to other shares came to DM 2 m. on 31. 12. 1989.

Pursuant to Section 5 (10) of the Statute of the Deposit Insurance Fund, we have undertaken to indemnify the Bundesverband deutscher Banken e. V., Cologne, for any losses that might be incurred through measures in favour of banks in which we have a majority holding.

As part of the open market business offered by Deutsche Bundesbank, securities in the amount of DM 1,220 m. were deposited on 31. 12. 1989.

At the end of 1989, assets in the sum of DM 125 m. were tied up in connection with loans raised.

Legal stipulations required the provision of security amounting to DM 183 m. for the business activity of our foreign branches.

Emoluments of Board of Managing Directors, Supervisory Board, Advisory Board and Advisory Councils

The total emoluments of the Board of Managing Directors in 1989 amounted to DM 15,588,377.87. Former members of the Board of Managing Directors of Deutsche Bank AG or their surviving dependents received DM 7,773,381.46. In addition to a fixed payment of DM 294,120, the Supervisory Board received dividend-related emoluments amounting to DM 1,368,000. The Advisory Board was paid DM 505,360, and the members of the Regional Advisory Councils received DM 3,578,282.

Provisions for pension commitments to former members of the Board of Managing Directors or their surviving dependents total DM 58,301,773.

Average number of staff during the year

The average number of staff employed during the financial year was 39,964 (previous year: 40,971), of whom 19,794 were women. There were 3,881 members of staff employed abroad.

Honorary President

Hermann J. Abs

Corporate bodies of Deutsche Bank AG

Board of Managing Directors	Rolf-E. Breuer Horst Burgard Ulrich Cartellieri John A. Craven Michael Endres Alfred Herrhausen Eckart van Hooven	Hilmar Kopper Jürgen Krumnow Georg Krupp Ellen R. Schneider-Lenné Ulrich Weiss Herbert Zapp Carl L. von Boehm-Bezing, Deputy	(from 30. 1. 1990)	(from 30. 11. 1989)	(from 30. 1. 1990)
Supervisory Board	Dr. Wilfried Guth, Chairman Hagen Findeisen, Deputy Chairman Jürgen Bartoschek Dr. Marcus Bierich Dr. F. Wilhelm Christians Dr. Robert Ehret Dr. Friedrich Karl Flick Gerd Hirsbrunner Ulrich Kaufmann Dr. Elmar Kindermann	Dr. Hellmut Kruse Dr. Hans Dieter Mosthaf Dr. Heribald Närger Dr. Michael Otto Josef Pfaff Gerhard Renner Lorenz Schwegler Herbert Seibold Dipl.-Kfm. Günter Vogelsang Lothar Wacker Hannelore Winter			(until 10. 5. 1989) (from 10. 5. 1989)

Frankfurt am Main, March 6, 1990

The Board of Managing Directors

Eckart van Hooven Hilmar Kopper
Ulrich Weiss Jürgen Krumnow
Ulrich Krupp Ellen Schneider-Lenné
Heribald Närger Georg Krupp

Auditor's certificate

The accounting and the annual financial statements, which we have audited in accordance with professional standards, comply with the German legal provisions and the Articles of Association. With due regard to the generally accepted account-

ing principles the annual financial statements give a true and fair view of the company's assets, liabilities, financial position and profit or loss. The Management Report is consistent with the annual financial statements.

Frankfurt am Main, March 15, 1990

TREUVERKEHR
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Fandré *Dr. Fliess*
Wirtschaftsprüfer Wirtschaftsprüfer

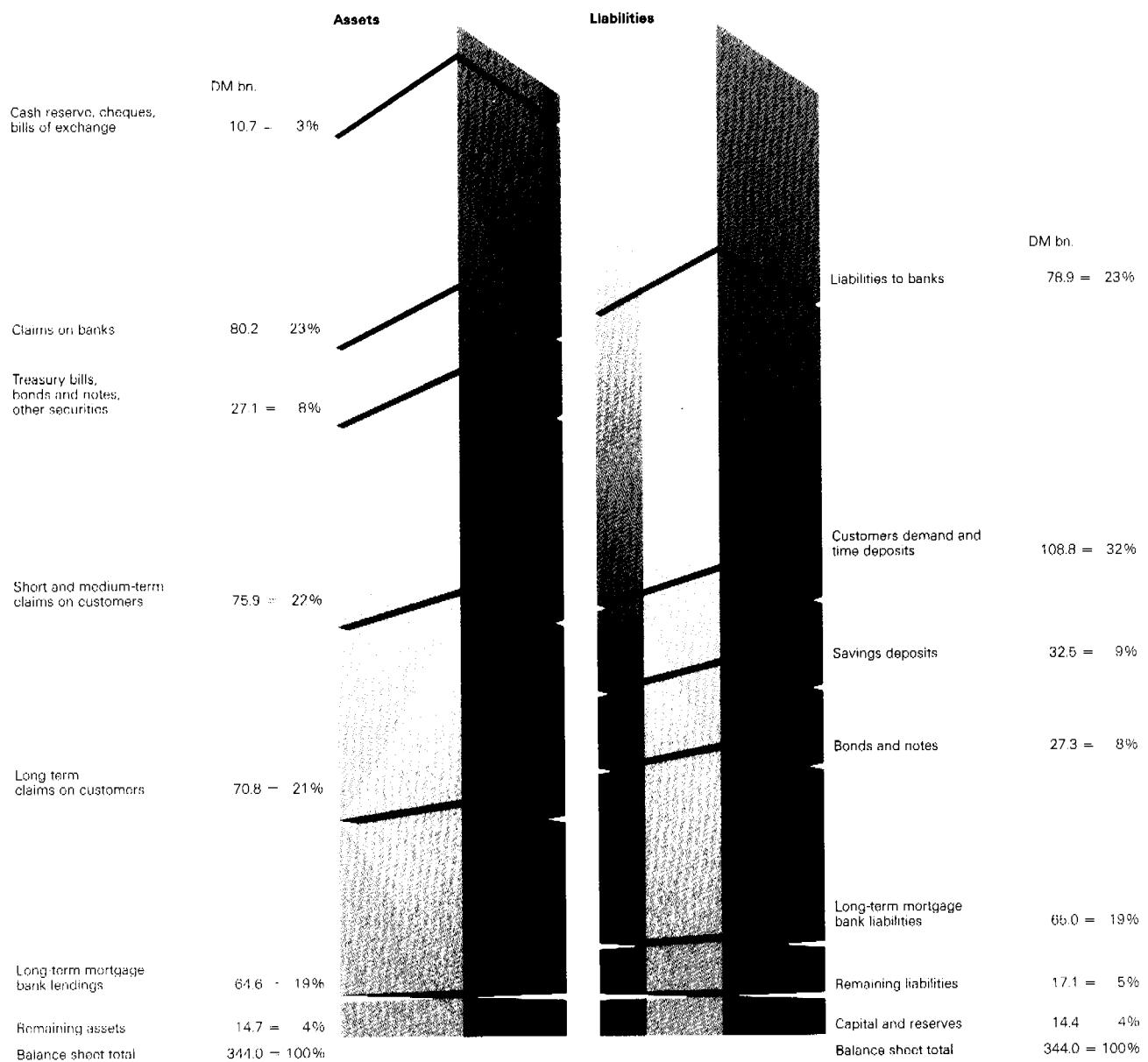
Deutsche Bank AG



Report of the Group for 1989



Balance sheet structure, end of 1989



Consolidated companies

The Consolidated Statement of Accounts of Deutsche Bank AG fulfils, thanks to the comprehensive insight it gives into the Group's assets and income position, the demands which a world statement of accounts should satisfy. Besides Deutsche Bank AG, the following companies are included in the Consolidated Statement of Accounts, with the companies consolidated for the first time in 1989 being marked with *:

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

Commercial banks

Deutsche Bank Berlin AG, Berlin	100	%
Deutsche Bank Lübeck AG vormals Handelsbank, Lübeck	91.5	%
Deutsche Bank Saar AG, Saarbrücken	69.2	%
Banca d'America e d'Italia S.p.A., Milan	98.6	%
Banco Comercial Transatlántico, S.A., Barcelona*	67.2	%
Banco de Montevideo, Montevideo, Uruguay*	95.4	%
H. Albert de Bary & Co. N.V., Amsterdam*	100	%
Deutsche Bank Australia Ltd., Melbourne	100	%
Deutsche Bank (Austria) AG, Vienna*	100	%
Deutsche Bank (Canada), Toronto	100	%
Deutsche Bank Luxembourg S.A., Luxembourg	100	%
DB (Belgium) Finance S.A./N.V., Brussels	100	%
DB U.K. Finance p.l.c., London	100	%

Mortgage banks

Deutsche Centralbodenkredit-AG, Berlin-Cologne	91.0	%
Frankfurter Hypothekenbank AG, Frankfurt am Main	93.1	%
Lübecker Hypothekenbank AG, Lübeck	100	%
Schiffshypothekenbank zu Lübeck AG, Hamburg*	100	%
Europäische Hypothekenbank der Deutschen Bank, Luxembourg*	100	%

Investment banking, capital market and capital investment companies

DB Capital Management International GmbH, Frankfurt am Main	100	%
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	100	%
DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main	93	%
Deutsche Bank Capital Corporation, New York	100	%
Deutsche Bank Capital Markets Ltd., London	100	%
Deutsche Bank Government Securities, Inc., New York	100	%
Deutsche Bank (Suisse) S.A., Geneva	100	%

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

Deutsche Capital Management Australia Ltd., Melbourne	100	%
Deutsche Capital Markets Australia Ltd., Sydney	100	%
Internationale Investment Management		
Gesellschaft S.A., Luxembourg	100	%
McLean McCarthy Ltd., Toronto	100	%
MDM Sociedade de Investimento, S.A., Lisbon	100	%

Instalment financing and leasing companies

ALD AutoLeasing D GmbH, Hamburg	51	%
DB Export-Leasing GmbH, Frankfurt am Main	100	%
Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne	95	%
EFGEE Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	100	%
GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal	100	%
GEFA-Leasing GmbH, Wuppertal	100	%
BAI Factoring S.p.A., Milan	100	%
BAI Leasing S.p.A., Milan	100	%
Deutsche Credit Corporation, Deerfield, U. S. A.	100	%
Leasing Bancotrans, S.A., Barcelona*	100	%

Specialized institutions

Deutsche Bank Bauspar-AG, Frankfurt am Main	98	%
Lebensversicherungs-AG der Deutschen Bank, Wiesbaden*	100	%
DB Finanziaria S.p.A., Milan*	100	%

Consultancy companies

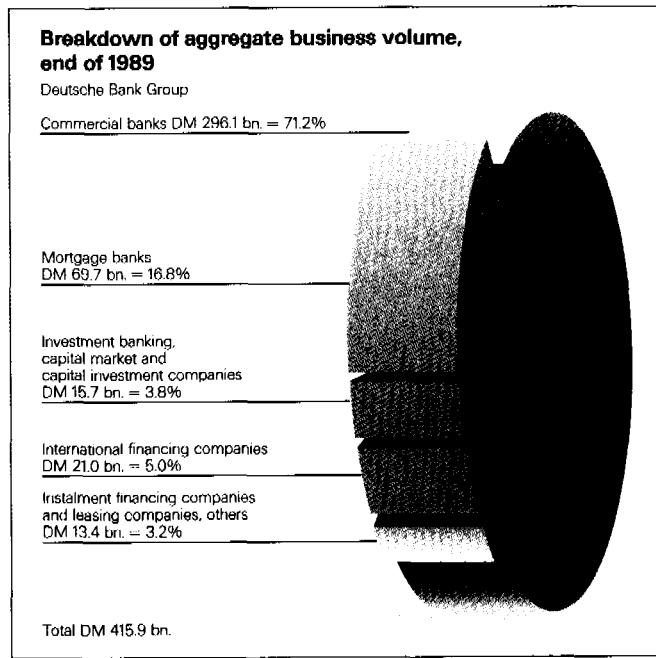
DB Mergers & Acquisitions GmbH, Frankfurt am Main	100	%
Deutsche Gesellschaft für Mittelstandsberatung mbH, Munich*	100	%

International financing companies

Deutsche Bank Finance N.V., Curaçao	100	%
Deutsche Bank Financial Inc., Dover, U. S. A.	100	%
Deutsche Finance (Netherlands) B.V., Amsterdam	100	%

Other domestic and foreign companies

Alma Beteiligungsgesellschaft mbH, Düsseldorf	100	%
DEUBA Verwaltungsgesellschaft mbH, Frankfurt am Main*	100	%
Elektro-Export-Gesellschaft mbH, Nuremberg	100	%
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main	100	%
Matura Vermögensverwaltung mbH, Düsseldorf	100	%
Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	100	%
Trinitas Vermögensverwaltung GmbH, Frankfurt am Main	100	%
DB Handels- und Beteiligungsgesellschaft m.b.H., Vienna*	100	%
DB Holdings Canada Inc., Toronto	100	%
DB Investments (GB) p.l.c., London*	100	%
Deutsche Portfolio Corporation, New York	100	%
McLeanco Holdings Ltd., Toronto	100	%



Commercial banks

The business volume of *Deutsche Bank Berlin AG, Berlin*, exceeded DM 10 bn. for the first time (+ 10.8%). Total credit extended rose by 12.1% to DM 5.1 bn. Funds from outside sources rose 11.3% to DM 8.7 bn.

The operating result improved by 9.6%. Of the net income for the year in the sum of DM 83.6 m., DM 40.0 m. was added to revenue reserves; it is proposed to the General Meeting that a dividend of 24% plus a bonus of 4% be paid, and that a further DM 10.0 m. be added to revenue reserves. After that, the bank's capital and reserves will amount to DM 687 m.

Deutsche Bank Lübeck AG vormals Handelsbank, Lübeck, after consolidation of group activities in the Lübeck region, achieved an increase of DM 0.8 bn. in

its business volume (+ 35.6%) to DM 3.1 bn., which was substantially higher than the purely merger-related growth. Total credit extended increased to DM 1.9 bn.

The partial operating result improved to DM 36.9 m. Of the net income for the year in the sum of DM 8.1 m., DM 3.0 m. was added to revenue reserves. After that, the bank's capital and reserves increased to DM 117.0 m. It is proposed to the General Meeting that a dividend raised to 22% (previous year: 20%) be paid.

Deutsche Bank Saar AG, Saarbrücken, raised business volume to DM 2.1 bn. Total credit extended grew 6.9% to DM 1.2 bn.

The operating result improved 16.5%; this was due primarily to interest business and securities commissions. Of the achieved net income for the year of DM 10.6 m., DM 5.0 m. was added to revenue reserves. After that, capital and reserves amounted to DM 92.0 m. Distribution of a dividend of 16% (previous year: 14%) is foreseen for the 1989 financial year.

At *Banca d'America e d'Italia S.p.A. (BAI), Milan*, the strong growth of 49% in loans to customers to Lit 5,489 bn. (DM 7.3 bn.) and the rise in claims on banks to roughly Lit 2,206 bn. (DM 2.9 bn.) led to a rise of 47% in balance sheet total to Lit 10,640.5 bn. (DM 14.2 bn.). The credit card sector (BankAmericard) recorded turnover growth of 58% compared with the previous year.

Net income for the year, which was improved by 20% to Lit 45.4 bn. (DM 60.6 m.), is to be transferred to reserves as in the previous year. Capital and reserves will then total Lit 529.0 bn. (DM 705.2 m.).

The balance sheet total of *BAI Leasing S.p.A., Milan*, rose by roughly 30% to Lit 526 bn. (DM 701 m.). The volume of new leasing business increased 36% to Lit 216 bn. (DM 288 m.).

Net income for the year in the sum of Lit 138 m. (DM 184,000) is to be added to reserves; capital and reserves will then amount to Lit 6.9 bn. (DM 9.2 m.).

At *BAI Factoring S.p.A., Milan*, the portfolio of claims from factoring business showed an increase of Lit 179 bn. to Lit 329 bn. (DM 438 m.).

After formation of legal reserves in the sum of Lit 16 m., net income for the year of Lit 314 m. (DM 419,000) will be carried forward to new account. The company's share capital stands at an unchanged Lit 5.0 bn. (DM 6.7 m.).

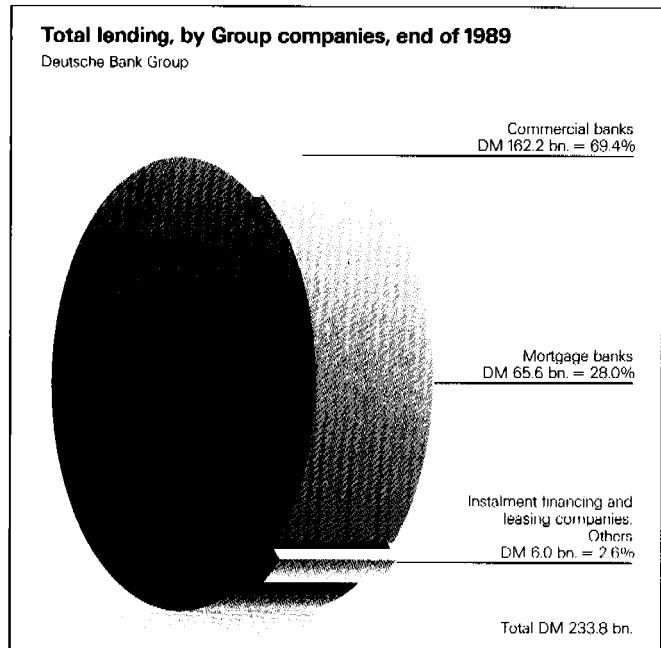
DB Finanziaria S.p.A., Milan, a 100% subsidiary of Deutsche Bank AG, supplements the range of products and services of *Banca d'America e d'Italia S.p.A.* At year's end, the balance sheet volume came to Lit 382.4 bn. (DM 510 m.); there was a net loss for the year in the sum of Lit 120.2 m. (DM 160,000). The company has a share capital of Lit 5.0 bn. (DM 6.7 m.).

The balance sheet volume of *Banco Comercial Transatlántico, S.A., Barcelona*, increased 28% to Ptas. 272.0 bn. (DM 4.2 bn.); the increase came in particular from claims on customers, which expanded 34% to Ptas. 175.4 bn. (DM 2.7 bn.).

The operating result was improved by 14%. Of the net income for the year in the sum of Ptas. 1,210 m. (DM 18.7 m.), Ptas. 770 m. are to be added to reserves and Ptas. 440 m. distributed as dividend. The capital increase in October 1989 generated funds amounting to Ptas. 7.7 bn. for the bank; including the addition to reserves from the result for the year, capital and reserves total Ptas. 18.9 bn. (DM 292 m.).

Leasing business is transacted through the 100% subsidiary *Leasing Bancotrans, S.A., Barcelona*. With new business up 62% to Ptas. 11.7 bn. (DM 181 m.), it increased its volume again substantially in 1989.

Compared with the previous year, the operating result was more than doubled. Net income for the year in the sum of Ptas. 132.7 m. (DM 2.1 m.) is to be used to strengthen capital and reserves, which will then increase to Ptas. 355.8 m. (DM 5.5 m.).



Banco de Montevideo, Montevideo, Uruguay, raised its balance sheet total to U.N\$ 162.2 bn. (DM 343.9 m.). The expansion of volume was well above the inflation rate of close on 90%. The growth resulted largely from the strong expansion in customers' deposits to U.N\$ 134.4 bn. (DM 284.9 m.).

Loans to companies and private persons amounted to U.N\$ 76.9 bn. (DM 163.0 m.) after U.N\$ 45.3 bn. in the previous year. Claims on the Uruguayan state amounted to U.N\$ 27.9 bn. (DM 59.1 m.).

The operating result, which more than doubled to U.N\$ 5.7 bn. (DM 12.1 m.), was used largely for the internal strengthening of the company. After the increase in capital to U.N\$ 10.0 bn., carried out in 1989, capital and reserves came to U.N\$ 12.2 bn. (DM 25.9 m.) at year's end.

Following the inclusion of *H. Albert de Bary & Co. N.V., Amsterdam*, in the Consolidated Statement of Accounts of Deutsche Bank AG, the company's financial year, which had previously ended as at September 30, was brought into line with the calendar year; the reporting period ending as at 31.12.1989 thus comprises 15 months.

The balance sheet volume increased 28% to Guil. 4.4 bn. (DM 3.9 bn.); claims on banks rose strongly to Guil. 1.8 bn. (DM 1.6 bn.).

Lendings to customers decreased 15% to Guil. 1.4 bn. (DM 1.2 bn.); while new lending business acquired by the company itself expanded clearly, there was a stronger decrease in referred euroloans.

The operating result doubled; in a 12-month comparison, the increment was roughly 60%. Out of net income for the year, which also rose strongly to Guil. 13.1 m. (DM 11.6 m.), Guil. 4.5 m. is to be distributed as dividend and Guil. 8.6 m. added to reserves. Including the capital increase in autumn 1989 (Guil. 14.3 m. at 350%), capital and reserves amount to Guil. 180.3 m. (DM 159.6 m.).

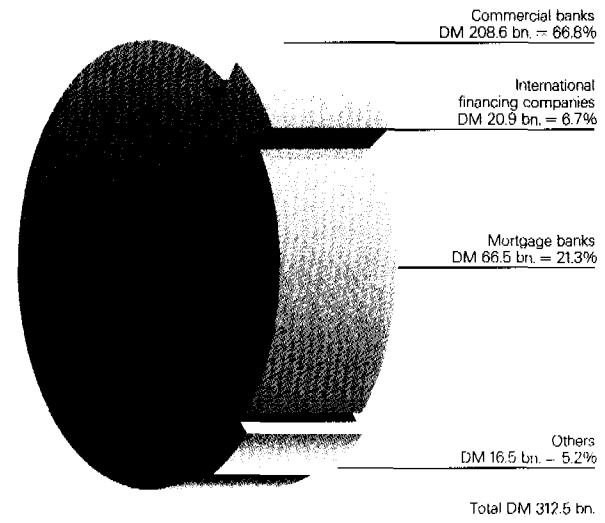
Deutsche Bank Australia Ltd., Melbourne – consolidated with its 100% subsidiaries Deutsche Capital Markets Australia Ltd. and Deutsche Capital Management Australia Ltd. – expanded its balance sheet volume by 35% to A\$ 1.5 bn. (DM 2.0 bn.).

The commercial paper programme issued in the previous year in Hong Kong was increased by A\$ 300 m. to A\$ 600 m. owing to the good placement performance.

Due largely to improved interest and commission income, the operating result increased to A\$ 8.5 m. (DM 11.4 m.). Net income for the year of A\$ 5.1 m. (DM 6.8 m.), almost three times higher than in the previous year, will be used for the company's internal strengthening. Including profit brought forward, capital and reserves came to A\$ 133.0 m. (DM 178.2 m.) at year's end.

Funds from outside sources, by Group companies, end of 1989

Deutsche Bank Group



Deutsche Bank (Austria) AG, Vienna, (formerly Bankkommanditgesellschaft Antoni, Hacker & Co.), which was acquired in August 1989 and converted into a stock corporation as at November 1, reported a volume of AS 1.52 bn. (DM 216 m.) in the conversion balance sheet.

The share capital of AS 50.0 m. (DM 7.1 m.) and the participation capital of AS 12.0 m. (DM 1.7 m.) are held by group companies.

Deutsche Bank (Canada), Toronto, increased its balance sheet total by 7% in the financial year ended as at October 31, 1989 to Can.\$ 1.2 bn. (DM 1.9 bn.). Lendings to customers were raised 29% to Can.\$ 0.8 bn. (DM 1.3 bn.), while claims on banks from money market business decreased by roughly one-quarter to Can.\$ 0.3 bn. (DM 0.5 bn.).

The roughly 90% improvement in the operating result is chiefly due to the higher interest surplus

and increased profits from foreign exchange trading. Net income for the year doubled to Can.\$ 6.4 m. (DM 10.0 m.) and is to be added to reserves; capital and reserves will then increase to Can.\$ 71.4 m. (DM 111.9 m.).

The expansion of balance sheet volume at *Deutsche Bank Luxembourg S.A., Luxembourg*, by 11.0% to LF 727 bn. (DM 34.5 bn.) resulted in particular from the growth in long-term lending business. Total credit extended rose 22.3% to LF 489 bn. (DM 23.2 bn.).

Liabilities to customers, at LF 339 bn. (DM 16.1 bn.), exceeded for the first time the funds taken up from banks.

The development of private customer business and of asset management and portfolio management, newly introduced the year before, was very satisfactory.

The operating result of LF 6.1 bn. (DM 290 m.) was 15.7% above the previous year's level. It is proposed to the Ordinary General Meeting that net income for the year in the sum of LF 2.5 bn. (DM 117 m.) be used to pay an increased dividend of 28% and to add LF 1.1 bn. to reserves. Share capital and disclosed reserves will then total LF 14.7 bn. (DM 699.8 m.).

The business volume of *DB (Belgium) Finance S.A./N.V., Brussels*, decreased to BF 12.6 bn. (DM 599 m.). Deposits with banks and holdings of securities were reduced above all.

Net income for the year of BF 15.7 m. (DM 746,000) will be added to reserves, as in the previous year. Capital and reserves will then amount to BF 282.3 m. (DM 13.4 m.).

After above-average growth in the previous year, the balance sheet volume of *DB U.K. Finance p.l.c., London*, decreased in the reporting year by about 12% to roughly £ 695 m. (DM 1.9 bn.).

Net income for the year, which was at the previous year's level of £ 2.3 m. (DM 6.3 m.), is to be kept within the company, as in the previous year. Capital and reserves will then increase to £ 21.0 m. (DM 57.1 m.).

Mortgage banks

At *Deutsche Centralbodenkredit-AG, Berlin - Cologne*, new mortgage business, at DM 1.6 bn., was 7.5% above the previous year's result. The growth resulted from the 11.3% increase to DM 1.0 bn. in new loans concluded in the industrial and commercial sector. New communal loans were concluded in a volume of DM 1.3 bn. With an almost unchanged loan portfolio, balance sheet total decreased slightly to DM 29.2 bn. Funds in the amount of DM 3.7 bn. were taken up for refinancing purposes.

The bank improved its partial operating result by 0.8% to DM 167.7 m. Of net income for the year in the amount of DM 58.5 m., DM 29.0 m. was added to revenue reserves. It is to be proposed to the General Meeting that a further DM 6.0 m. be transferred to revenue reserves and a dividend of 28% (previous year: 24%) distributed. Capital and reserves will then amount to DM 773 m.

Frankfurter Hypothekenbank AG, Frankfurt am Main, extended new mortgage loans in the volume of DM 1.6 bn. (+ 3.5%) in the reporting year, of which DM 0.5 bn. was for residential building and DM 1.0 bn. for commercial financings. New communal loan business, at DM 1.6 bn., stood at the previous year's level. Through the increase in the loan portfolio, the balance sheet total rose to DM 30.5 bn. Gross sales of bonds and loans taken up came to DM 3.3 bn.

The partial operating result was 2.1% below the previous year's level. Of net income for the year of DM 70.1 m., DM 35.0 m. was transferred to revenue reserves. The addition of a further DM 10.0 m. to revenue reserves will be proposed to the General

Meeting. The reported capital and reserves will then come to DM 786.8 m. Payment of a dividend of 28% (previous year: 24%) is to be made in the 1989 financial year.

Lübecker Hypothekenbank AG, Lübeck, concluded new mortgage loans in the volume of DM 789 m. (- 7.4%) and new communal loans amounting to DM 230 m. (previous year: DM 333 m.). With a slightly higher loan portfolio, the balance sheet total expanded 1.4% to DM 9.1 bn.

The partial operating result decreased by 6% to DM 68.5 m. Of net income for the year in the amount of DM 27.2 m., DM 13.0 m. was added to revenue reserves. It will be proposed to the General Meeting that revenue reserves be strengthened by a further DM 7.0 m. The bank's reported capital and reserves thus amount to DM 247.0 m. For the 1989 financial year, distribution of a dividend of 28% (previous year: 24%) is planned.

Schiffshypothekenbank zu Lübeck AG, Hamburg, strongly expanded its business volume (plus guarantees) by 25% to DM 991 m. in 1989 owing to improved overall conditions in world shipping.

Of the net income for the year in the sum of DM 15.9 m., it is planned to add DM 15.0 m. to revenue reserves. Share capital and reserves will then amount to DM 86.0 m. The bank's head office was moved from Kiel to Hamburg in November 1989.

Europäische Hypothekenbank der Deutschen Bank, Luxembourg, granted loans in the sum of DM 110 m. since commencing business operations on July 1, 1989.

As at December 31, 1989, balance sheet total amounted to DM 116.4 m. In the bank's start-up year, the balance sheet reported a loss of DM 130,000 owing to extraordinary expenses for the company's foundation and initial requirements.

Investment banking, capital market and capital investment companies

DB Capital Management International GmbH, Frankfurt am Main, achieved a markedly improved operating result in the reporting year thanks to strong growth in the investment volume under management to DM 7.0 bn. (+ 76%), with an only moderate increase in costs. The concentration of international portfolio management in connection with the takeover of Morgan Grenfell by Deutsche Bank AG led to the winding up of the subsidiaries in London and New York. The resulting expenses on extraordinary account caused a net loss for the year of DM 8.2 m.

Deutsche Gesellschaft für Fondsverwaltung mbH (DEGEF), Frankfurt am Main, again expanded the volume of special-purpose funds it manages for institutional investors. At year's end, the total assets of the 233 funds under management came to DM 19.2 bn. (previous year: DM 16.1 bn.).

At the beginning of 1990, the Shareholders' Meeting resolved to increase share capital from revenue reserves by DM 5.0 m. to DM 30 m. and to make a profit distribution of DM 6.0 m. for the 1988/89 financial year.

DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main, achieved a high net inflow of funds in the sum of DM 6.1 bn. (previous year: DM 2.4 bn.) in 1989 from new sales of certificates of the 27 retail securities funds. Together with the favourable development of values above all in the equities funds, the total assets of the DWS funds increased to DM 26.1 bn. (previous year: DM 20.8 bn.). A total of DM 2.1 bn. was distributed to certificate holders in the year under review.

Through the strengthening of revenue reserves by DM 15.0 m. from the annual result, the capital and reserves of DWS increased as at December 31, 1989

to DM 133.0 m. A dividend of 18% was distributed for the 1988/89 financial year ended on September 30.

Deutsche Bank Capital Corporation (DBCC), New York, together with its subsidiaries *Deutsche Portfolio Corporation, New York*, and *Deutsche Bank Government Securities Inc. (DBCSI), New York*, achieved a result which, given the general earnings situation on Wall Street, was still satisfactory.

Despite a positive development of prices on the stock markets, turnover in equities trading did not keep pace with the cheerful stock market tendency; the development in bond business was similar, and so the earnings situation in these areas was not fully satisfactory.

International business was successfully developed, among other things through presentations of numerous German companies to important institutional investors in the U.S.A.; here, substantial equities positions were placed.

Business in U.S. Treasuries was systematically developed through DBGSI, so that Deutsche Bank Group now has a strong unit on the world's biggest bond market.

As at year's end, DBCC reports capital and reserves in the sum of \$ 102.3 m. (DM 173.7 m.).

Deutsche Bank Capital Markets Ltd. (DBCM), London, achieved steady growth in trading in bonds and equities.

The new issue volume floated under the lead management of DBCM came to \$ 4.4 bn. (DM 7.5 bn.) after \$ 3.8 bn. in the previous year. In particular, the global bond issue of the World Bank for \$ 1.5 bn. (DM 2.5 bn.), for which DBCM acted as a lead manager and book-runner, represented an important step in international issuing business.

In autumn 1989, DBCM commenced trading on the international futures exchange (LIFFE).

The past financial year closed with a strongly reduced loss of £ 0.7 m. (DM 1.9 m.). The company's share capital is reported at an unchanged £ 50.0 m. (DM 136.1 m.).

Deutsche Bank (Suisse) S.A., Geneva, with branches in Zürich and Lugano, participated as member of the big bank syndicate in 79 Swiss franc issues of Swiss and foreign issuers with a placement volume of SF 294.2 m. (DM 322.5 m.).

Balance sheet total rose by 2.1% to SF 801 m. (DM 877 m.); the volume of assets under management including trust business was strongly increased.

The 18% higher net income for the year in the sum of SF 8.3 m. (DM 9.2 m.) stemmed largely from the increased interest surplus and the strong improvement in commission income. The result will be used to pay a 6% dividend (SF 6.0 m.) and to add SF 2.3 m. to reserves. Capital and reserves will then amount to SF 113.7 m. (DM 124.6 m.).

Internationale Investment Management Gesellschaft S.A., Luxembourg, a subsidiary of DWS Deutsche Gesellschaft für Wertpapiersparen mbH, Frankfurt am Main, and *Deutsche Bank Luxembourg, S.A., Luxembourg*, managed fund assets of DM 8.5 bn. at year's end. New launchings were the FF-RESERVE, a short-dated security fund in French francs, and the DB TIGER FUND, an equity-based fund which invests its assets in Southeast Asia.

The 1989 financial year closed with a profit of DM 34 m. It is planned to distribute DM 6 m. to shareholders and to add DM 26 m. to reserves. Capital and reserves will then amount to DM 39 m.

The Canadian broker firm *McLean McCarthy Ltd., Toronto*, reported a balance sheet volume up by roughly 20% to Can.\$ 89 m. (DM 139 m.) as at the end of the financial year on October 31, 1989. The net so

satisfactory overall situation in Canadian securities business also had an effect on our Group company's income situation; the higher staff and other operating expenses in connection with the company's personnel and organizational expansion could not be balanced out.

With the subordinate loans increased in the reporting year, capital and reserves of Can.\$ 4.7 m. (DM 7.4 m.) are reported.

MDM Sociedade de Investimento, S.A., Lisbon, participated in 43 bond issues in the year under review, in 14 cases in a lead management capacity. At the same time, the company participated in the share placements for all reprivatizations of Portuguese companies.

Balance sheet total rose 54% to Esc. 19.9 bn. (DM 225 m.) compared with the end of 1988; total credit extended rose 30% to Esc. 11.3 bn. (DM 128 m.).

The operating result was more than doubled; of the net income for the year in the sum of Esc. 217.5 m. (DM 2.5 m.), Esc. 21.8 m. will be added to legal reserves, a further Esc. 168.8 m. are to be transferred to revenue reserves. The company's capital and reserves then amount to Esc. 1,638 m. (DM 18.5 m.).

Instalment financing and leasing companies

ALD AutoLeasing D GmbH, Hamburg, raised its new business by 11.8% to DM 961.2 m. Its leasing stock increased to roughly 115,900 vehicle units with a purchase value of DM 2.0 bn. To limit the interest risk, close on 23,500 vehicles in this total are not carried in the company's own fixed assets, but settled by way of sale-and-lease-back. Balance sheet total decreased as a result of these transactions, which had a volume of almost DM 400 m., to DM 1.25 bn. (previous year: DM 1.5 bn.).

The operating result came to DM 30.1 m. Of the net income for the year in 1989 in the amount of DM 10.6 m., DM 1.1 m. was added to revenue reserves; the company's capital and reserves then amounted to DM 71.1 m. For the 1989 financial year, a dividend payment in the sum of DM 4.8 m. is foreseen.

DB Export-Leasing GmbH, Frankfurt am Main, strongly expanded its business volume with new contracts totalling DM 289 m., chiefly through the financing of large-scale projects and the strengthening of its international vendor leasing activities.

Its balance sheet total increased in 1989 to DM 830 m. (+ 29.3%). There is a profit transfer agreement between DB Export-Leasing GmbH and Deutsche Bank AG.

Deutsche Gesellschaft für Immobilien-Leasing mbH, Cologne, achieved net income for the year of DM 2.3 m. from the management of its property portfolio.

At *GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal*, new business and business volume were above the level of the previous year. The operating result decreased by 10.8% owing to growing pressure on margins and special expenses in connection with the relocation to new head office premises, but still attained a satisfactory level. Capital and reserves amount to DM 153 m. Under the profit transfer agreement, DM 13.8 m. was transferred to Deutsche Bank AG.

GEFA-Leasing GmbH, Wuppertal, recorded above-average growth in its new business; contributing factors here were broadly-spread demand and large-scale transactions. The operating result was 14.6% above the previous year's figure. Capital

and reserves again stand at DM 55 m. Under the profit transfer agreement, GEFA Gesellschaft für Absatzfinanzierung mbH received DM 24.1 m.

The result of *EFGEE Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf*, stood at the previous year's level. There is a profit transfer agreement with GEFA Gesellschaft für Absatzfinanzierung mbH.

The financing volume of *Deutsche Credit Corporation, Deerfield*, rose 36% to \$ 821 m. (DM 1.4 bn.); growth was influenced in particular by the financing of data processing and office equipment as well as passenger aircraft and helicopters. Balance sheet total increased to \$ 838 m. (DM 1.4 bn.).

Owing to the improved operating result and clearly lower provisioning requirements on extraordinary account, net income for the year rose by about 50% to \$ 2.3 m. (DM 3.9 m.). Profits will remain with the company for its internal strengthening; capital and reserves will then amount to \$ 16.3 m. (DM 27.7 m.).

Specialized institutions

Deutsche Bank Bauspar-AG, Frankfurt am Main, reached a balance sheet total of DM 673 m. (previous year: DM 323 m.). Its portfolio of building savings agreements had a total contract value of DM 5.8 bn., with net new business of DM 2.3 bn. In 1989, building savings loans were disbursed for the first time under awarded agreements in the sum of DM 1.5 m.

The profit of DM 0.7 m. was used to cover part of the loss brought forward. Capital and reserves again stood at DM 30 m. The expansion of the company's field staff developed as planned.

Lebensversicherungs-AG der Deutschen Bank, Wiesbaden, commenced business activity as at September 1, 1989. By year's end, insurance applications with a volume of roughly DM 2.1 bn. had been received, of which DM 1.3 bn. related to capital-sum life insurance policies. Premium revenues in 1989 amounted to DM 12.2 m. As at reporting date, balance sheet total came to DM 76.2 m.

For the development of its administrative apparatus, an organization fund provided by Deutsche Bank AG in the total amount of DM 50 m. is at the company's disposal. In the reporting year, owing to high capital investment, there was a start-up loss of DM 26.8 m. The company's capital resources including disclosed reserves and organization fund came to DM 53.2 m.

Consultancy companies

DB Mergers & Acquisitions GmbH, Frankfurt am Main, (formerly DB Consult GmbH) generated a fee volume of DM 22 m. in 1989 with roughly 60 consultancy projects. The company opened offices in Paris and Milan in the reporting year.

Deutsche Gesellschaft für Mittelstandsberatung mbH, Munich, successfully handled 250 projects in its second full financial year and achieved a marked increase in its counselling work.

International financing companies

The total volume of the refinancing funds taken up and passed on to Group companies increased on balance by DM 3.4 bn. to DM 20.0 bn.

Deutsche Bank Finance N.V., Curaçao, floated 9 bond issues in various currencies in the past financial year for the equivalent of roughly DM 2.2 bn. At the same time, loans were extended to banks and non-banks outside the Group.

Deutsche Finance (Netherlands) B.V., Amsterdam, through which long-term financing funds are also taken up, floated bonds for DM 2.0 bn. in 1989.

Deutsche Bank Financial Inc., Dover, is concerned exclusively with the funding of Group companies in the U.S.A. The total funding volume outstanding at the end of the year, at roughly \$ 2 bn. (DM 3.3 bn.), stood at about the previous year's level.

Non-consolidated companies

The aggregate balance sheet total of the following Group companies amounted, in the last financial year for which statements of accounts were submitted, to DM 1,104 m., which corresponds to 2.7 % of the aggregate consolidated balance sheet total. Owing to their minor importance for the assets and income situation of the Group, these companies were not included in the Consolidated Statement of Accounts pursuant to Section 329 (2) Joint Stock Corporation Act (old version):

Wilh. Ahlmann GmbH, Kiel

Airport Club für International Executives GmbH, Frankfurt am Main
ALD AutoRent GmbH, Hamburg

"Alwa" Gesellschaft für Vermögensverwaltung mbH, Hamburg
Astra Gesellschaft zur Verwaltung eigener Grundstücke mbH, Regensburg

BACUL Vermietungsgesellschaft mbH, Düsseldorf
BAMUS Vermietungsgesellschaft mbH, Düsseldorf
BARIS Vermietungsgesellschaft mbH, Düsseldorf
BATOR Vermietungsgesellschaft mbH, Düsseldorf
BELUS Vermietungsgesellschaft mbH, Düsseldorf
Beteiligungsgesellschaft für Flugzeugleasing mbH, Frankfurt am Main
BONUS Vermietungsgesellschaft mbH, Düsseldorf
BÜBO Verwaltungsgesellschaft mbH, Frankfurt am Main
Burstah Verwaltungsgesellschaft mbH, Hamburg
CADMUS Vermietungsgesellschaft mbH, Düsseldorf
CALOR Vermietungsgesellschaft mbH, Düsseldorf
CAMPANIA Vermietungsgesellschaft mbH, Düsseldorf
CANDOR Vermietungsgesellschaft mbH, Düsseldorf
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt am Main
Club Corporation of Europe (Deutschland) GmbH, Frankfurt am Main
ComCo Datenanlagen GmbH & Co. KG, Korntal-Münchingen
ComCo Verwaltungsgesellschaft mbH, Korntal-Münchingen
DB Consult GmbH, Bad Homburg v.d.H.
DEBEKO Immobilien GmbH, Eschborn
degab Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main
Deutsche Beteiligungs AG Unternehmensbeteiligungsgesellschaft, Königstein/Taunus
Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main
Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main
Deutsche Grundbesitz-Anlagegesellschaft mbH & Co. Löwenstein Palais, Eschborn
Deutsche Immobilien Anlagegesellschaft mbH, Frankfurt am Main
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v. d. H.
Deutsche Wirtschaftsdatenbank GmbH, Frankfurt am Main
Deutscher Beteiligungsfonds I GbR, Frankfurt am Main
DIL Grundstücksgesellschaft für Verwaltungs- und Lagergebäude mbH, Dusseldorf
DIPLOMA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
DISCA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
"Domshof" Beteiligungs-Gesellschaft mbH, Bremen
Düfa Beteiligungsgesellschaft mbH, Frankfurt am Main
MS "Essen" Schiffahrts-Gesellschaft mbH, Bremen
Essener Grundstücksverwertung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen

Fefa Beteiligungsgesellschaft mbH, Frankfurt am Main
 Feuba Beteiligungs AG, Frankfurt am Main
 Frankfurter Gesellschaft für Vermögensanlagen mbH,
 Frankfurt am Main
 Frega Beteiligungs AG, Frankfurt am Main
 GADES Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf
 Gafa Beteiligungsgesellschaft mbH, Frankfurt am Main
 GAT-Golf am Tegernsee GmbH, Munich
 GAT-Golf am Tegernsee GmbH & Co. Grundstücksverwaltungs KG,
 Waakirchen am Tegernsee
 GEFI Gesellschaft für Mobilien-Leasing und Finanzierungsvermittlung
 mbH, Berlin
 Golf-Club Margarethenhof am Tegernsee GmbH & Co. KG, Munich
 Golf-Club Margarethenhof am Tegernsee Verwaltungs GmbH,
 Munich
 Golf und Land Club Gut Kaden GmbH, Alveslohe
 gr Grundstücks GmbH Objekt Corvus, Frankfurt am Main
 gr Grundstücks GmbH Objekt Corvus & Co. Besitzgesellschaft
 Westend-Center, Frankfurt am Main
 Grundstücksgesellschaft Grafenberger Allee mbH, Düsseldorf
 Grundstücksgesellschaft Otto-Hahn-Strasse mbH, Düsseldorf
 Grundstücksvermietungsgesellschaft Wilhelmstrasse mbH, Cologne
 Grundstücksverwaltungsgesellschaft Objekt Geislingen mbH,
 Frankfurt am Main
 Gütermann GmbH & Co. Beteiligungs-KG, Gutach
 Haba Beteiligungsgesellschaft mbH, Frankfurt am Main
 Hauba Beteiligungs AG, Frankfurt am Main
 Hochhaus und Hotel Riesenfürstenhof Aufbaugesellschaft mbH,
 Frankfurt am Main
 Hypotheken-Verwaltungs-Gesellschaft mbH, Berlin
 Immobiliengesellschaft der Deutschen Bank mbH, Frankfurt am Main
 Immobilien-Gesellschaft in Lübeck GmbH, Lübeck
 Immobilien-Holding Martin Zimmer GmbH, Cologne
 Immobilien Winter GmbH & Co. KG, Heidelberg
 Interleasing Dello Hamburg GmbH, Hamburg
 IZI Bielefeld Informations-Zentrum Immobilien GmbH, Bielefeld
 IZI Dortmund Informations-Zentrum Immobilien GmbH, Dortmund
 JG Japan Grundbesitzverwaltungsgesellschaft mbH,
 Frankfurt am Main
 Kapital-Beteiligungs- und Verwaltungsgesellschaft Norden mbH,
 Lübeck
 Kefa Beteiligungsgesellschaft mbH, Frankfurt am Main
 Heinz Langer Versicherungsdienst GmbH, Stuttgart
 Mago Beteiligungsgesellschaft mbH, Frankfurt am Main
 Mebro Beteiligungs AG, Frankfurt am Main
 Mefa Beteiligungsgesellschaft mbH, Frankfurt am Main

"modernes Frankfurt" private Gesellschaft für Stadtentwicklung mbH,
 Frankfurt am Main
 Nordhamburgische Bauträgergesellschaft mbH, Hamburg
 Nordwestdeutscher Wohnungsbauträger GmbH, Braunschweig
 (Profit transfer agreement with Deutsche Bank AG)
 Pafa Beteiligungsgesellschaft mbH, Frankfurt am Main
 Peina Grundstücksverwaltungsgesellschaft mbH, Düsseldorf
 Rana Beteiligungsgesellschaft mbH, Berlin
 Saarländische Immobilien-Gesellschaft mbH, Saarbrücken
 SB Bauträger GmbH, Frankfurt am Main
 SB Bauträger GmbH & Co. Urbis Hochhaus-KG, Frankfurt am Main
 SB Bauträger GmbH & Co. Urbis Verwaltungs-KG, Frankfurt am Main
 Schiffsbetriebsgesellschaft Brunswik mbH, Kiel
 Schisa Grundstücksverwaltungsgesellschaft mbH, Düsseldorf
 Sefa Beteiligungsgesellschaft mbH, Frankfurt am Main
 Selekta Grundstücksverwaltungsgesellschaft mbH, Düsseldorf
 Stafa Beteiligungsgesellschaft mbH, Frankfurt am Main
 Süddeutsche Bank GmbH, Frankfurt am Main
 Tauernallee Grundstücksgesellschaft mbH, Berlin
 Terraingesellschaft Gross-Berlin GmbH, Berlin
 Transgermania Verwaltungsgesellschaft mbH, Hamburg
 Franz Urbig- und Oscar Schlitter-Stiftung GmbH, Frankfurt am Main
 Westend Grundstücksgesellschaft mbH, Lübeck
 WfG Deutsche Gesellschaft für Wagniskapital mbH, Frankfurt am Main
 WIBA Immobilien- und Industrievermittlungs-GmbH, Heidelberg
 WINWF Beteiligungsgesellschaft mbH, Frankfurt am Main
 Wohnbau-Beteiligungsgesellschaft mbH, Lübeck
 Wohnungsbaugesellschaft Lubeca GmbH, Lübeck
 Martin Zimmer Finanzierungsvermittlungen, Beteiligungen und
 Versicherungsmakler GmbH, Cologne
 Martin Zimmer Immobilien GmbH, Cologne
 Martin Zimmer Vermietungs- und Immobilienmanagement GmbH,
 Cologne
 Martin Zimmer Vertriebs GmbH, Cologne

Foreign Group companies with an overall balance sheet total - according to the last available statement of accounts - of DM 702 m. (1.7 % of the aggregate consolidated balance sheet total) were similarly not consolidated owing to minor importance. Also not included in the Consolidated Statement of Accounts was Morgan Grenfell Group plc, London, in which a majority had been acquired shortly before the end of the financial year, as - from a business point of view - there was no Group integration in the reporting year.

Deutsche Bank (Asia Credit) Ltd., Singapore, was no longer consolidated as this company has terminated its active business operations.

The following domestic companies are not under the uniform direction of Deutsche Bank AG and are therefore not eligible for consolidation:

Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich

AV America Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main

Bahn-Grund Projektentwicklungsgesellschaft München mbH, Munich

Bavaria Filmkunst GmbH, Munich

Bavaria Filmverleih- und Produktions-GmbH, Munich

Roland Berger & Partner Holding GmbH, Munich, and its related companies

Business Datenbanken GmbH, Heidelberg

Business Datenbanken International GmbH, Frankfurt am Main

Deutsche Eisenbahn-Consulting GmbH, Frankfurt am Main

Deutsche Gesellschaft für Anlageverwaltung mbH, Frankfurt am Main

Deutsche Gesellschaft für Immobilienanlagen "America" mbH, Bad Homburg v.d.H.

Futura Beteiligungs-GmbH, Bielefeld

GFI-Industriemontagen GmbH & Co. Leasing und Service OHG, Düsseldorf

Klöckner & Co AG, Duisburg, and its related companies

Leasinggesellschaft für Energieinvestitionen mbH, Wuppertal

Leasinggesellschaft für Kraftwerkanlagen mbH, Wuppertal

Rossmann Beteiligungsgesellschaft mbH, Frankfurt am Main

At these companies, no business transactions capable of materially affecting the situation of Deutsche Bank AG were registered. Business relations with these companies do not go beyond the normal services provided by the Group.

Principles of consolidation

The consolidated balance sheet and profit and loss account are based on the special sheet published for banks in the legal form of "Aktiengesellschaft" (joint stock corporation). This sheet is supplemented by the typical items in mortgage bank business deriving from the special sheets for mortgage banks and ship mortgage banks. The items relating to mortgage bank business also include the figures of Europäische Hypothekenbank der Deutschen Bank, Luxembourg, insofar as the reporting criteria are fulfilled.

The assets and liabilities of Lebensversicherungs-AG der Deutschen Bank and the expenses and income typical of life insurance business are reported in summary items after internal offsetting within the Group.

The Consolidated Statement of Accounts was drawn up in accordance with the provisions of the Joint Stock Corporation Act of 1965 in the version in effect before the Balance Sheet Directives Act of 19.12.1985, while the individual statements of accounts of domestic Group companies were drawn up in accordance with the provisions of the Commercial Code in the version as amended by the Balance Sheet Directives Act and those of foreign Group companies in accordance with the provisions in force in the respective country of domicile.

The figures shown in the individual balance sheets were taken over unchanged into the Consolidated Balance Sheet unless, in individual cases, adjustments to German accounting provisions were required. Interim statements as at 31.12.1989 were drawn up pursuant to Section 331 (3) Joint Stock Corporation Act (old version) for eight companies with a different financial year. Their structure, insofar as the companies concerned are domestic enterprises,

complies with the provisions of the Commercial Code. The statements of the foreign companies were converted at the exchange rates valid on balance sheet date (Frankfurt mid-rates).

The book values of the holdings in consolidated companies were offset against the respective proportions of the subsidiaries' capital, capital reserves and revenue reserves. The difference is shown as the reserve arising from consolidation and is included in capital and reserves.

Claims and liabilities between consolidated members of the Group were offset. Insofar as consolidated companies' balance sheets contain provisions which represent adjustments for the Group, these amounts were converted and the corresponding as-

sets adjusted accordingly. In the Consolidated Profit and Loss Account, the income shown in the individual statements of accounts insofar as it represents compensation for mutual services of the consolidated companies – almost exclusively interest and commissions – has been offset against the respective expenses. Intercompany profits were eliminated.

Amounts received by the parent company during the year under review from holdings in consolidated members of the Group and representing distributions from the profits of the preceding year were included under profit brought forward; the tax credits received were not taken into account in these distributed profits or in the Group's tax expenses.

Notes to the Consolidated Balance Sheet

Business volume

Group business volume was up by DM 39.5 bn. (+ 12.8%) to DM 348.8 bn. The major contribution came from the parent company with volume growth of DM 23.5 bn. and the newly-consolidated subsidiaries H. Albert de Bary & Co. N.V. and Banco Comercial Transatlántico, S.A., with a total of DM 7.7 bn.

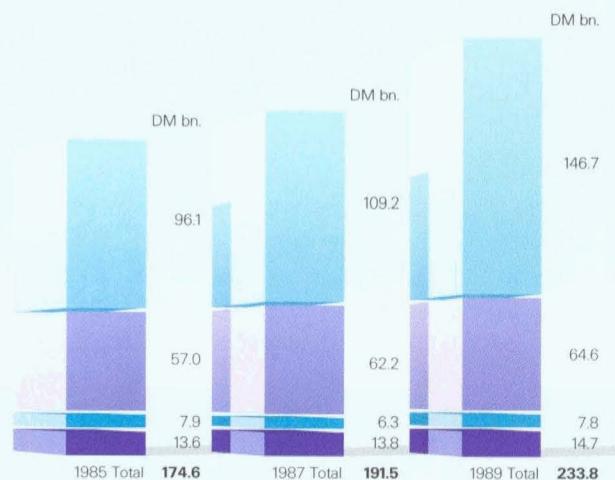
Total credit extended

Total credit extended was increased, compared with the previous year, by DM 22.4 bn. (+ 10.6%) to DM 233.8 bn.

Loans to non-residents expanded strongly by DM 11.3 bn. (+ 24.7%); DM 4.6 bn. came from the inclusion of the new foreign subsidiaries. The share of loans to

Development of total lending

Deutsche Bank Group
 Claims on customers
 Long-term mortgage bank lendings
 Discounts
 Advances to banks



non-residents in total credit extended came to 24.4% after 21.7% at the end of 1988. Loans to residents were raised by DM 11.1 bn. (+ 6.7%) to DM 176.7 bn.

Total credit extended	End of 1989		End of 1988		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Claims on customers						
short and medium-term	75,891	32.5	64,543	30.5	+ 11,348	= 17.6
long-term	70,791	30.3	62,400	29.5	+ 8,391	= 13.4
	<u>146,682</u>	<u>62.8</u>	<u>126,943</u>	<u>60.0</u>	<u>+ 19,739</u>	<u>= 15.5</u>
Long-term mortgage bank lendings	64,639	27.6	63,751	30.2	+ 888	= 1.4
Discounts	7,781	3.3	6,502	3.1	+ 1,279	= 19.7
Lendings to banks						
short and medium-term	6,068	2.6	6,320	3.0	- 252	= 4.0
long-term (4 years or more)	8,611	3.7	7,885	3.7	+ 726	= 9.2
	<u>14,679</u>	<u>6.3</u>	<u>14,205</u>	<u>6.7</u>	<u>+ 474</u>	<u>= 3.3</u>
Total credit extended	<u>233,781</u>	<u>100.0</u>	<u>211,401</u>	<u>100.0</u>	<u>+ 22,380</u>	<u>= 10.6</u>

Loans to corporate customers grew by DM 17.1 bn. (+ 18.5%) to DM 109.5 bn., loans to private customers by DM 5.8 bn. (+ 8.0%) to DM 78.3 bn.

In view of the good state of building activity on the domestic side, the building financing volume in the Group (mortgage bank business and building loans of the commercial banks) stood at DM 64.6 bn., which was DM 3.7 bn. above that of the preceding year.

At all companies included in the Group, commitments in lending business were valued with unchanged care. Provision was made for all discernible risks - both for individual borrowers and for country risks - by the formation of adjustments and provisions in accordance with uniform standards applied throughout the Group. At the end of 1989, the provisioning ratio for country risks in the Group stood at 78%. Account was taken of latent risks through the formation of collective adjustments.

Securities

Securities holdings in the Group were valued uniformly in accordance with the strict "lower of cost and market" principle.

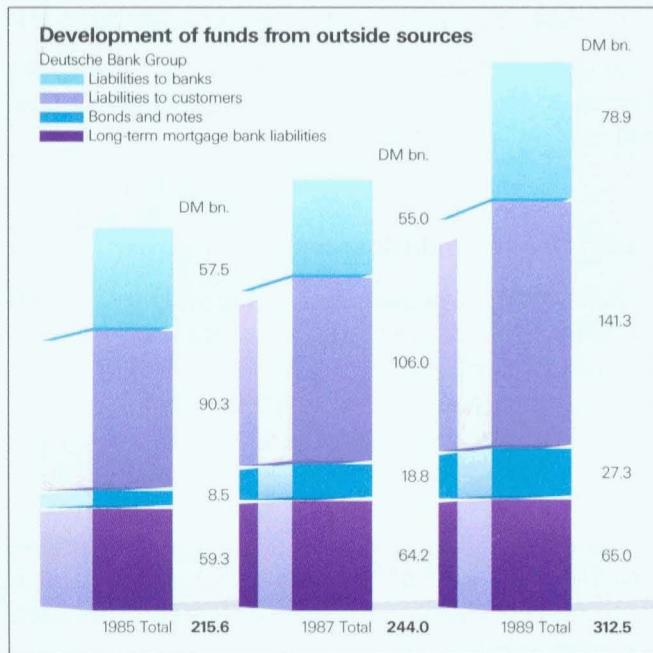
Funds from outside sources

Funds from outside sources increased by DM 35.8 bn. to DM 312.5 bn. (+ 12.9%).

The growth of funds from banks stemmed largely from the increase in liabilities to foreign banks. Customers' deposits rose chiefly as a result of short-term time deposits from residents and demand deposits of non-residents.

Liabilities to foreign banks and customers came to DM 101.3 bn. (end of 1988: DM 85.1 bn.); non-residents thus accounted for 46% of funds from banks and customers.

<i>Funds from outside sources</i>	End of 1989		End of 1988		Change	
	DM m.	% share	DM m.	% share	DM m.	%
Liabilities to banks						
payable on demand	21,929	7.1	18,220	6.6	+ 3,709	= 20.4
time deposits	56,870	18.2	48,075	17.4	+ 8,795	= 18.3
customers' drawing on other banks	79		134		- 55	= 41.0
	<u>78,878</u>	<u>25.3</u>	<u>66,429</u>	<u>24.0</u>	<u>+ 12,449</u>	<u>= 18.7</u>
Liabilities to customers						
payable on demand	41,069	13.1	33,473	12.1	+ 7,596	= 22.7
time deposits	67,719	21.7	55,803	20.2	+ 11,916	= 21.4
savings deposits	32,566	10.4	32,293	11.6	+ 273	- 0.8
	<u>141,354</u>	<u>45.2</u>	<u>121,569</u>	<u>43.9</u>	<u>+ 19,785</u>	<u>= 16.3</u>
Bonds and notes	27,266	8.7	23,488	8.5	+ 3,778	= 16.1
Long-term mortgage bank liabilities	65,008	20.8	65,254	23.6	- 246	- 0.4
<i>Total funds from outside sources</i>	<u>312,506</u>	<u>100.0</u>	<u>276,740</u>	<u>100.0</u>	<u>+ 35,766</u>	<u>= 12.9</u>



Contingent liabilities

Contingent liabilities on rediscounted bills of exchange and own drawings in circulation came to DM 4.9 bn. Of own drawings in circulation (DM 70.5 m.), DM 51.4 m. was discounted for borrowers' account.

Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements increased to DM 27.5 bn. (end of 1988: DM 25.3 bn.).

Miscellaneous liabilities

As at year's end, liabilities for possible calls on not fully paid-up shares in public and private limited companies, insofar as they were not shown on the liabilities side, came to DM 171 m. Joint liabilities pur-

suant to Section 24 GmbH Act amounted to DM 48 m. Where we have other joint liabilities, the standing of the co-shareholders is beyond doubt in all cases.

In connection with the holding in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, there are Group obligations to pay further capital of up to DM 64 m. and a proportional contingent liability to fulfil the capital obligations of other shareholders who are also members of the Bundesverband deutscher Banken e.V., Cologne. The obligations to pay further capital on other holdings came to DM 2 m. on 31. 12. 1989. Funds taken up for specific projects in the sum of DM 9,313 m., which are included under liabilities to customers and banks and were provided, for the most part, by Kreditanstalt für Wiederaufbau, Frankfurt am Main, were passed on to the borrowers at the conditions stipulated by the lenders. Within the framework of Berlin order financing, securities in the sum of DM 9 m. were pledged. At the end of 1989, assets and security items provided to us in the sum of DM 1,716 m. were tied up in connection with loans raised. Legal stipulations required the provision of security in connection with the business activity of the foreign branches of Deutsche Bank AG; this tied up assets in the amount of DM 183 m.

In addition, we refer to the declaration of backing which appears in the Notes to the Annual Statement of Accounts of Deutsche Bank AG for certain banks and associated companies.

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

Consolidated Profit and Loss Account

Income on business volume

Income on business volume (interest surplus), including the surplus on leasing business (balance of income from leasing business, normal depreciation of leasing equipment and other expenses from leasing business) rose 13.5% to DM 7.6 bn.

The incremental income stemmed from the strong growth of average business volume, with an interest margin stabilized in the course of the year.

Income on services business

The surplus on commissions and other service charges received was increased by 14.8% to DM 2.8 bn. All services sectors participated in this growth.

Staff and other operating expenses

Staff and other operating expenses increased 8.4% to DM 6,536 m. More than half of the increase resulted from the first-time consolidation of subsidiaries; ignoring the newly-consolidated companies, staff and other operating expenses in the Group increased by 4.1%.

Staff expenses came to DM 4,428 m. (+ 8.3%), general operating expenses came to DM 1,719 m. (+ 10.7%). Staff and other operating expenses include normal depreciation on land and buildings and on office furniture and equipment of DM 389 m. (+ 0.3%).

Partial operating result

The partial operating result excluding own account trading improved 24.8% to DM 3,871 m.

Operating result

The Group operating result - surplus on current business including own-account trading - rose 22.6%.

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

Other income, after offsetting of securities profits and income from written-back adjustments with write-downs of and adjustments to claims and securities pursuant to Section 4 of the Order concerning Banks' Statements of Accounts, is reported at DM 500 m. (previous year: DM 912 m.).

Write-downs, depreciation and adjustments

Expenses for write-downs of and adjustments to claims and securities and transfers to provisions for

Breakdown of aggregate operating result for 1989

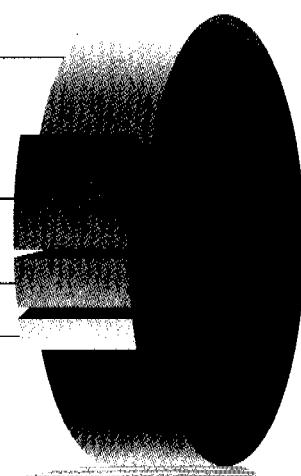
Deutsche Bank Group

Commercial banks 85.8%

Mortgage banks 8.3%

Investment banking,
capital market and
capital investment companies 3.5%

Others 2.4%



possible loan losses amounted, after offsetting with securities profits and written-back adjustments (pursuant to Section 4 of the Order concerning Banks' Statements of Accounts) to DM 387 m. compared with DM 164 m. in the previous year.

Taxes

Taxes on income and assets came to DM 2,129 m. The incremental corporation tax burden of $\frac{5}{16}$ on the 1989 profits of domestic subsidiaries, to be distributed to the parent company in 1990, is not taken into account.

Profit, capital and reserves

Net income for 1989 came to DM 1,339.9 m. (previous year: DM 1,202.8 m.). Including profit brought

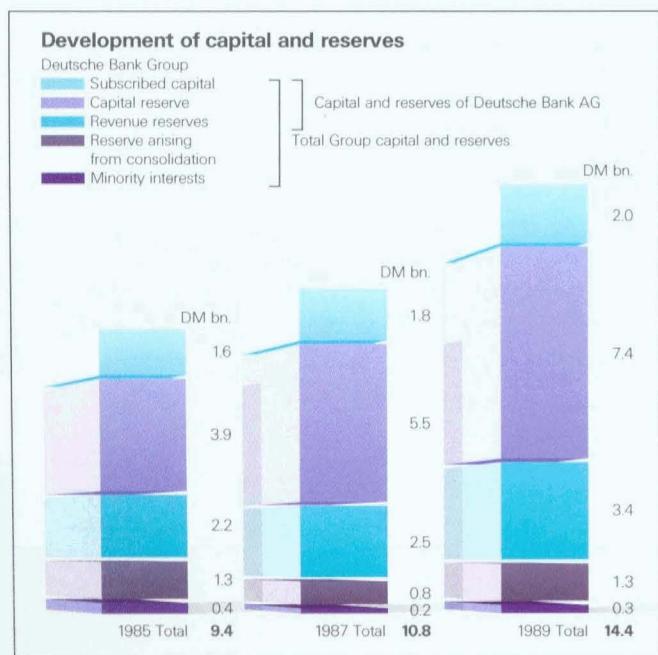
forward from 1988 in the sum of DM 66.8 m., and after the addition of DM 604.3 m. to revenue reserves, and after deduction of minority interests in profit in the amount of DM 24.9 m., consolidated profit came to DM 777.5 m. (1988: DM 691.8 m.).

Pursuant to the profit appropriation proposals, DM 568.1 m. of this (previous year: DM 435.2 m.) is to be distributed to the shareholders of the parent company and to minority shareholders in subsidiaries.

The reserve arising from consolidation in the amount of DM 1,253.0 m. results from offsetting the book values of subsidiaries, associated companies and trade investments with the proportionate shares of subsidiaries' capital and reserves, with assets-side and liabilities-side differences netted. The growth of DM 142.7 m. net is calculated from proportionate allocations to reserves at subsidiaries and from the difference arising from parity changes in the translation of the individual statements of accounts of foreign Group companies as well as from the first-time consolidation of subsidiaries.

Minority interests of DM 341.0 m. include profits of DM 23.7 m.; DM 317.3 m. of this item therefore has equity character.

Total Group capital and reserves were strengthened in 1989 by DM 2,867.0 m. to DM 14,367.1 m. They are made up as follows:



	End of 1989 DM m.	End of 1988 DM m.
Subscribed capital	1,988.2	1,772.6
Capital reserve	7,445.2	5,490.5
Revenue reserves	3,363.4	2,913.4
<i>Capital and reserves of Deutsche Bank AG</i>	12,796.8	10,176.5
Reserve arising from consolidation	1,253.0	1,110.3
Minority interests	317.3	213.3
<i>Total Group capital and reserves</i>	<u>14,367.1</u>	<u>11,500.1</u>

On the basis of resolutions by the General Meetings of subsidiaries, a further DM 212.3 m. is to be added to revenue reserves from consolidated profit. After that, and taking into account the funds in the sum of DM 1,656.0 m. from the capital increase of

Deutsche Bank AG in February 1990, and from the exchange of bonds from our 4% convertible bond issue in the first two months of this year, Group capital and reserves will amount to DM 16,449.4 m.

Frankfurt am Main, March 1990

The Board of Managing Directors

Yours sincerely
Klaus-Joachim Klemm
Klaus Würth-Kempe Weiss-Lam
Marking

Consolidated Balance Sheet as of December 31, 1989

**Consolidated Profit and Loss Account
for the period from January 1 to December 31, 1989**

Assets

Deutsche Bank Aktiengesellschaft

		in DM 1,000	in DM 1,000	31.12.1988 in DM 1,000
Cash on hand			1,006,341	844,164
Balance with Deutsche Bundesbank			6,420,549	3,915,181
Balances on postal giro accounts			16,553	39,283
Cheques, matured bonds, interest and dividend coupons, items received for collection			530,811	441,045
Bills of exchange			2,710,216	2,279,260
including:				
a) rediscountable at Deutsche Bundesbank	DM thou.	825,733		
b) own drawings	DM thou.	76,764		
Claims on banks				
a) payable on demand		23,109,591		14,137,747
b) with original periods or periods of notice of				
ba) less than three months		22,238,302		21,579,693
bb) at least three months, but less than four years		26,192,071		25,170,554
bc) four years or more		8,627,066		7,890,620
including:				
used as cover by mortgage banks	DM thou.	498,000	80,167,030	68,778,614
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder Governments		521,815		46,983
b) of other issuers		4,647,208		3,833,568
			5,169,023	3,880,551
Bonds and notes				
a) with a life of up to four years				
aa) of the Federal and Länder Governments	DM thou.	842,862		
ab) of banks	DM thou.	1,068,334		
ac) of other issuers	DM thou.	1,045,056	2,956,252	3,321,457
including:				
eligible as collateral for				
Deutsche Bundesbank advances	DM thou.	1,779,443		
used as cover by mortgage banks	DM thou.	37,815		
b) with a life of more than four years				
ba) of the Federal and Länder Governments	DM thou.	3,679,627		
bb) of banks	DM thou.	3,527,537		
bc) of other issuers	DM thou.	5,341,538	12,548,702	12,439,567
including:				
eligible as collateral for				
Deutsche Bundesbank advances	DM thou.	6,092,248		
used as cover by mortgage banks	DM thou.	356,329		
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		5,897,976		4,953,291
b) other		585,016		525,454
including: holdings of more than one tenth of the shares				
of a joint stock corporation or a mining company,				
unless shown as Subsidiaries, associated companies				
and trade investments	DM thou.	1,075,708		
	Carried forward		118,008,469	101,417,867

Consolidated Balance Sheet as of December 31, 1989

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31.12.1988 in DM 1,000
Liabilities to banks				
a) payable on demand		21,929,197		18,220,077
b) with original periods or periods of notice of				
ba) less than three months	17,959,941			
bb) at least three months, but less than four years	27,389,249			
bc) four years or more	<u>11,520,170</u>	56,869,360		48,074,914
including: due in less than four years	DM thou. 8,677,579			
c) customers' drawings on other banks		<u>79,271</u>	78,877,828	133,603
Liabilities to customers				
a) payable on demand		41,068,497		33,472,849
b) with original periods or periods of notice of				
ba) less than three months	39,636,956			
bb) at least three months, but less than four years	16,415,511			
bc) four years or more	<u>11,666,672</u>	67,719,139		55,803,592
including: due in less than four years	DM thou. 9,830,983			
c) savings deposits				
ca) subject to legal period of notice	18,523,882			
cb) other	<u>13,426,256</u>	31,950,138		32,020,969
d) building savings deposits		<u>616,185</u>		271,994
			141,353,959	121,569,404
Bonds and notes with a life of				
a) up to four years		668,336		768,083
b) more than four years		<u>26,598,211</u>		22,720,038
including: maturing in less than four years	DM thou. 15,619,227		27,266,547	23,488,121
Bonds issued by mortgage banks				
a) mortgage bonds		27,914,572		27,657,713
including:				
registered bonds	DM thou. 12,053,420			
b) ship mortgage bonds		125,130		—
including:				
registered bonds	DM thou. 125,130			
c) communal bonds		29,449,564		30,324,536
including:				
registered bonds	DM thou. 10,737,812			
d) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act		1,487,809		1,778,435
including:				
registered bonds	DM thou. —			
e) bonds drawn and called for redemption		<u>325,090</u>		215,198
including:				
maturing or to be taken back in less than four years	DM thou. 28,907,733		59,302,165	59,975,882
further:				
registered mortgage bonds given to lender as security for loans taken up	DM thou. 1,031,024			
registered ship mortgage bonds	DM thou. 581			
and				
registered communal bonds	DM thou. 771,659			
Bonds to be delivered			834,644	608,349
	Carried forward			
			307,635,143	272,070,350

Assets

Consolidated Balance Sheet

	Brought forward	in DM 1,000	in DM 1,000	31.12.1988 in DM 1,000
Claims on customers with original periods or periods of notice of				
a) less than four years	75,890,609			64,542,770
including: used as cover by mortgage banks	DM thou. 374,283			
on building savers	DM thou. 4,422			
relating to closing fees	DM thou. 4,422			
b) four years or more	<u>70,790,961</u>		146,681,570	62,400,264
including: ba) secured by mortgages on real estate	DM thou. 13,094,040			
bb) communal loans	DM thou. 2,346,693			
bc) building loans of the building and loan association	DM thou. 1,474			
due in less than four years	DM thou. 33,912,490			
Mortgage bank lendings with original periods of four years or more				
a) mortgages	31,873,556			30,818,070
used as cover	DM thou. 28,503,211			
b) ship mortgages	586,848			
used as cover	DM thou. 317,109			
c) communal loans	31,036,162			31,793,018
used as cover	DM thou. 30,753,356			
d) other	<u>8,880</u>			13,681
including: to banks	DM thou. 6,305,206		63,505,446	62,624,769
Accrued interest on long-term mortgage bank lendings				
a) pro rata interest	1,050,292			1,032,048
b) interest due after October 31, 1989 and on January 2, 1990	83,371			94,021
c) interest arrears	<u>1</u>			—
			1,133,664	1,126,069
Recovery claims on Federal and Länder authorities under Currency Reform Acts			158,893	183,412
including: used as cover by mortgage banks	DM thou. 15,493			
Loans on a trust basis at third party risk			582,067	1,206,032
Subsidiaries, associated companies and trade investments			4,381,864	2,853,305
including: investments in banks	DM thou. 286,818			
Land and buildings			1,517,932	1,412,163
including: taken over in mortgage bank business ... DM thou. 7,722			826,234	815,019
Office furniture and equipment				
Leasing equipment				
a) land and buildings	236,666			151,797
b) movables	<u>4,118,131</u>			3,635,180
			4,354,797	3,786,977
Bonds and notes issued by consolidated companies	nominal amount DM thou. 1,492,453			
Other assets			1,501,956	1,660,769
Assets of the life insurance company			792,637	816,677
Deferred items			64,609	—
a) difference in accordance with Section 250 (3) of the Commercial Code	155,054			160,887
b) from the mortgage banks' issue and loan business	159,411			168,595
c) other	<u>159,389</u>			119,070
			473,854	448,552
	Total Assets		343,983,992	305,294,645

Total Assets and the recourse claims from the contingent liabilities shown below the line
on the liabilities side include:

a) claims on related companies	891,573	1,048,598
b) claims arising from loans falling under Section 15 (1) 1–6 and (2) of the Banking Act, unless included under a)	893,084	829,925

as of December 31, 1989

Liabilities

	in DM 1,000	in DM 1,000	in DM 1,000	31.12.1988 in DM 1,000
Brought forward				
Loans taken up by mortgage banks, with original periods or periods of notice of four years or more				
a) from banks	371,529			414,867
b) other	<u>2,314,395</u>			2,096,177
including:				
with partial liability	DM thou. 35			
due in less than four years	DM thou. 850,890			
Accrued interest on bonds issued and loans taken up by mortgage banks				
a) pro rata interest	1,940,624			1,917,174
b) interest due (including interest due on January 2, 1990)	<u>244,482</u>			241,747
Own acceptances and promissory notes outstanding				
Loans on a trust basis at third party risk				
Provisions				
a) for pensions	2,613,787			2,357,098
b) other	<u>5,114,258</u>			4,998,668
Provisions in insurance business				7,728,045
Other liabilities of the life insurance company				7,952
Other liabilities				8,449
Franz Urbig- und Oscar Schlitter-Stiftung				387,178
Endowment assets	7,014			318,800
less investments in securities	<u>6,998</u>			7,149
Deferred items				16
a) from the mortgage banks' issue and loan business	334,250			6,998
b) other	<u>1,859,835</u>			332,278
Special items with partial reserve character				2,060,925
a) in accordance with the Tax Act regarding Developing Countries	1,436			2,393,203
b) in accordance with Section 6b of the Income Tax Act	103,196			2,828
c) in accordance with Section 52 (5) of the Income Tax Act	2,347			161,766
d) replacements reserve	1,992			2,935
e) in accordance with Section 3 of the Foreign Investment Act	14,363			3,183
f) in accordance with the administrative regulations on the cancellation of general provisions for possible loan losses and loan discountings	129,046			15,087
g) under foreign law	<u>5</u>			164,574
Subscribed capital (bearer shares)				—
Conditional capital DM thou. 588,687				252,385
Capital reserve				350,373
Revenue reserves				1,988,224
a) legal reserve	25,000			1,772,636
b) other revenue reserves	<u>3,338,381</u>			5,490,468
Reserve arising from consolidation				7,445,228
Minority interests				3,363,381
including: from profit	DM thou. 23,651			2,913,381
Consolidated profit				1,253,048
				340,966
				231,888
				777,520
				691,769
				343,983,992
				305,294,645
Own drawings in circulation				
including: those discounted for borrowers' account	DM thou. 51,375			70,475
Endorsement liabilities on rediscounted bills of exchange				61,638
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements				4,802,445
Commitments (not to be shown under liabilities) from the sale of assets subject to repurchase agreements				3,970,177
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies of				27,539,701
				25,259,182
				467,267
				683,773

Expenses

Consolidated Profit and Loss Account

	in DM 1,000	1988 in DM 1,000	in DM 1,000 1988 in DM 1,000
Interest and similar expenses	13,473,759	8,986,084	
Mortgage banks' interest expenses from			
a) mortgage bonds	1,853,987	1,839,199	
b) ship mortgage bonds	13,683	-	
c) communal bonds	2,073,566	2,078,404	
d) other bonds in accordance with Section 5 (1) 4c of the Mortgage Bank Act	87,006	107,200	
e) loans taken up	<u>191,834</u>	170,061	
Commissions and similar service charges paid	4,220,076	4,194,864	
Non-recurrent expenses in the mortgage banks' issue and loan business	196,199	127,884	
Expenses for life insurance business	88,773	104,354	
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses	4,172	-	
Salaries and wages	387,322	163,808	
Compulsory social security contributions	3,335,055	3,104,357	
Expenses for pensions and other employee benefits	524,513	501,444	
General operating expenses	568,205	482,566	
Depreciation of and adjustments to land and buildings and office furniture and equipment	1,719,566	1,553,947	
Write-downs of and adjustments to subsidiaries, associated companies and trade investments	541,757	463,161	
Depreciation of leasing equipment	15,873	9,210	
Other expenses for leasing business	1,398,940	1,174,275	
Taxes			
a) on income and assets	2,129,267	1,999,222	
b) other	<u>63,607</u>	31,428	
Expenses from assumption of loss	2,192,874	2,030,650	
Allocations to Special items with partial reserve character	6,830	13,847	
Other expenses	116,185	272,033	
Net income for the year	317,269	241,726	
	1,339,936	1,202,751	
<hr/>			
Total Expenses	30,498,535	24,661,797	
<hr/>			

Net income for the year

Profit brought forward from the previous year

Allocations to revenue reserves

 a) Deutsche Bank Aktiengesellschaft

 b) consolidated companies

Profit attributable to minority interests

Consolidated profit

Frankfurt am Main, March 13, 1990

Deutsche Bank Aktiengesellschaft

The Board of Managing Directors

Breuer Burgard Cartellieri Craven

Endres van Hooven Kopper Krumnow

Krupp Schneider-Lenné Weiss Zapp

von Boehm-Bezing

for the period from January 1 to December 31, 1989

Income

	in DM 1,000	in DM 1,000	1988 in DM 1,000
Interest and similar income from lending and money market transactions		18,335,892	13,349,411
Current income from			
a) fixed-income securities and Government-inscribed debt	1,216,613		1,029,461
b) other securities	232,929		199,215
c) subsidiaries, associated companies and trade investments	<u>441,649</u>		383,019
		1,891,191	1,611,695
Mortgage banks' interest income from			
a) mortgages	2,263,438		2,206,633
b) ship mortgages	44,432		—
c) communal loans	<u>2,373,091</u>		2,383,255
Commissions and other service charges received		4,680,961	4,589,888
Non-recurrent income from the mortgage banks' issue and loan business		2,975,287	2,548,532
Income from life insurance business		124,716	166,106
Other income, including income from the writing back of provisions for possible loan losses		13,264	—
Income from leasing business		500,426	911,709
Income from profit-pooling, profit-transfer and partial profit-transfer agreements		1,704,840	1,372,287
Income from the writing back of provisions, unless it has to be shown under "Other income"		2,439	5,287
Income from the writing back of special items with partial reserve character		51,312	50,224
		218,207	56,658
		Total Income	30,498,535
			24,661,797

	1988	
	in DM 1,000	in DM 1,000
	1,339,936	1,202,751
	<u>66,777</u>	<u>46,452</u>
	<u>1,406,713</u>	<u>1,249,203</u>
	450,000	400,000
	<u>154,308</u>	<u>137,575</u>
	<u>604,308</u>	<u>537,575</u>
	<u>802,405</u>	<u>711,628</u>
	<u>24,885</u>	<u>19,859</u>
	<u>777,520</u>	<u>691,769</u>

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

Frankfurt am Main, March 16, 1990

Treuverkehr
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Fandré

Wirtschaftsprüfer

Dr. Fliess

Wirtschaftsprüfer



**Figures from the
Consolidated Balance Sheet and the
Consolidated Profit and Loss Account
1967 – 1989**

Figures from the Consolidated Balance Sheet

- Amounts in DM millions ...

End of	1989	1988	1987	1986	1985
Assets					
Cash reserve	7,443	4,798	8,189	6,891	7,956
Bills of exchange	2,710	2,279	2,179	2,039	2,210
Claims on banks	80,167	68,779	53,167	51,660	43,741
Treasury bills and discountable Treasury notes	5,169	3,881	3,129	2,337	1,985
Bonds and notes	15,505	15,761	13,016	15,088	14,445
Securities not to be shown elsewhere	6,483	5,479	5,282	4,921	2,825
Claims on customers	146,682	126,943	109,147	99,441	96,123
short and medium-term	75,891	64,543	54,550	51,319	53,836
long-term (4 years or more)	70,791	62,400	54,597	48,122	42,287
Long-term mortgage bank lendings	64,639	63,751	62,230	60,459	56,953
Loans on a trust basis at third party risk	582	1,206	1,220	1,411	1,556
Subsidiaries, associated companies and trade investments	4,382	2,853	2,657	4,140	2,522
Land and buildings	1,518	1,412	1,390	1,120	1,062
Office furniture and equipment	826	815	828	762	647
Leasing equipment	4,355	3,787	2,149	1,645	1,476
Bonds and notes issued by consolidated companies	1,502	1,661	1,472	1,476	1,848
Other assets	793	817	1,255	2,997	1,032
Remaining assets	1,228	1,073	1,031	836	846
Balance Sheet Total	343,984	305,295	268,341	257,223	237,227
Liabilities					
Liabilities to banks	78,878	66,429	55,018	57,762	57,450
including: time deposits	56,949	48,209	44,286	45,517	46,346
Liabilities to customers	141,354	121,569	106,031	100,134	90,331
including: time deposits	67,719	55,804	43,887	46,984	41,889
savings deposits	32,566	32,293	31,909	27,990	24,773
Bonds and notes	27,266	23,488	18,826	13,488	8,474
Long-term mortgage bank liabilities	65,008	65,254	64,141	62,367	59,314
Own acceptances and promissory notes outstanding	5,149	4,720	3,127	2,826	2,197
Provisions	7,728	7,356	6,369	6,564	5,866
for pensions	2,614	2,357	2,208	2,059	1,929
other	5,114	4,999	4,161	4,505	3,937
Group capital and reserves	14,367	11,500	10,849	10,043	9,392
Subscribed capital	1,988	1,773	1,773	1,624	1,599
Capital reserve	7,445	5,490	5,490	4,145	3,904
Revenue reserves	3,363	2,913	2,513	2,513	2,242
Reserve arising from consolidation	1,253	1,110	844	1,431	1,257
Minority interests (excl. from profits)	318	214	229	330	390
Remaining liabilities	3,456	4,287	3,353	3,345	3,594
Consolidated profit	778	692	627	694	609
Balance Sheet Total	343,984	305,295	268,341	257,223	237,227
Own drawings in circulation (discounted)	51	50	33	32	13
Endorsement liabilities	4,803	3,970	3,891	4,679	5,487
Business Volume	348,838	309,315	272,265	261,934	242,727
Contingent liabilities from guarantees, etc.	27,540	25,259	21,084	19,381	20,249

Figures from the Consolidated Profit and Loss Account

for the year	1989	1988	1987	1986	1985
Income on business volume (Interest surplus)	7,619	6,710	6,228	7,020	5,872
Income on services business*) (Commission surplus) (1989 incl. income from life insurance business)	2,788	2,421	2,213	1,848	1,609
Staff and other operating expenses	6,536	6,030	5,664	5,088	4,557
Taxes	2,193	2,030	971	1,624	1,684
Net income for the year	1,340	1,203	670	1,068	1,101
*) Figures up to 1986 not entirely comparable owing to change in reporting of re-allowances					
Number of staff at year's end	56,580	54,769	54,579	50,590	48,851

1984	1983	1982	1981	1980	1979	1975	1970	1967
6,650	5,915	5,972	7,138	8,006	10,199	5,106	3,021	1,553
2,471	2,582	2,127	2,620	3,075	2,535	7,076	4,332	4,009
42,750	40,006	43,261	42,308	33,549	31,776	15,587	4,317	2,269
1,154	1,351	1,162	615	613	549	189	409	1,704
13,539	11,226	8,395	6,890	6,933	5,928	2,433	1,803	943
3,155	2,793	2,345	2,265	2,174	2,020	1,538	1,331	1,047
100,206	88,112	81,047	79,768	73,050	63,427	35,160	17,186	9,015
61,685	53,814	49,365	44,674	37,833	32,086	21,052	10,353	6,860
38,521	34,298	31,682	35,094	35,217	31,341	14,108	6,833	2,155
53,372	49,443	46,005	41,653	38,148	33,995	19,528	3,517	—
1,235	999	988	1,924	1,727	1,378	783	146	228
648	560	556	602	647	619	374	302	138
1,004	965	945	839	868	872	739	407	286
490	390	352	325	306	300	208	133	78
1,094	1,006	995	898	865	801	468		
1,571	1,607	2,101	1,809	1,724	995	411	67	—
2,044	2,036	1,803	1,676	1,862	1,475	916	472	43
893	1,177	1,121	1,083	1,047	1,216	1,023	955	820
232,276	210,168	199,175	192,413	174,594	158,085	91,539	38,398	22,133
60,753	56,804	56,812	56,427	53,059	46,561	21,574	7,598	3,168
50,206	47,406	48,274	47,305	44,765	39,862	16,373	4,526	1,500
88,387	78,323	72,791	73,671	65,114	59,687	41,571	24,460	17,010
41,501	35,147	31,681	34,730	27,102	22,889	10,469	7,976	4,133
23,695	23,955	23,912	22,998	22,243	21,475	18,367	9,030	6,542
7,505	5,888	5,592	4,199	4,595	5,554	1,220	—	—
56,362	51,978	48,382	43,074	38,597	35,081	20,444	3,656	
2,422	2,017	1,473	1,446	1,184	631	217	110	15
5,244	4,640	3,866	3,417	2,911	2,619	1,460	626	431
1,805	1,669	1,475	1,446	1,312	1,185	844	408	327
3,439	2,971	2,391	1,971	1,599	1,434	616	218	104
7,699	6,772	6,492	5,891	5,365	5,056	3,325	1,462	1,111
1,469	1,356	1,356	1,232	1,114	1,114	900	480	400
2,903	2,449	2,448	2,075	1,720	1,720	1,076	161	41
1,863	1,713	1,570	1,566	1,564	1,444	1,024	719	609
1,083	889	851	765	732	565	192	45	53
381	365	267	253	235	213	133	57	8
3,413	3,292	3,395	3,907	3,476	2,617	1,450	388	310
491	454	372	381	293	279	278	98	88
232,276	210,168	199,175	192,413	174,594	158,085	91,539	38,398	22,133
10	14	50	74	31	7	2		1
6,133	5,480	4,849	3,902	3,446	2,492	138	875	143
238,419	215,662	204,074	196,389	178,071	160,584	91,679	39,273	22,277
21,626	21,198	20,495	21,470	18,717	16,357	12,429	4,482	2,222
1984	1983	1982	1981	1980	1979	1975	1970	1967
5,765	5,597	4,930	4,295	3,538	3,022	2,167	1,048	513
1,350	1,257	1,020	996	892	785	580	274	338
4,238	3,952	3,557	3,272	3,052	2,735	1,944	989	608
1,241	1,238	977	818	735	665	417	121	139
674	654	343	412	457	427	391	131	140
47,873	47,256	45,618	44,800	44,128	43,942	40,839	36,957	

Annexes



Shareholdings of Deutsche Bank AG pursuant to § 285 No. 11 CommC

	D: declaration of backing see p. 53	Share of capital total of which indirect (§ 16 (4) ISCA)	Capital and reserves millions	Result thousands
German banks				
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	—	26.90% 0.83%	DM 199.0	13,000
Deutsche Bank Bauspar-Aktiengesellschaft, Frankfurt am Main	D	98 %	DM	26.8 701
Deutsche Bank Berlin AG, Berlin	D	100 %	DM	/20.6 83,600
Deutsche Bank Lübeck Aktiengesellschaft vormals Handelsbank, Lübeck	D	91.46%	—	DM 122.1 8,060
Deutsche Bank Saar AG, Saarbrücken	D	69.24%	—	DM 97.6 10,600
Deutsche Centralbodenkredit-Aktiengesellschaft, Berlin Cologne	D	90.98%	—	DM 796.5 58,520
Deutsche Gesellschaft für Fondsverwaltung mbH, Frankfurt am Main	D	100 %	—	DM 38.6 11,617
DWS Deutsche Gesellschaft für Wertpapierbesparen mbH, Frankfurt am Main	D	93 %	3.39%	DM 143.0 23,533
Deutsche Grundbesitz-Investmentgesellschaft mbH, Frankfurt am Main	D	37.50%	—	DM 23.4 802
Deutsche Vermögensbildungsgesellschaft mbH, Bad Homburg v.d.H.	D	100 %	8 %	DM 5.4 132
EFGEF Gesellschaft für Einkaufs-Finanzierung mbH, Düsseldorf	— ¹⁾	100 %	100 %	DM 16.0 1,838
Frankfurter Hypothekenbank Aktiengesellschaft, Frankfurt am Main	D	93.06%	—	DM 811.8 /0,088
GEFA Gesellschaft für Absatzfinanzierung mbH, Wuppertal	— ¹⁾	100 %	—	DM 153.0 13,793
Gesellschaft zur Finanzierung von Industrie anlagen mbH, Frankfurt am Main	—	27.10%	0.83%	DM 4.3 400
Hanseatische Investitions-Bank GmbH, Hamburg	—	33.33%	33.33%	DM 12.7 1,163

¹⁾ profit and loss transfer agreement

	D: declaration of backing see p. 53	Share of capital total of which indirect (§ 16 (4) JSCA)		Capital and reserves millions	Result thousands
Liquidations Casso in Hamburg Aktiengesellschaft, Hamburg	—	25.04%	—	DM	2.9
Lübecker Hypothekenbank Aktiengesellschaft, Lübeck	D	100 %	75 %	DM	254.2
Schiffshypothekenbank zu Lübeck Aktiengesellschaft, Lübeck/Hamburg	D	100 %	—	DM	86.9
SKV Kredit-Bank GmbH I, Kiel		33.33%	33.33%	DM	14.3
Süddeutsche Bank GmbH I, Frankfurt am Main	D	100 %	—	DM	4.2
Zürich Investmentgesellschaft mbH, Frankfurt am Main	—	20 %	—	DM	10.0
International banks and financing companies					
Bain & Company Ltd., Sydney	—	50 %	50 %	A\$	34.8
Banca d'America e d'Italia S.p.A., Milan	D	98.56%	—	Lit	529.032.8
BAI Factoring S.p.A., Milan		100 %	100 %	Lit	5.348.1
BAI Leasing S.p.A., Milan		100 %	100 %	Lit	6.876.2
Banco Comercial Transatlántico, S.A., Barcelona	D	67.15%	—	Ptas.	18.921.4
Inmobiliaria Cúspide, S.A., Madrid		100 %	100 %	Ptas.	1.100.8
Leasing Bancotrans, S.A., Barcelona		100 %	100 %	Ptas.	355.8
Promotora de Edificios para Oficinas, S.A., Barcelona		100 %	100 %	Ptas.	1.199.9
Banco de Montevideo, Montevideo	D	95.39%	—	U.N\$	12.562.2
Banque de Luxembourg S.A., Luxembourg	—	28.95%	28.95%	LF	2.675.4
Banque Européenne de Crédit S.A., Brussels	—	20 %	—	BF	3.066.0
H. Albert de Bary & Co. N.V., Amsterdam	D	100 %	—	Guil.	180.3
Deutsche Bank (Asia Credit) Ltd., Singapore	D	100 %	—	S\$	58.9
Deutsche Bank Australia I td., Melbourne	D	100 %	0.01%	A\$	132.2
Deutsche Bank (Austria) Aktiengesellschaft, Vienna	D	100 %	95 %	AS	85.3
Deutsche Bank (Canada), Toronto	D	100 %	—	Can.\$	71.4
Deutsche Bank Capital Corporation, New York	D	100 %	—	U.S.\$	102.3
Deutsche Bank Capital Markets Ltd., London	D	100 %	0.01%	f	37.1
Deutsche Bank Finance N.V., Curaçao (N.A.)	D	100 %	—	U.S.\$	5.4
Deutsche Bank Financial Inc., Dover (U.S.A.)	D	100 %	—	U.S.\$	0.06
1) figures omitted pursuant to § 286 (3) Sent. 1 No. 2 of the Commercial Code					

¹⁾ figures omitted pursuant to § 286 (3) Sent. 1 No. 2 of the Commercial Code

	D: declaration of backing see p. 53	Share of capital total of which indirect (§ 16 (4) JSCA)			Capital and reserves millions		Result thousands
Deutsche Bank Gestion S.A., Paris	D	100	%	0.24%	FF	0.3	6
Deutsche Bank Luxembourg S.A., Luxembourg	D	100	%	0.01%	LF	16,137.7	2,464,242
Deutsche Bank (Suisse) S.A., Geneva	D	100	%	0.01%	SF	119.7	8,350
DB Asia Finance (HK) Ltd., Hong Kong	D	100	%	—	U.S.\$	6.6	65
DB (Belgium) Finance S.A./N.V., Brussels	D	100	%	0.01%	BF	282.3	15,720
DB Capital Markets (Asia) I Ltd., Hong Kong	D	60	% ¹⁾	—	U.S.\$	13.0	825
DB Com S.p.A., Milan	D	100	%	100 %	Lit	1,416.2	84,331
DB Finanziaria S.p.A., Milan	D	100	%	—	Lit	4,836.1	120,156
DB U.K. Finance p.l.c., London	D	100	%	0.01%	f	21.0	2,303
Deutsche Capital Management Australia Ltd., Melbourne	D	100	%	100 %	A\$	0.4	—201
Deutsche Capital Markets Australia Ltd., Sydney	D	100	%	100 %	A\$	11.7	576
Deutsche Credit Corporation, Deerfield (U.S.A.)	D	100	%	—	U.S.\$	16.3	2,298
Deutsche Finance (Netherlands) B.V., Amsterdam	D	100	%	—	Guil.	10.2	5,084
Europäische Hypothekenbank der Deutschen Bank, Luxembourg	D	100	%	66.67%	DM	29.9	—130
European American Bancorp, New York		23.15%		23.15%	U.S.\$	219.3	30,000
Internationale Investment Management Gesellschaft S.A., Luxembourg	D	100	%	100 %	DM	73.6	33,896
McLean McCarthy Ltd., Toronto	D	100	%	100 %	Can.\$	4.7	2,839
MDM Sociedade de Investimento, S.A., Lisbon	D	100	%	—	Esc.	1,665.2	217,508
Morgan Grenfell Group plc, London – consolidated —					f		25,721
Morgan Grenfell Group plc, London	D	55.41%		42.22%	f	353.6	6,318 ²⁾
C. J. Lawrence, Morgan Grenfell Inc., New York		100	%	100 %	U.S.\$	38.0	—
Morgan Grenfell Asia Holdings Pte. Ltd., Singapore		100	%	100 %	S\$	22.7	—
Morgan Grenfell Asset Management Ltd., London		100	%	100 %	f	0.3	—
Morgan Grenfell (C.I.) Ltd., St. Helier (Jersey)		100	%	100 %	f	60.1	—
Morgan Grenfell & Co. Ltd., London		100	%	100 %	f	218.8	—
Morgan Grenfell Development Capital Ltd., London		100	%	100 %	f	0.01	—
Morgan Grenfell Laurie Ltd., London		100	%	100 %	f	6.6	—
N. V. Finandus, Amsterdam	D	100	%	100 %	Guil.	44.8	2,514

¹⁾ our share of the voting capital 50%; ²⁾ figures for subordinated companies omitted pursuant to § 286 (3) Sent. 1 No. 2 of the Commercial Code

	D; declaration of backing see p. 53	Share of capital total of which indirect (h 16 (4) .ISCA)		Capital and reserves millions	Result thousands
Other German enterprises					
ALD AutoLeasing D GmbH, Hamburg	D	51 %	51 %	DM	71.1 10,571
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH, Munich	—	55.35%	—	DM	351.3 /1,273
Alma Beteiligungsgesellschaft mbH, Düsseldorf	—	100 %	—	DM	18.8 29,310
Alster Beteiligungsgesellschaft mbH & Co. KG, Frankfurt am Main	—	45 %	—	DM	54.0 4,059
AV America Grundbesitzverwaltungs- gesellschaft mbH, Frankfurt am Main	—	55 %	—	DM	0.1 20
Bavaria Film GmbH, Goislgasteig	—	20 %	20 %	DM	38.4 1,216
Bavaria Filmkunst GmbH, Munich	—	67.97%	34.32%	DM	7.0 4
Roland Berger & Partner Holding GmbH, Munich	—	75.07%	—	DM	24.1 13,961
CGT Canada Grundbesitz Treuhand GmbH, Frankfurt am Main	—	55 %	—	DM	0.1 3
ComCo Datenanlagen GmbH & Co. KG, Korntal Münchingen	—	81 %	81 %	DM	5.0 4,682
Consortia Versicherungs-Beteiligungs- gesellschaft mbH, Frankfurt am Main	—	25 % ¹⁾	—	DM	22.9 422
Daimler Benz AG, Stuttgart	—	28.21%	0.01%	DM	9,934.0 1,382,000
DB Capital Management International GmbH, Frankfurt am Main	D	100 %	—	DM	8.2 -8,177
DB Export-Leasing GmbH, Frankfurt am Main	— ²⁾	100 %	—	DM	0.05 -146,658
DB Mergers & Acquisitions GmbH, Frankfurt am Main	D	100 %	—	DM	15.8 6,324

¹⁾ our share of the voting capital 22.26%; ²⁾ profit and loss transfer agreement

	D: declaration of backing see p. 53	Share of capital total	of which indirect (§ 16 (4) ISCA)		Capital and reserves millions	Result thousands	
D & C Holdinggesellschaft mbH, Frankfurt am Main ...	—	34	% ¹⁾	—	DM	15.7	
DEUBA Verwaltungsgesellschaft mbH, Frankfurt am Main		100	%	—	DM	30.2	
Deutsche Beteiligungs AG Unternehmensbeteiligungs- gesellschaft, Königstein/Taunus	—	46.40% ²⁾		—	DM	64.6	
Deutsche Beteiligungsgesellschaft mbH, Frankfurt am Main	—	92.50%		—	DM	3.6	
Deutsche Canada Grundbesitzverwaltungs- gesellschaft mbH, Frankfurt am Main	—	55	%	—	DM	0.1	
Deutsche Eisenbahn-Consulting GmbH, Frankfurt am Main		51	%	51	%	DM	13.2
degab Deutsche Gesellschaft für Anlageberatung mbH, Frankfurt am Main	—	100	%		DM	0.7	
Deutsche Gesellschaft für Anlagever- waltung mbH, Frankfurt am Main		75	%	—	DM	197.5	
Deutsche Gesellschaft für Immobilienanlagen "America" mbH, Bad Homburg v.d.H.	—	55	%	—	DM	0.6	
Deutsche Gesellschaft für Immobilien- Leasing mbH, Cologne	—	95	%	95	%	DM	10.3
Deutsche Gesellschaft für Mittelstandsbürocratung mbH, Munich	—	100	%		DM	2.6	
WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG von 1984, Frankfurt am Main		30	%	—	DM	46.2	
Deutsche Grundbesitz-Anlagegesellschaft mbH, Frankfurt am Main	—	37.50%		—	DM	3.5	
Deutsche Grundbesitz Anlagegesellschaft mbH & Co. Löwenstein Palais, Eschborn	—	99.67%		—	DM	30.0	
Deutsche Immobilien Anlagegesellschaft mbH, Frankfurt am Main		100	%	—	DM	0.6	
Deutsche Immobilien Leasing GmbH, Düsseldorf	³⁾	50	%	—	DM	36.3	
DPE Deutsche Projektentwicklungs Gesellschaft für Grundvermögen mbH, Frankfurt am Main	—	50	%	—	DM	1.3	
						315	

¹⁾ without voting rights; ²⁾ our share of the voting capital 92.5%; ³⁾ profit and loss transfer agreement

	D: declaration of backing see p. 93	Share of capital total		of which indirect (§ 16 (4) JSCA)		Capital and reserves millions	Result thousands
Deutsche Wirtschaftsdatenbank GmbH, Frankfurt am Main		100	%			DM	1.0
Deutscher Beteiligungsfonds I GbR, Frankfurt am Main	—	92.50%				DM	90.0
Elektro Export-Gesellschaft mbH, Nuremberg	—	100	%	100	%	DM	1.3
Energie Verwaltungs-Gesellschaft mbH, Düsseldorf		25	% ¹⁾			DM	530.6
Essener Grundstücksverwertung Dr. Ballhausen, Dr. Bruens, Dr. Möller KG, Essen		98.94%				DM	1.5
GFTA-Leasing GmbH, Wuppertal	²⁾	100	%	100	%	DM	55.0
GFI Industriemontagen GmbH & Co. Leasing und Service OHG, Düsseldorf	—	75	%	75	%	DM	18.8
Groga Beteiligungsgesellschaft mbH, Frankfurt am Main	—	50	%	—		DM	12.8
Gütermann GmbH & Co. Beteiligungs-KG, Gutach	—	100	%	—		DM	2.7
Hessische Immobilien-Verwaltungs-Gesellschaft mbH, Frankfurt am Main	²⁾	100	%	5	%	DM	3.5
Philipp Holzmann AG, Frankfurt am Main	—	30	%			DM	433.9
Horten AG, Düsseldorf		25	%	25	%	DM	463.5
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf	—	33.33%		—		DM	201.6
Hutschenthaler AG, Selb	—	25.09%		25.09%		DM	66.5
Immobilien gesellschaft der Deutschen Bank mbH, Frankfurt am Main	D	100	%	—		DM	6.0
Immobilien Holding Martin Zimmer GmbH I, Cologne	-	75	%	75	%	DM	1.0
Immobilien Winter GmbH & Co. KG, Heidelberg		100	%	100	%	DM	3.9
JG Japan Grundbesitzverwaltungsgesellschaft mbH, Frankfurt am Main	—	100	%	—		DM	0.1
Karstadt AG, Essen	—	25.01%		—		DM	1,509.8
¹⁾ our share of the voting capital 35.71%; ²⁾ profit and loss transfer agreement							

¹⁾ our share of the voting capital 35.71%; ²⁾ profit and loss transfer agreement

	D; declaration of backing see p. 53	Share of capital total		of which indirect (§ 16 (4) IASCA)		Capital and reserves millions	Result thousands	
Klöckner & Co AG, Duisburg		98	%	98	%	DM	449.8	-391,114
Klöckner & Co Handel Aktiengesellschaft, Duisburg ...	—	100	%	100	%	DM	274.4	657
Klöckner Haus- und Verwaltungs-AG & Co, Duisburg ..		99.91%		62.70%		DM	110.0	5,801
Klöckner Humboldt-Deutz AG, Cologne		39.26%		39.26%		DM	532.8	-98,000
Klöckner INA Holding für Auslandsbeteiligungen GmbH, Duisburg		100	%	100	%	DM	20.8	830
Klöckner Industrie-Anlagen GmbH, Duisburg	—	100	%	100	%	DM	17.2	— ¹⁾
Klöckner Industriebeteiligungsgesellschaft mbH, Duisburg	—	58.28%		58.28%		DM	174.1	24
Lebensversicherungs-AG der Deutschen Bank, Frankfurt am Main/Wiesbaden	D	100	%	100	%	DM	53.2	26,831
löwe & Jaegers KG, Duisburg	—	100	%	100	%	DM	26.0	2,799
Matura Vermögensverwaltung mbH, Düsseldorf	—	100	%	—		DM	11.6	10,420
Mietfinanz GmbH, Mülheim/Ruhr	—	25.25%		25.25%		DM	43.5	5,501
Nordwestdeutscher Wohnungsbauträger GmbH I, Braunschweig	— ²⁾	100	%	—		DM	0.2	6
Rhein-Neckar Bankbeteiligung GmbH, Stuttgart	—	49.07 ³⁾		—		DM	144.8	7,211
Rossma Beteiligungsgesellschaft mbH, Frankfurt am Main	—	60	%	—		DM	59.1	2,935
Süddeutsche Vermögensverwaltung GmbH, Frankfurt am Main	—	100	%	—		DM	5.4	545
Südzucker AG Mannheim/Ochsenfurt, Mannheim		20.80%		—		DM	539.2	58,169
Trinitas Vermögensverwaltung GmbH, Frankfurt am Main	²⁾	100	%	—		DM	1.0	1,606
Vermietungsgesellschaft MITTE für SFI-Kommunikationsanlagen mbH, Stuttgart	—	50	%	—		DM	2.5	210
WINWE Beteiligungsgesellschaft mbH, Frankfurt am Main	—	100	%	—		DM	9.3	719

¹⁾ profit and loss transfer agreement with Klöckner & Co AG; ²⁾ profit and loss transfer agreement; ³⁾ our share of the voting capital 50%

	D: declaration of backing see p. 53	Share of capital total of which indirect (h 16 (4) ISCA)					Capital and reserves millions	Result thousands	
Other foreign enterprises									
Deutsche Bank Government Securities, Inc., New York	D	100	%	100	%	U.S.\$	48.5	-- ¹⁾	
DB Handels und Beteiligungsgesellschaft m.b.H., Vienna	D	100	%	—	—	A\$	2.0	-2,407	
DB Holdings Canada Inc., Toronto	D	100	%	100	%	Can \$	5.9	183	
DB Investments (GB) p.l.c., London	D	100	%	—	—	C	350.0	—	
DB Mergers & Acquisitions Inc., New York	D	100	%	100	%	U.S.\$	0.8	-195	
Deutsche Portfolio Corporation, New York	—	100	%	100	%	U.S.\$	56.1	4,038	
Hermes Institutional Investments Inc., Baltimore (U.S.A.)	—	45.89%	—	—	—	U.S.\$	51.3	2,467	
Klöckner Namasco Corporation, Wilmington (U.S.A.)	—	69.73%	69.73%	—	—	U.S.\$	24.3	5,966	
Langlois S.A., Rennes	—	100	%	100	%	Fr	71.3	7,782	
McLeanco Holdings Ltd., Toronto	—	100	%	100	%	Can.\$	0.6	-22	
Namasco Ltd., Toronto	—	100	%	100	%	Can.\$	19.9	3,698	
Orion Institutional Investments Inc., Baltimore (U.S.A.)	—	50.51%	—	—	—	U.S.\$	97.8	7,510	
P. T. Euras Buana Leasing Indonesia, Jakarta	D	60	%	—	—	Rp.	3,634.5	408,283	
Société Luxembourgeoise des Centrales Nucléaires S.A. (SCN), Luxembourg	—	25	%	—	—	DM	288.2	19,927	
Vaubel & Partners Ltd., Tokyo	—	33.33%	—	—	—	Yen	83.9	800	

Note: A\$ 1 = DM 1.34; AS 100 = DM 14.21; BE 100 = DM 4.751; Can \$ 1 = DM 1.4665; Esc. 100 = DM 1.13; FR 100 = DM 29.245; Guil. 100 = DM 88.53;
Rp. 1,000 = DM 0.951; Lit 1,000 = DM 1.333; LF 100 = DM 4.754; Ptas. 100 = DM 1.545; Ft 1 = DM 2.721; SI 100 = DM 109.63; \$S 100 = DM 89.425;
U.N\$ 100 = DM 0.212; U.S.\$ 1 = DM 1.6978; Yen 100 = DM 1.181

¹⁾ figures omitted pursuant to § 286 (3) Sent. 1 No. 2 of the Commercial Code

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Our Bases

Federal Republic of Germany

Branches:

Aachen	Bad Salzuflen	Brunsbüttel	Emmerich
with 5 sub branches	with 1 sub-branch	Buchholz i.d. Nordheide	Emsdetten
Aalen (Württ.)	Bad Tölz	Bühl (Baden)	Engelskirchen
with 1 sub-branch	Bad Wildungen	Bünde	Erneperat
Achern	Bad Wörishofen	Burgdorf (Han)	with 1 sub branch
Achim (Bz. Bremen)	Bad Zwischenahn	Burscheid (Rhein)	Erding
Ahaus	Balingen	Buxtehude	Erkelenz
Ahlen (Westf.)	Bamberg	Castrop-Rauxel	Erkrath (Bz. Düsseldorf)
Ahrensburg (Holst.)	Barsinghausen	with 1 sub-branch	Erlangen
Albstadt	Baunatal	Celle	Eschborn
with 1 sub branch	Bayreuth	Clausthal-Zellerfeld	Eschwege
Alfeld (Leine)	Beckum (Bz. Münster)	Cloppenburg	Eschweiler
Alsdorf (Rheinl.)	Bendorf (Rhein)	Coburg	Espelkamp
Alstorf (Oberhess.)	Bensheim	Coesfeld	Essen
Altena (Westf.)	Bergheim (Lrlt)	* Cologne	with 26 sub branches
Altenkirchen (Westerw.)	Bergisch Gladbach	with 27 sub-branches	Esslingen (Neckar)
Alzey	with 1 sub branch	Crailsheim	Ettlingen
Amberg	Bergneustadt	Cuxhaven	Fuskirchen
Andernach	Bernkastel-Kues	Dachau	Fellbach (Württ.)
Ansbach	Betzdorf (Sieg)	Darmstadt	Flensburg
Arnsberg	Biberach (Riss)	with 5 sub branches	Forchheim
with 1 sub branch	Biedenkopf	Datteln (Westf.)	Frankenthal (Pfalz)
Aschaffenburg	Bielefeld	Deggendorf	Frankfurt am Main
Aspang	with 8 sub-branches	Deidesheim	with 23 sub-branches
Attendorf	Bietigheim (Württ.)	Delmenhorst	Frankfurt (Main) Höchst
Augsburg	Bingen (Rhein)	Detmold	Frechen
with 6 sub-branches	Blomberg (Lippe)	Dietzenbach	Freiburg (Breisgau)
Aurich	Bocholt	Dillenburg	with 5 sub branches
Backnang	Bochum	Dillingen	Freising
Bad Berleburg	with 7 sub-branches	Dinslaken (Niederrhein)	Freudenberg (Kr. Siegen)
Bad Driburg (Westf.)	Böblingen (Württ.)	with 1 sub branch	Freudenstadt
Bad Dürkheim	Bonn	Donaueschingen	Friedberg (Hess.)
Baden-Baden	with 6 sub-branches	Donauwörth	Friedrichshafen
Bad Harzburg	Bonn Bad Godesberg	Dormagen (Niederrhein)	Fürstenfeldbruck
Bad Hersfeld	Boppard	Dorsten	Fürth (Bay.)
Bad Homburg v.d.Hohe	Borken	Dortmund	with 1 sub branch
Bad Honnef	Bottrop	with 12 sub branches	Dreieich
Bad Iburg	with 1 sub branch	Dülmen	Dülmen
Bad Kreuznach	Bramsche (Bz. Osnabrück)	Düren (Rheinl.)	Gaggenau (Murgtal)
Bad Laasphe	Braunschweig	with 1 sub-branch	Garmisch-Partenkirchen
Bad Lauterberg	with 12 sub-branches	Düsseldorf	Geesthacht
Bad Lippspringe	Bremen	with 32 sub-branches	Geislingen (Steige)
Bad Mergentheim	with 14 sub-branches	Düsseldorf-Benrath	with 1 sub branch
Bad Münderseit	Bremen-Vegesack	with 1 sub branch	Geldern
Bad Neuenahr	Bremerhaven	Duisburg	Gelsenkirchen
Bad Oeynhausen	with 3 sub-branches	with 21 sub-branches	with 5 sub branches
Bad Pyrmont	Bretten	Duisburg-Hamborn	Gengenbach
Bad Reichenhall	Brilon	Einbeck	Georgsmarienhütte
Bad Sachsa (Südharz)	Bruchsal	Eislingen	with 1 sub branch
Bad Säckingen	Brühl (Bz. Cologne)	Eitorf	Gerlingen (Württ.)
		Ellwangen (Jagst)	Germering
		Elmshorn	Gernsbach (Murgtal)
		Elten	Gersthofen
		Eltville	Geseke (Westf.)
		Finden	Gevolsberg
		Emmendingen	Giengen (Brenz)

Giessen	Herborn (Dillkr.)	Königsbrunn	Lüneburg
Gifhorn	Herdecke (Ruhr)	Königstein (Taunus)	with 1 sub-branch
with 1 sub branch	Herford	Konstanz	Lünen
Ginsheim-Gustavsburg	Herne	with 2 sub branches	with 1 sub branch
Gladbeck (Westf.)	with 4 sub-branches	Konz u / Iner	Mainz
Goch	Herten (Westf.)	Kornwestheim (Württ.)	with 4 sub branches
Göppingen	Herzberg (Harz)	Korschenbroich	Mannheim
with 1 sub branch	Herzogenrath	Krefeld	with 17 sub-branches
Göttingen	with 1 sub branch	with 7 sub-branches	Marbach
with 1 sub branch	Heusonstamm	Krefeld Uerdingen	Marburg (Lahn)
Goslar	Hilden	Kreuzau	Markgröningen
with 1 sub branch	with 1 sub branch	Kreuztal (Kr. Siegen)	Marktoberdorf
Großrath	Hildesheim	Kronberg (Taunus)	Marl (Kr. Recklinghausen)
Grenzach-Wyhlen	with 2 sub-branches	Künzelsau	Mayen
Greven (Westf.)	Hockenheim (Baden)	Kulmbach	Meckenheim (Rheinl.)
Grevenbroich	Höhr Grenzhausen	Laatzen	Meerbusch
Griesheim ü./Darmstadt	Höxter	Lage (Lippe)	Meinerzhagen (Westf.)
Gronau (Leine)	Holzminden	Lahnstein	Melle
Gronau (Westf.)	Horn - Bad Meinberg	Lahr (Schwarzw.)	Memmingen
Gross Gerau	Hückelhoven	Landau (Pfalz)	Menden (Sauerl.)
Grünwald	Hückeswagen	Landsberg (I lach)	Meppen
Günzburg	Hürth (Bz. Cologne)	Landshut	Meschede
Gütersloh	Husum (Nordsee)	Landstuhl	Mettmann
with 1 sub branch	Ibbenbüren	Langen (Hess.)	Metzingen (Württ.)
Gummersbach	Idar Oberstein	Langenfeld (Rheinl.)	Michelstadt
Haan (Rheinl.)	with 1 sub-branch	Langenhagen (Han)	Miltenberg
Hagen (Westf.)	Ingelheim (Rhein)	with 1 sub-branch	Minden (Westf.)
with 8 sub branches	Ingolstadt (Donau)	Lauenburg	Mönchengladbach
Haiger	with 3 sub branches	Lauf a.d. Pegnitz	with 8 sub-branches
Halle (Westf.)	Iserlohn	Lauterbach (Hess.)	Mönchengladbach-Rheydt
Hamburg	with 1 sub branch	Leer (Ostfrsl.)	Moers
with 4b sub-branches	Itzehoe	Leichlingen (Rheinl.)	with 1 sub branch
Hamburg-Altona	Jever	Leinfelden	Monheim (Rheinl.)
Hamburg-Bergedorf	Jülich	Lemgo	Montabaur
Hamburg-Harburg	Kaarst	Longerich (Westf.)	Mosbach (Baden)
Hameln	Kaiserslautern	Lorriestadt	Mühlacker (Württ.)
Hamm (Westf.)	with 1 sub branch	with 1 sub-branch	Mühldorf (Inn)
with 3 sub branches	Kall	Leonberg (Württ.)	Mühlheim (Main)
Hanau	Kamp Lintfort	Leutkirch	Mülheim (Ruhr)
Hann. Münden	Karlruhe	Leverkusen	with 3 sub branches
Hanover	with 5 sub branches	Opladen	Müllheim (Baden)
with 17 sub-branches	Kassel	Limburg	Münster (Westf.)
Harswinkel	with 5 sub-branches	Limburgerhof	with 7 sub-branches
Haslach (Kinzigtal)	Kaufbeuren	Lindau (Bodensee)	Munich
Hatteningen (Ruhr)	Kehl	Lingen	with 4b sub-branches
Heidelberg	Kempen (Niederrhein)	Lippstadt	Münster
with 4 sub-branches	Kempton (Allgäu)	Löhne (Westf.)	Nagold
Heidenheim (Brenz)	Kerpen	Lörrach	Neckarsulm
Heilbronn (Neckar)	Kevelaer	with 1 sub-branch	Nettetal
with 1 sub branch	Kiel	Lohne (Oldb.)	with 1 sub-branch
Heiligenhaus (Düsseldorf)	with 7 sub-branches	Ludwigsburg (Württ.)	Neuburg (Donau)
Heinsberg	Kierspe (Westf.)	with 1 sub branch	Neuenrade
Heimstett	Kirchheim unter Teck	Ludwigshafen (Rhein)	Neu-Isenburg
Hemer	Kleve (Niederrhein)	with 6 sub-branches	Neumarkt (Oberpf.)
Hennet (Sieg)	with 1 sub-branch	Lübbecke	Neumünster
Hoppenheim	Koblenz	Füdenscheid	Neunkirchen (Kr. Siegen)
	with 1 sub-branch		

Neuss	Rastatt	Sindelfingen	Wächtersbach
with 4 sub branches	Ratingen	Singen (Hohentwiel)	Waiblingen
Neustadt (b. Coburg)	with 3 sub branches	Soest	Waldbrol
Neustadt (Weinstr.)	Raunheim	Solingen	Waldkirch (Breisgau)
Neu Ulm	Ravensburg	with 4 sub-branches	Waldkraiburg
Neuwied	with 1 sub branch	Soltau	Waldshut
Nienburg (Weser)	Rocklinghausen	Sonthofen	Waltrop
Nördlingen	Regensburg	Spaichingen	Wangen (Allgau)
Norden	with 3 sub-branches	Speinge	Warendorf
Norderney	Reinbek (Bz. Hamburg)	Speyer	Wedel (Holst.)
Norderstedt	Remagen	Sprockhövel (Westf.)	Weecker (Ems)
with 1 sub-branch	Remscheid	Stade	Wegberg
Nordhorn	with 5 sub branches	Stadthagen	Wehr (Baden)
Northheim	Rendsburg	Starnberg	Weiden (Opf.)
Nürtingen	Reutlingen	Steinfurt	Weil (Rhein)
Nürnberg	with 1 sub-branch	with 1 sub-branch	Weilheim
with 13 sub branches	Rheda Wiedenbrück	Stolberg (Rheinl.)	Weingarten (Württ.)
Oberhausen (Rheinl.)	Rheinbach	Straubing	Weinheim (Bergstr.)
with 9 sub branches	Rheinberg (Rheinl.)	Stuttgart	with 1 sub-branch
Oberkirch (Baden)	Rheine (Westf.)	with 14 sub-branches	Weissenhthurm
Oberhausen	with 2 sub-branches	Stuttgart Bad Cannstatt	Werdohl
Oberursel (Taunus)	Rheinfelden (Baden)	Sundern (Sauerl.)	Werl (Westf.)
Öhringen	Rinteln (Weser)	Taunusstein	Wermelskirchen
Oelde	Rödgen	Tettmann	Werne
Oerlinghausen	Rösrath	Titisee-Neustadt	Wesel (Niederrhein)
Offenbach (Main)	Rosenheim (Bay.)	Tönisvorst	with 1 sub-branch
with 2 sub-branches	Rottach-Egern	Traben Trarbach	Wesseling (Bz. Cologne)
Offenburg (Baden)	Rottenburg	Triberg (Schwarzw.)	Westerland
Oldenburg (Oldbg.)	Rottweil	Trier	Wetzlar
Olpe (Westf.)	Rüsselsheim (Hess.)	Troisdorf	Wiesbaden
Osnabrück	with 1 sub-branch	Tübingen	with 6 sub-branches
with 4 sub-branches	Salzgitter Bad	with 1 sub-branch	Wiesloch
Osterholz Scharmbeck	with 2 sub-branches	Tuttlingen	Wilhelmshaven
Osterode (Harz)	Salzgitter Lebenstedt	Ubach-Palenberg	Willich (Bz. Düsseldorf)
Ottobrunn	with 1 sub branch	Überlingen (Bodensee)	with 1 sub branch
with 1 sub-branch	Salzgitter-Watenstedt	Uelzen	Winnenden
Paderborn	St. Georgen (Schwarzw.)	Ulm (Donau)	Wipperfürth
Papenburg	Schmallenberg (Sauerl.)	with 1 sub branch	Wissen (Sieg)
Passau	Schopfheim	Unna	Witten
Peine	Schorndorf (Württ.)	Vechta	with 2 sub branches
Pfaffenholz	Schüttdorf	Velbert (Rheinl.)	Wittlich
Pforzheim	Schwabach	with 1 sub-branch	Wollenbüttel
with 3 sub-branches	Schwäbisch Gmünd	Verden (Aller)	Wolfsburg
Pfullingen (Württ.)	with 1 sub-branch	Vorl	with 4 sub-branches
Pinneberg	Schwäbisch Hall	Viernheim (Hess.)	Worms
Pirmasens	Schweinfurt	Viersen	Wülfrath
with 1 sub branch	Schwelm	with 3 sub branches	Würselen (Kr. Aachen)
Planegg	Schwerle (Ruhr)	VS - Schwenningen	Würzburg
Plettenberg	Schwytzingen	VS - Villingen	with 2 sub-branches
Plochingen	Seesen	Voerde	Wuppertal
Quakenbrück	Siegburg	Vohburg	with 15 sub branches
Radevormwald	Siegen	Vreden (Westf.)	Xanten
Radolfzell	with 4 sub-branches	Zell (Mosel)	Zirndorf
		Zweibrücken	

* Here, there is also 1 branch of Deutsche Kreditbank für Baufinanzierung AG, which has meanwhile been integrated into Deutsche Bank AG. The branch operates under the name "DKB, Filiale der Deutschen Bank".

Subsidiaries:

Deutsche Bank Berlin Aktiengesellschaft,
Berlin

79 business offices

Board of Managing Directors:
Dr. Bernd von Arnim
Dr. Michael Fernholz
Kurt Kasch
Dr. Friedrich Wilhelm Wielhege

Deutsche Bank Saar Aktiengesellschaft,
Saarbrücken

17 business offices

Board of Managing Directors:
Michael Böhm
Dieter Groll
Dr. Jost Prüm

Deutsche Bank Lübeck Aktiengesellschaft
vormals Handelsbank, Lübeck

40 business offices

Board of Managing Directors:
Max-J. Darpe
Bernd Satz

**Deutsche Centralbodenkredit-
Aktiengesellschaft**, Berlin-Cologne
12 business offices

Board of Managing Directors:
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Dr. Jürgen Huvendick
Detlev Rode

**Frankfurter Hypothekenbank
Aktiengesellschaft**, Frankfurt am Main
14 business offices

Board of Managing Directors:
Dr. Bernt W. Rohrer
Dr. Hans Schuck

**Lübecker Hypothekenbank
Aktiengesellschaft**, Lübeck
12 business offices

Board of Managing Directors:
Peter Ott
Dr. Gerhard Schäfer
Wilmar von Wentzky, Deputy

**Schiffshypothekenbank
zu Lübeck AG, Hamburg**

Board of Managing Directors:
Dr. Hanns Kippenberger
Olaf Peters
Dr. Henning Winter

**Deutsche Gesellschaft für
Fondsverwaltung mbH**, Frankfurt am Main

Managing Directors:
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Hans-Uwe Lüders · Dr. Günter Schaub

**DWS Deutsche Gesellschaft für
Wertpapierbesparung mbH**, Frankfurt am Main

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Wolfgang Gode

Grunelius KG Privatbankiers,
Frankfurt am Main

General Partners:
Gerd Schmitz-Mörkramer
Jürgen Kleppa · Edmund Knapp

**DB Capital Management International
GmbH**, Frankfurt am Main

Managing Directors:
Rudolf Heinz · Ove Lindemann
William R. Richards
Hannes-J. Baumann, Deputy

**Deutsche Bank Bauspar-
Aktiengesellschaft**, Frankfurt am Main

Board of Managing Directors:
Dr. Helmuth Kiesel
Dr. Hans Wielaerts
Walter Klug, Deputy

Deutsche Beteiligungsgesellschaft mbH,
Frankfurt am Main

10 business offices
Managing Directors:
Dr. Wilhelm Dettmering
Karl-Heinz Finselow · Dr. Günter Leopold
Reinhard Löftler

**GEFA Gesellschaft für
Absatzfinanzierung mbH**, Wuppertal
22 business offices

Managing Directors:
Richard Bernhardt · Dr. Uwe Kayser
Dr. Peter Lambeck

Subsidiaries:

GEFA-Leasing GmbH, Wuppertal

**EFGEE Gesellschaft
für Einkaufs-Finanzierung mbH,**
Düsseldorf

ALD AutoLeasing D GmbH, Hamburg

DB Export-Leasing GmbH,
Frankfurt am Main

Managing Directors:
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Erhard Ullrich

**Roland Berger & Partner Holding
GmbH***, Munich

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Roland Berger · Wolfgang Mast

DB Mergers & Acquisitions GmbH,
Frankfurt am Main

Managing Directors:
Dr. Bodo Fuchs · Volker Klaucke

**Deutsche Gesellschaft für
Mittelstandsberatung mbH**, Munich

Managing Director:
Peter G. von Windau

**Lebensversicherungs-AG
der Deutschen Bank**,
Wiesbaden

Board of Managing Directors:
Dr. Michael Renz
Sven-Michael Slottko
Dr. Martin Wagener
Johann Wieland

*not under uniform direction

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(excl. Federal Republic of Germany)

Austria

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Dr. Wilhelm Gorten

KR Mag. Josef Drabek (until 30.4.90)

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Directeur Général

Europäische Hypothekenbank

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 Albrecht Haarmann
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Christian Strenger, President

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Republic

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Tehran
Albert J. Mackert (until August '90)
Theodor Lanfermann (from August '90)
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Siegfried K. Brunnenmiller

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Managing Director

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Maurice Newman, Executive Chairman
John Barnes, Managing Director

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Helmut Wilhelm Mader, Managing Director
Dr. Rainer Stephan, Managing Director

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Deutsche Bank AG
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Deputy General Manager – India
Holger Appel, General Manager

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Jürgen Marziniak, General Manager

Deutsche Bank AG
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M. Nasiruddin Zain, Manager

P.T. Euras Buana Leasing Indonesia
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Werner Fuchs, President Director

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ARK Mori Building
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Minato-ku, Tokyo 107
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Jürgen Fitschen, General Manager
Reinhold Deitert, General Manager
Iatsu Kawahara, General Manager

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Isamu Kojima, Manager

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Chuo-ku, Osaka 541
Dr. Thomas Duhnkrack, General Manager

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Minato-ku, Tokyo 107
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Managing Director and General Manager
Dr. Rainer Stephan,
Managing Director and General Manager

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Dr. Dirk Vaubel, President

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Kun Il Chung, Manager

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Ingolf Grabs, Manager

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Hans-Michael Lüttge,
General Manager – Pakistan

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Sharid Wagar Mahmood, Manager

Philippines	Deutsche Bank AG Singapore Branch Robinson Road P.O. Box 3941 Singapore 9059 # 01-01 Treasury Building, 8, Shenton Way, Singapore 0106 Frederick J. A. Brown, General Manager Wolfgang Driese, General Manager	Taiwan
Singapore	Deutsche Bank AG Regional Head Office Singapore Robinson Road P.O. Box 0007 Singapore 9000 # 20, 01 Treasury Building, 8, Shenton Way, Singapore 0106 Executive Directors: Karlheinz Albrecht Ashok Dayal Alfred Steffen	Deutsche Bank AG Bangkok Branch G.P.O. Box 1237, Bangkok 10501 21, South Sathorn Road Bangkok 10120 Gerhard Heigl, General Manager
Sri Lanka	Deutsche Bank AG Colombo Branch P.O. Box 314 86, Galle Road Colombo 3 Edward W. Coll, General Manager	Thailand
		Deutsche Bank AG Abidjan · Brazzaville · Lomé · London · Luxembourg · Rabat · São Paulo
		<i>Further holdings in banks in</i>

* Affiliate

Morgan Grenfell Group

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Hilmar Kopper, Deputy Chairman
A. E. Richmond Watson, Deputy Chairman
M. W. R. Dobson, Chief Executive

Principal Subsidiaries

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G. N. Dawson, Head of Corporate Finance
J. B. Rawlings, Head of Banking
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M. Bullock, Managing Director
Subsidiaries in: Japan,
Jersey, Switzerland und U.S.A.

Morgan Grenfell Development Capital Ltd.
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J. W. Lockhart, Chairman and
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P. E. Smith, Managing Director

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Hsieh Fu Hua, Managing Director

C. J. Lawrence, Morgan Grenfell Inc.
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J. F. Moltz, Chairman and Chief
Executive Officer

M. R. Wade, Head of Corporate Finance



Contemporary Art at Deutsche Bank

The Concept

Contemporary art at the bank gives staff, customers and visitors an opportunity to experience art at the workplace and encourages them to think about its content and form. This is why Deutsche Bank purchases modern art to be displayed at its premises. Most of the works selected are by artists and sculptors from German-speaking countries, mainly young artists born in the 1950s and '60s.

In the towers of Deutsche Bank's Central Office in Frankfurt, 1,900 works on paper by 125 artists adorn the corridors and conference rooms. Further works of contemporary art can be seen at many domestic and foreign branches and subsidiaries.

The bank's artistic concept also includes the design of its Annual Reports, each featuring the work of one particular artist. This year, the report contains art by Horst Antes selected from works in the bank's collection. Starting at the General Meeting, an exhibition of Antes' printed graphics will be on display at 30 branches.

Horst Antes

Horst Antes was born in Heppenheim on the Bergstrasse in 1936. From 1957 until 1959 he studied under HAP Grieshaber at the Staatliche Akademie der Bildenden Künste in Karlsruhe. He was lecturer there from 1965 until 1967, and subsequently professor until 1973. From 1967 to 1968 he taught as visiting professor at the Staatliche Hochschule für Bildende Künste Berlin. Antes has been professor in Karlsruhe again since 1984. The artist's first individual exhibition was held in 1960 at the Cologne art gallery "Der Spiegel". Today, his art includes not only paintings and drawings, but also metal sculptures and numerous graphic works. In the early '60s Antes developed a process combining the advantages of offset printing with the creative scope of the lithograph. Since he

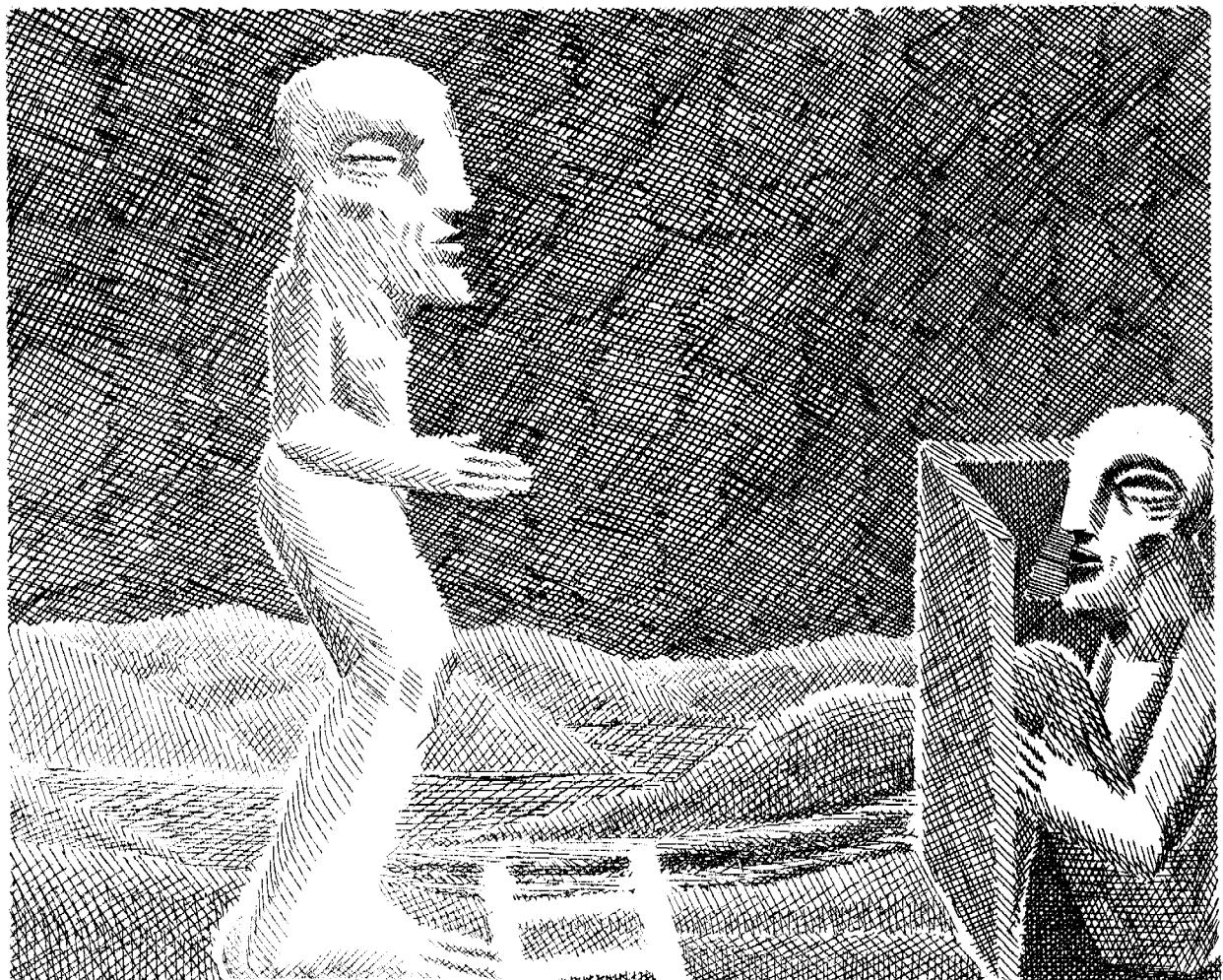
spent a period at the Villa Romana in Florence in 1962 he has also devoted himself to the technique of etching. In 1989 the Sprengel Museum in Hanover showed a selection of Horst Antes' printed graphic works.

The artist's early works link the gestural painting of l'art informel with the figurative style of his teacher Grieshaber. The "Kopffüssler" (a human figure shown upside down) that will dominate his works for many years appears for the first time in 1960. In the mid-sixties it is often reduced to just the head. "I load and unload my figure symbolically, sentimentally, organically, historically", says Antes in describing the motif, "and fill it and empty it with allusions, gestures, thoughts, speculations, wishes and anxieties. I make myself a picture, I make someone as an image, partner, mirror." The figures are often accompanied by a bird, rabbit or snake. And sometimes they are shown in interiors along with objects, such as a large pipe, a ladder or feathers. These motifs can be traced back to Antes' deep interest in the culture of the Hopi Indians in North America.

In 1982 Antes' manner of presentation changes, influenced by the Falklands war. The human figure is now outlined with the help of a stencil. Later, the thin gold foil sculptures, the "Votive", develop out of these stencils.

1987 marks the beginning of the series of "Berliner Bilder", using only the colours black, grey and blue. The "house of the Navajo", which Antes discovered in the Canyon de Chelly on a trip to the U.S.A., is a frequent motif.

Horst Antes lives in Karlsruhe, Berlin and Tuscany.



Pari

che C

List of works depicted:

Cover and flyleaf	House of the Navajo, 1988, aquatec, manganese and graphite on canvas, 180 x 50 cm	page 50	Figure with Raised Arms, 1961, offset, 56 x 41.5 cm
page 10	With Small Figure on the Right, 1960, offset, worked over with gouache, 42.5 x 62 cm	page 92	Blue Man with Bird and Rabbit, 1964, gouache and pastels, 60 x 50 cm
page 25	Head with Green P Hat, 1967, lithograph, 56.5 x 45 cm	page 113	Untitled, 1964/65, pochoir from the six-part "Strip Teeth" series, 44.7 x 36 cm
page 30	Untitled, 1982, lithograph, 100 x 140 cm		
page 38	Age, 1983, fine gold foil and acrylic glass, 54.4 x 37.3 x 49.4 cm	page 115	Untitled (test print for the "Sicellino" series), 1977, etching, 49.5 x 40 cm



Dear Shareholders,

With respect to our General Meeting on May 16, 1990 in Essen, Deutsche Schutzvereinigung für Wertpapierbesitz e. V., Düsseldorf, has requested, pursuant to the Joint Stock Corporation Act, Section 122(2), that an additional item be announced for resolution. We have therefore extended the Agenda as follows:

6. Abolition of the maximum voting right

Deutsche Schutzvereinigung für Wertpapierbesitz proposes on behalf of the shareholders whom it represents that the following resolution on an amendment to the Articles of Association be adopted:

In § 18 of the Articles of Association, the present subparagraph 1, which reads as follows:

"(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 deleted and replaced by the following subparagraph (1):

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

Deutsche Schutzvereinigung für Wertpapierbesitz has given the following reasons for its proposal:

"The developments surrounding Feldmühle Nobel and AVA have strongly confirmed DSW's fears that a restriction on voting rights is, firstly, not an effective way of warding off a large shareholder and, secondly, can be very counterproductive. The blocking of rival shareholder groups not only paralyzes the company, it also harms its reputation in public.

Commerzbank was right when it announced just recently: Through restrictions on voting rights companies ultimately pay for uncertain advantages with tangible disadvantages.

Since it is still uncertain whether protective mechanisms that conform more closely to market conditions will be introduced, maximum voting rights, which in any case are understood by the companies merely as a signal, should be removed without delay in view of the disadvantages which currently do exist in practice."

Reply:

The Board of Managing Directors proposes that the motion be rejected.

It can also happen in companies without a maximum voting right that shareholders form groups that rival with each other and, in so doing, exert a negative influence on decision-making processes in the company. In the present legal situation, the maximum voting right serves to protect the shareholder against unequal treatment in the event of shares being bought up and of takeover bids. We think it can only be dispensed with if greater transparency can be achieved in the anonymity of shareholder structures, so that investors can recognize at an early stage changes and intentions of a party buying up shares and/or of a potential bidder. In our opinion, this requires the implementation – as quickly as possible – of the EC Information Directive, which establishes an obligation to disclose holdings at least from 10%. In addition, we are in favour of binding rules for takeover bids, ensuring an orderly and fair procedure with the aim of equal treatment for all shareholders. The maximum voting right should be retained until these preconditions are fulfilled.

Ms. Elis Sachau, Meckenheim-Merl, has given notice that with regard to Item 2 of the Agenda she will propose the following motion:

"The General Meeting is requested to resolve that of the available distributable profit in the amount of DM 556,702,734,

- a) DM 542,784,165.65, i.e. 97.5%,
be used to distribute a dividend of DM 13.65 per share
in the nominal amount of DM 50, and
- b) DM 13,917,568.35, i.e. 2.5%,
be used as a donation to the
Internationales Jugend- und Kinderhilfswerk der Salesianer
Don Bosco – Missionsprokurator Pater Karl Oerder –
Strässchenweg 3, 5300 Bonn 1."

Ms. Sachau gives the following reasons for her proposal:

"Deutsche Bank has earned large amounts from the indebtedness of the 'Third World'. Its profits have also served, one-sidedly, our further enrichment and not the social development of the 'Third World'. Support for the Salesians represents an ethical personal orientation and a step in the direction of a more just world economic order. The Salesians have supported educational facilities, small and medium-sized enterprises and small-scale agricultural projects in developing countries for a long time. In this way they effectively help the people to help themselves, and promote the establishment of stable social and economic structures. This makes the Salesianer Don Bosco experienced partners with good prospects of success, who will enhance the image of Deutsche Bank."

Dr. Bartke-Anders, Berlin, has given notice that with regard to Item 2 of the Agenda she will propose the following motion:

"Debt waiver instead of increased dividend! The General Meeting is requested to resolve a reduction of the dividend in favour of a reserve fund. This fund is to be used to increase to 100% the provisioning for risk-bearing loans to 'Third World' countries, in order to finally cancel their debts."

She gives the following reasons for her proposal:

"The dividend increase was made possible partly by profits from lending business with the 'Third World'. Money earned in this manner has to be rejected, because an end to the debt crisis and the desolate living conditions of the people of the countries concerned is not in sight. For ethical reasons, debts must be waived! All debt management models, including the Brady Plan, have failed so far. Repayment can realistically no longer be expected; the debtor countries' burden must now finally be made lighter. In particular, the outstanding profit for the past financial year should be used to waive debt on a major scale. In this way Deutsche Bank would live up to its claim to follow a global and responsible business policy, and it would gain higher esteem throughout the world."

Reply:

The Board of Managing Directors proposes that the motions tendered by Ms. Sachau and Dr. Bartke-Anders be rejected.

The assertion that Deutsche Bank has earned large amounts from the indebtedness of the Third World is not correct. As is generally known, substantial write-downs have to be made on claims on countries in the Third World. We have helped to ease the debt load of the countries concerned by participating in reschedulings, through partial waivers and by reducing interest rates. Shareholders can therefore not be expected to bear a further burden in the form of a cut in the dividend.

In addition, the following counter-proposals have been received with regard to Items 3 and 4 of the Agenda:

Mr. Hubert Grevenkamp, Munich, has given notice that he will propose that the acts of management of the Board of Managing Directors not be ratified.

Reasons:

"The declaration of the participatory certificates of the 100% subsidiary Klöckner & Co. AG to be valueless proves, after the company's enormous profits, to be absolutely unnecessary, at least on that scale. The voluntary compensation provided in August 1989 corresponded to only a fraction of the value of the participatory certificates. Through pure profit seeking, the Board of Managing Directors hence destroyed the confidence of many hundreds of small investors in the probity of Deutsche Bank. The bank is using the tax advantages of DM 134 m., for which certificate-holders paid, and is reaping a dividend for 1989 of more than 100% (tax free) for its 'risk' at Klöckner & Co., while the small investors are to go empty-handed."

Reply:

The participatory-certificate capital of Klöckner & Co. KGaA was equity capital. Since the company's losses in autumn 1988 exceeded the entire equity capital, the extinguishment of the rights attaching to the participatory certificates was an unavoidable legal and economic consequence. Nevertheless, DM 112 per participatory certificate was paid to the certificate-holders in August 1989. This was in line with the stock market valuation before the crisis at the company became known. It was only when the bank took action that the preconditions were created for the company's recovery and hence for the payment to the certificate-holders. Any profit from our commitment – about whose size it is not yet possible to say anything – will merely be compensation for the risk borne by the bank.

Ms. Hanneliese Appelrath, Bonn, has given notice that she will propose that ratification of the acts of management of the Board of Managing Directors and of the shareholders' representatives on the Supervisory Board be refused.

Reasons:

"Despite growing protests, Deutsche Bank continued its business with South Africa in 1989. In particular, it agreed in October 1989 to another rescheduling for South Africa. Despite appeals – from South African churchleaders, among others – the rescheduling was not made dependent on the fulfilment of political conditions. The DGB criticized the fact that the big banks did not use their political power to bring about humane conditions in South Africa. In addition, Deutsche Bank continued to provide trade finance for South Africa.

The Board of Managing Directors and the capital representatives have severely damaged the bank's reputation by persisting in conducting business with South Africa."

Reply:

We have already stated at previous General Meetings that Deutsche Bank rejects the apartheid system. We welcome the fact that the South African government has commenced dialogue with the representatives of the black population, and we hope – in the interest of the country and its people – that the prospects for peaceful change in South Africa will improve further. A boycott would jeopardize this development and have negative repercussions for the whole population.

Mr. Eduard Bernhard, Kleinostheim, Mr. Stephan Brus, Bonn, and Mr. Karl-Heinz Sitzmann, Nuremberg, have given notice that they will propose that ratification of the acts of management of the Board of Managing Directors and of the Supervisory Board be refused.

Mr. Bernhard gives the following reasons for his proposal:

"Despite the nuclear catastrophe of Chernobyl, the unsolved question of the disposal of nuclear waste and the nuclear scandals at Trans-Nuklear, Hanau (etc.), the commitment in the high-risk nuclear sector has been maintained! Examples: Capital involvement in the controversial RWE atomic power station at Mülheim-Kärlich, Philipp Holzmann AG, Energie-Verwaltungs-GmbH (holding in VEW), Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH (Metallgesellschaft AG holding).

Entry into the arms sector and continuation of the commitment with the merger of Daimler-Benz AG and Messerschmitt-Bölkow (MBB), with the result that high-risk developments were set in motion although there has been clear détente from East to West and West to East for over 1 1/2 years!"

Reply:

We consider nuclear energy - which makes up approx. 40% of the power supply in the Federal Republic - to be indispensable, as the generation of electricity from fossil fuels involves the emission of pollutants, and its replacement with alternative sources of energy is not yet economically feasible.

The stake acquired by Daimler-Benz AG in Messerschmitt-Bölkow-Blohm on the basis of economic considerations represents a constructive link-up with a two-way technology transfer. The civilian sector already predominates in the group's production range, and its share will increase further with growing relaxation in East-West relations.

Mr. Brus gives the following reasons for his proposal:

"Deutsche Bank supports the so-called 'Scan-Link' project to create a transport route linking Scandinavia to central Europe by bridge and tunnel. Scan-Link is one of the 'missing links' in opening up the whole of Europe by road for the single EC market. The Board of Managing Directors has given extensive financing commitments (for individual construction schemes) within the framework of this project.

But the transport sector already illustrates particularly clearly the problems of industrial ideas for Europe as a 'planning region' (alpine transit routes, destruction of forests already through construction of the motorway in southern Sweden). It is to be feared that there will be a further increase in road and truck transport with corresponding ecological consequences (air pollution, damage to the countryside). The single market is a threat to established economic structures that have evolved in Europe."

Reply:

Northern Germany and Scandinavia now find themselves on the fringe, with clear disadvantages due to their location. The Scanlink project is intended to promote the

economic development of these regions through improved transport links with each other and with central Europe. We are therefore in favour of the project. The political decisions on the Danish and German sides have not yet been taken. We have not given any financing commitments.

Mr. Sitzmann gives the following reasons for his proposal:

"Through the overhasty cancellation of the registration of your institution's Berlin 'old bank' you have swindled and cheated the shareholders of the 'old bank' and also of the successor institution, Deutsche Bank AG, Frankfurt, of substantial assets in the territory of the GDR. Through your overhasty waiver you have prematurely given away legal positions in the GDR at the expense of the shareholders. Ratification can therefore not be granted."

Reply:

It is an open question whether there will be reimbursements or compensation payments because of the expropriations in the territory of the GDR. If reimbursements or compensation payments are made, no assets or legal positions would have been given up by the cancellation of the registration of the 'old bank'. Supplementary liquidation proceedings would take place (Joint Stock Corporation Act, Section 273(4)). In the course of these proceedings, existing liabilities of the 'old bank' would have to be settled first. Any surplus would be distributed to the holders of the 'old bank' shares ("Restquoten-Inhaber").

With kind regards,

Deutsche Bank
Aktiengesellschaft

The Board of Managing Directors

Frankfurt am Main, April 1990

Dear Shareholders,

With the notice published in the Bundesanzeiger No. 63 of March 30, 1990,
the Ordinary General Meeting of Deutsche Bank AG
has been convened for Wednesday, May 16, 1990, 10 a.m.,
in the GRUGAHALLE, Norbertstrasse 2, 4300 Essen.

We wish to repeat the invitation here and to give you some additional details below.

We should be pleased to see you in Essen.

Agenda:

1. Presentation of the established Annual Statement of Accounts and the Management Report for the 1989 financial year with the Report of the Supervisory Board
Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1989 financial year
2. Resolution on the appropriation of profits
The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM 556,702,734 be used to distribute a dividend of DM 14 per share in the nominal amount of DM 50.
3. Ratification of the acts of management of the Board of Managing Directors for the 1989 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 1989 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 1990 financial year
The Supervisory Board proposes that KPMG Treuverkehr AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed auditor for the 1990 financial year.

Shareholders who deposit their shares with one of the depositaries listed below on Wednesday, May 9, 1990 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 the Federal Republic of Germany and West Berlin:

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

in Austria:

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

in Belgium:

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

in France:

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

in Great Britain:

Midland Bank plc, London,
Deutsche Bank AG, London Branch,

in Luxembourg:

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

in the Netherlands:

Amsterdam-Rotterdam Bank N.V., Amsterdam,
Algemene Bank Nederland N.V., Amsterdam,
H. Albert de Bary & Co. N.V., Amsterdam,

in Switzerland:

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

The shares may also be deposited with a German notary or with a collective security-deposit bank. In this case, please present the statement of confirmation to be issued by the notary or 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) at present corresponds to a nominal amount of DM 108,512,522 = 2,170,250 shares of DM 50 par value.

Your depositary bank will be pleased to send you on request the Short Summary for 1989 or the complete Annual Report.

Yours sincerely,

Deutsche Bank
Aktiengesellschaft

The Board of Managing Directors

Frankfurt am Main, March 1990

Environment and Entrepreneurs – In The Same Crisis?

With the following remarks, we continue the series of articles in which Deutsche Bank has commented since 1980 on problems of general socio-political significance. We hope to contribute in this way to constructive discussion.*

*1980: *On Competitiveness* · 1981: *Less State Influence* · 1982: *Do We Need Elites?* · 1983: *We, Ourselves, Are the State* · 1984: *On the Middle Classes* · 1985: *On Taxes and Public Debt* · 1986: *On the Power and Influence of Banks* · 1987: *Greater Reliance on Market Mechanisms* · 1988: *Time at Work = Time for Work*

from:
Annual Report for 1989 of Deutsche Bank AG

Environment and Entrepreneurs — In The Same Crisis?

"The expression 'crisis', by virtue of its diagnostic and prognostic content, is the indicator of a new awareness."

(R. Koselleck)

The destruction of the environment began with the emergence of mankind. He made himself master of the earth: the evolution of powerful state cultures – the ancient Sumerians, the seapower Venice, the rise of the U.S.A. in the 19th century based on an industrialized, large-scale agricultural economy – was accompanied by extensive exploitation of the soil, the felling of woods, the devastation and desolation of large parts of Mesopotamia, Lebanon, North Africa, Dalmatia, the annihilation of the prairies with their inhabitants and animal species in North America. And since antiquity (Cyprian¹), the humanists (Agricola²), right up to our times, the destruction of nature, the exhaustion of the earth, the decimation of birds and other animals, the poisoning of fish in our waters, for example through mining, have been the object of repeated complaint and criticism.³

Since the Enlightenment, or possibly even earlier, not only have the pace and extent of industrial damage to the environment been growing rapidly, but also the belief – in the face of obvious (and not least entrepreneurial) achievements – in the progress of mankind towards ever higher levels of being.

The climax and possible end of this phase of blind faith in progress, which even wars and

periods of pessimism did not interrupt, became apparent when man first set foot on the moon. This triumph of technology stood in striking contrast to a decade in which warnings of a "silent spring"⁴ and a global exhaustion of resources⁵ found a worldwide echo, in which the issues of consumer protection and ecology triggered movements, to begin with in the U.S.A., the political impact of which was reflected in an initial wave of consumer protection and emission control laws, and in which the student revolts signalled the post-industrial change of values.

It began as a protest against more and more intolerable conditions in certain areas – e.g. over-motorization with its problems of air pollution and the sealing of ever greater land areas in densely populated countries with unabated compression of passenger cars into lines of congested traffic – and led, via questions about causes and relationships, to an increasingly critical view of increasingly critical conditions in ever broader fields, from the chemical-intensive overutilization of agricultural areas to the spoiling of countryside and environment by mass tourism.

This set the scene for conflicts between the centre of society and its fringes, conflicts which could not leave untouched the philosophy of entrepreneurs, who constitute a core element of the social centre, but instead put it under increasing pressure. For while, on the fringes of society, a new awareness of environmental crisis was turning into a politically effective commitment among

¹ Bishop of Carthage (200 – 258).

² De re metallica, p. 6.

³ Sielerle, Wege aus der Krise, p. 6 ff.

⁴ Rachel Carson, *The Silent Spring*.

⁵ "Club of Rome", *The Limits to Growth*.

a new generation of teachers and government employees and becoming organized in ecological fringe parties, the approaching crisis was for a long time not perceived, in a period of regained prosperity and material saturation, by the broad centre of the social spectrum or the big political parties representing it.

As Koselleck already noted in connection with the first modern crisis, i. e. the developments leading up to the French revolution, the heralds of progress, could "not get a clear view of the phenomenon of crisis as such. No crisis is accessible to planning, to rational steering rooted in blind faith in progress."⁶ With that, however, given growing symptoms of crisis, the emergence of the ecological movement at the fringes was inevitable, and hardly a decade after their appearance the "Green Party" had become a political factor firmly established in parliament (1980).

Environmental catastrophes such as Chernobyl and Bhopal, the chemicals accident in Basle, oil spills like the Valdez disaster in Alaska, the plague of algae in the Mediterranean, and media dissemination of ecological issues such as acid rain, the loss of woods, destruction of tropical rain forests, the hole in the ozone layer and the greenhouse effect have meanwhile resulted in society in its entire breadth being enveloped by a widespread though largely unconsidered awareness, emanating from the activist fringe groups, of an environment in crisis.

Corresponding to this – as a result of a superficial search for the causes – there emerged an abstract hostility towards technology, aimed above all at industrial processes and those who carry

them out, but not, on the other hand, at their products. In the U.S.A., 41% of all Americans interviewed in 1981 in a regular poll agreed with the statement that protecting the environment was so important that requirements and standards could not be too high and continuing environmental improvements must be made regardless of cost. In June 1989, despite all efforts made during the decade in environmental protection, the proportion of interviewees agreeing with this radical statement had increased to 79%.⁷

It fits in with this that the protection of the environment should have developed from a topic for quickly expanding fringe groups into a central political issue for all parties. The question to be asked, however, is what surveys like those quoted above – polls in the Federal Republic show the same results – tell us about the achievements of the steadily growing activities in environmental protection.

Rapidly expanding environmental departments at central, regional and local level and a rising flood of acts and statutory orders to regulate ecological matters in all areas of life are characteristic of the development. But it harbours far-reaching dangers: inadequate attention to long-term issues for the sake of quick political success, mismanagement of economic processes, covert asphyxiation of the market economy by a new and ever more comprehensive bureaucratic administered economy. Attempts at steering by ad hoc regulations necessarily involve economic risks. These become even greater when – implicit in the democratic

⁶ *Kritik und Krise*, p. 134.

⁷ *Fortune*, Feb. 12, 1990, p. 26.

process – populist motives influence the steering efforts and a lack of knowledge or the over-simplification of highly complex causal chains in political programmes compound the difficulties.

A look at present issues in the political discussion on environmental protection reveals the various dimensions of the problem. State intervention in biotechnology, genetic research and animal testing eventually blocks economically important capital investment and leads to the expatriation of high-value jobs. The stigmatization of the nuclear industry, particularly nuclear power stations, leads to the exclusion of important decision-making criteria from the planning of future energy policy. Restrictions on intensive animal husbandry to reduce the burden on the environment fail to achieve their purpose and the necessary acceptance if they are purely quantitative, i. e. limit absolute numbers, rather than qualitative, i. e. establish manure processing standards. The draft of a new German environmental-liability law reverses a traditional legal principle to the detriment of the entrepreneur as plant operator, thereby creating new and costly insurance requirements but no improvement in the environment given comprehensive state plant supervision. Here, as in other cases, the desire for the widest-possible protection of the environment collides with misinformation about ecological and economic relationships and regulatory possibilities, and not seldom simply with a lack of specialized knowledge⁸ or with massive group interests.

In addition, there is the problem that measures which should be dedicated primarily to safeguarding the conditions in which the next generation will

live are, for political reasons, geared to the present. A cautioning example from a different field is the problem of fulfilling the "generations contract" in our pension insurance system, which is still unresolved despite our knowledge of all the criteria relevant to the decisions; the consequences for the socio-political behaviour of those affected are still to be seen.

At the end of the road are the consequences of overregulation. It is generally acknowledged that the recovery and revitalization of the Western economies since the middle of the eighties has been partly a result of the deregulation and liberalization process initiated in the U.S.A. In the meantime, however, the dominant role which the environment has assumed as a field for political action by parties has found in the desire for all-embracing environmental protection a powerful and vote-catching motive for more and more administrative regulations entailing corresponding growth in the bureaucracy needed to implement and monitor it and also in state spending to finance it.

Any extrapolation of this development leads to an administrative democracy which is expensive and therefore threatened by inflation and at the same time inefficient, because it paralyzes market mechanisms, entrepreneurial planning and capital investment initiatives as well as the goodwill of the individual. The safeguarding and improvement

⁸ According to a survey by the London Sunday Times 16. 7. 1989, only 12 out of 75 British MP's could answer five topical questions on environmental protection correctly; of 30 MP's who described themselves as "green", only 3 could do so.

of environment quality become a potential source of conflict instead of the object of social consensus.

The democratic decision-making process is thus overtaxed on several sides. It can not only, as Schumpeter already recognized, ". . . easily create conditions in the political sector which, once they are there, most people will reject if they can achieve success elsewhere" — a problem which in our times is taking up more and more of the attention of leading politicians. Schumpeter also regarded it as a further "precondition for the success of democracy ... that the effective field of political decision is not extended too far", and added, in reminiscence of Edmund Burke, "otherwise democracy would bring forth deformities of legislation".¹⁰

In the meantime, it is clear that more and more politicians see their mandate as an imperative deriving from the broad environmental awareness which is now present. They are identifying ever more strongly with the demand voiced by supporters of a new thinking that the environmental situation should be viewed as a global ecological crisis. The communiqués from the last world economic summit of the heads of government of the Western industrial nations and from the meeting between Gorbachev and the Pope are evidence of this. A new dimension in the social acceptance of the environmental problem has thus been attained. It constitutes the democratic basis for far-reaching measures of environmental policy, but not for the correctness of its conceptual foundations and even less for the desired success.

Environmental sensitivity and an accompanying hostility towards technology among broad

sectors of the public, legislative bodies and bureaucracies have led them to recognize the entrepreneur as an obvious target for their ecological aspirations. His position vis-à-vis what may now be called a secular development was for a long time — for all the differences in detail — mainly one of defence. Relativization of problems, unwillingness to accept that there was a crisis, narrowing their sights to their own interests, pointing to cost disadvantages in international competition and to the threat to jobs from environmental standards not seldom regarded as unrealistic and unacceptable — these were widespread patterns of behaviour. The predominance of reaction instead of action fuelled the cliché of the "reactionary" entrepreneur who, bogged down in tradition and strait-jacketed by market forces that took no heed of the environment, could only think in cost and profit categories and therefore saw nothing but quantitative and thus environment-destroying growth.

From this standpoint, the importance of the entrepreneur for the prosperity of society was lost sight of, as was the importance of market economy as a whole. It was likewise forgotten that progress in environmental protection had only ever been achieved in countries with a market-oriented constitution. Looking back over the period since the sixties, it can be seen that the entrepreneur has been gradually downgraded from a major social force to an object of the political thinking and action of all other groups — including the churches — that consider themselves socially relevant to the protection of the environment. Defensive respons-

⁹ *Kapitalismus, Sozialismus und Demokratie*, p. 461.

¹⁰ *Idem*, p. 463f.

ses from business, such as the term "eco-hysteria", only served to precipitate reactions deserving that name by the groups enraged by such intransigence, and created confrontation and out-and-out hostility.

The import of such a development extending over longer periods can often only be assessed with hindsight. Nevertheless, just how important it is to recognize it early and nip it in the bud is clear if one considers what consequences its untrammelled continuation would have for entrepreneurs and society as a whole. A mood of crisis, on the one hand, and ad hoc measures on the other cannot, by themselves, do justice to the complexity of the ecological crisis. But in a materially saturated society, a mood of crisis and hysteria are also indicative of a loss of spiritual orientation. What the entrepreneur therefore has to do – if not because of the social responsibility he shares, then at least because of the direct impact on his own circumstances – is acknowledge the presence in society of an increasing awareness of environmental crisis, to understand its causes and to make the position then attained the starting point for his own efforts to shape his future circumstances, instead of leaving it to others.

What is the problem? The world population has increased eightfold since the beginning of the last century, average life expectancy has more than doubled. World energy consumption has increased eightyfold. The living standard in the industrial countries has reached a level inconceivable just a few decades ago. At the same time, it constitutes a model for aspirations in the exponentially growing populations of the developing coun-

tries. Increasingly intensive – and in the developing countries increasingly extensive – exploitation of all resources is leading to excessive demands on soil and water and the thin layer of air surrounding the earth. This is where the causes of the accumulation of all the aforementioned symptoms of crisis are to be found. There is no doubt either that, independent of the question as to the effective finiteness of global raw material resources, the latter can only be utilized through further expanding consumption of energy. And thus it is becoming an ever more distinct possibility that – apart from all other problems – the overtaxing of the earth's atmosphere could take us to the threshold of the "ultimate thermal problem".¹¹

This insight is the basis for criticism of the "growth ideology", the assumption that prevailed until just a few years ago that a solution to all economic and social problems – from the expansion of the world population to the debt crisis of the Third World – could ultimately only be found in further growth. The answer can surely not lie just in trying to establish – it is not yet possible today, anyway – whether there is a greenhouse effect, what repercussions the hole in the ozone layer will have, and whether or not the consumption of energy on the Earth will lead to ongoing entropy. The accelerating aggravation and aggregation of environmental problems, the increasingly clear limits to key resources, especially the rapid consumption of fossil fuels, force us to doubt whether quantitative growth can be sustained without restriction – or only at the risk of serious damage to mankind.

¹¹ Jonas, *Das Prinzip Verantwortung*, p. 336

The human race may, as Hans Jonas says, "prefer a short burst of extreme self-fulfilment to the boredom of perpetual mediocrity".¹² It is already obvious that people do not seriously want this and are forming majorities to prevent it.

Here, though, it is regarded as broadly "evident that the new imperative is directed more towards public politics than to private behaviour".¹³ The practical result is environmental policy in a "beggar my neighbour" style. While there is still no sign in prosperous societies of a general will to lower aspirations with regard to eating and drinking, living space, clothing, and a teeming supply of consumer goods, travel, entertainment and corresponding infrastructures, the call for better quality of living, after repression of the industrial consequences of these aspirations, is being directed with growing intensity towards the entrepreneur as the immediate cause. The much-cited change of paradigms in the post-industrial society¹⁴ is in this respect not only incomplete, but also schizophrenic.

The only way out of this incongruence of values is through transparency and, as its result, the acceptance of these relationships. This is the underlying reason behind the call for a new, comprehensive type of thinking. It could lead from casuistic measures, designed to reduce the immediate damage, to a fundamental preventive strategy – for which new technologies will have to be found and used – and thus to an approach based on a sense of ethical responsibility for safeguarding the future in the interest of the coming generation.

At the same time, this approach offers an opportunity to regain the intellectual centre and thus to get a grip on major elements of our society's sickness – and its symptoms terrorism and the drug problem – namely the erosion of meaning, disorientation and alienation, above all among young people, in a world that displays hedonistic tendencies more and more frequently.

Whether from the point of view of ethical reflection, prophylaxis or simply because it is in their interest to do so: if entrepreneurs wish to avoid being the only ones burdened with the consequences of the ecological crisis, they must adapt their behaviour to take account of these relationships. Instead of cures for symptoms, there must then be the all-embracing awareness that the environment as a whole has become, under the prevailing circumstances, an independent production factor besides labour and capital, and must be treated accordingly as a scarce resource. It will therefore be necessary for each company to have a top-level responsibility for the factor "environment" – as for human resources and finance – to plan and steer the company's use of the environment as a whole.¹⁵ On the one hand, this will lead to a qualitative reorientation of corporate strategies and, on the other, to their active participation in the process of opinion-forming and decision-making within society on how to use the factor environment more sparingly. Given entrepreneurs' wider knowledge

¹² *Idem*, p. 36.

¹³ *Idem*, p. 37.

¹⁴ Capra, *Wendezeit*, p. 26 ff.

¹⁵ Cf. Drucker, *The New Realities*, p. 126 ff.

of market forces and technical possibilities, this should reduce the responsibility of the state vis-à-vis the sum total of ethically-oriented entrepreneurial behaviour to setting qualitative ecological targets, to saying "what" rather than "how".

Here, the discussion of environment taxes to replace for technical norms and restrictions, the use of prices as a means to steer environmental input – be it in the production process or in passenger transport – can find market-oriented guidelines. Responsible politicians postulate the need to restructure our entire tax system away from a regime that levies to one that steers in order to transform the market economy from a "throw-away society" that wastes resources into an ecologically oriented society that conserves.¹⁶ The complexity of this undertaking requires the formative participation of enterprise – we shall all have to live with the result.

The call for less state interference has not lost its importance in the context of the ecological crisis, but its realization requires entrepreneurs to take part not for reasons of group egoism, but in a spirit of ethical responsibility. The environmental crisis shows how right the intellectual fathers of the market economy were who expected "ultimate important decisions" in the general interest "outside the market, beyond supply and demand" from the "weight of the voices that have authority".¹⁷ Even radical liberal standpoints such as Milton Friedman's, which invite misunderstanding, to the effect that business should be concerned solely with the permanent maximization of profits, ultimately only lead to the same result – based on the positive long-term self-interest of the entrepreneur.

This standpoint also produces criteria for assessing cost and competitive disadvantages due to expenses for environmental input. But a look at the past reveals these criteria, too: the abolition of child labour – at the time despite the protests of entrepreneurs – and the introduction of exemplary welfare benefits did not weaken the leading role of German industry on the world market in the 19th century, but set international standards which others followed.¹⁸ Capital investment in environmental protection also sets standards, being investment in an improved future quality of life, which enhance the quality of an industrial and commercial location in international competition and will therefore be followed by others. In contrast to the 19th century, however, this will take place much faster and in much shorter periods in this age of the information society.

As they strive to improve the lot of their peoples, the high-population countries of the Third World – China, India, Brazil, Indonesia – will not accept any restrictions which the industrial countries will demand of them, e. g. to conserve the atmosphere. But, as in the past, they will want to obtain the latest Western technologies that achieve this goal. Here lies the opportunity for these countries to avoid mistakes made by the industrial nations in the course of their development and to be introduced rapidly to environment-oriented technology.

¹⁶ Biedenkopf, *Zeitsignale*, p. 120.

¹⁷ Hopke, *Jenseits von Angebot und Nachfrage*, p. 184.

¹⁸ Sieferle, p. 24.

All this goes to show that there has never at any time been a greater need for the entrepreneur than today. Hostility towards scientific advance cannot improve the environment; on the contrary, technical innovation is essential to a kind of progress that can no longer be seen in purely material terms. Whoever believes that our planet can not only tolerate a population of 10 billion or more in the next century, but can also provide a higher

standard of living with less damage to the environment and sufficient resources cannot just relax in this feeling of confidence, but must work actively towards the goal of qualitative growth.

The question, finally, as to whether the ecological crisis is terminal or whether it is just the latest in the long series of previous crises will only be answered when it has been overcome – or not.

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