

Title	German banks in East Asia : the Deutsche Bank (1870-75) and the Deutsch-Asiatische Bank (1889-1913)
Sub Title	
Author	赤川, 元章(Akagawa, Motoaki)
Publisher	Society of Business and Commerce, Keio University
Publication year	2009
Jtitle	Keio business review No.45(2009) ,p.1- 20
Abstract	<p>The Deutsche Bank was founded to accomplish the task of foreign trade financing in 1870. The Shanghai and Yokohama branches were opened in 1872 to start the Deutsche Bank's business in East Asia. But, because one of the jobs of the Deutsche Bank was to sell to a large amount of silver, a good portion of which was part of the silver stock held by the German Government, both Asian branches were closed in 1875 with large currency losses by the fall of the price of silver. After the Deutsche Bank's withdrawal from East Asia, the Deutsch-Asiatische Bank was founded in 1889 to secure opportunities for Germany to make commitments in East Asia. The Deutsch-Asiatische Bank was a joint institution of the large German banks under the leading role of the Disconto-Gesellschaft, however, the founding of the Bank was an arduous process. The Deutsch-Asiatische Bank's head office was established in Shanghai, and branches were opened in not only China but also in major Asian areas and Germany.</p> <p>In this paper, the development and the peculiarities of the Deutsche Bank and the Deutsch-Asiatische Bank are analyzed using their financial statements. The analysis focused on the original financial statements (the balance sheet and the profit and loss statement) of 1906, a relatively stable business year in the history of the Deutsch-Asiatische Bank. Those statements which were accidentally found to still exist in the Historical Archive of the Deutsche Bank included an entry of all titles of the accounts of the head office and all branch offices that reflected the whole activity of the Bank.</p> <p>At first, those documents are explained for their characteristics and composition. Next, the titles of the accounts of each branch office are placed together and consolidated. And then the financial statements of each branch office are rearranged to match the the original financial statements of 1906. Through this procedure The Synthesis Balance Sheet and The Synthesis Profit and Loss Statement are made.</p> <p>With these synthesized financial statements, the financial situation of the Shanghai head office and each branch are clarified, in addition to the tendencies of the internal transaction relations between all of the branch offices.</p>
Notes	
Genre	Journal Article
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-20090000-0001

慶應義塾大学学術情報リポジトリ(KOARA)に掲載されているコンテンツの著作権は、それぞれの著作者、学会または出版社/発行者に帰属し、その権利は著作権法によって保護されています。引用にあたっては、著作権法を遵守してご利用ください。

The copyrights of content available on the Keio Associated Repository of Academic resources (KOARA) belong to the respective authors, academic societies, or publishers/issuers, and these rights are protected by the Japanese Copyright Act. When quoting the content, please follow the Japanese copyright act.

German Banks in East Asia*

—The Deutsche Bank (1870–75) and the Deutsch-Asiatische Bank (1889–1913) —

By

Motoaki Akagawa

Abstract

The Deutsche Bank was founded to accomplish the task of foreign trade financing in 1870. The Shanghai and Yokohama branches were opened in 1872 to start the Deutsche Bank's business in East Asia. But, because one of the jobs of the Deutsche Bank was to sell to a large amount of silver, a good portion of which was part of the silver stock held by the German Government, both Asian branches were closed in 1875 with large currency losses by the fall of the price of silver.

After the Deutsche Bank's withdrawal from East Asia, the Deutsch-Asiatische Bank was founded in 1889 to secure opportunities for Germany to make commitments in East Asia. The Deutsch-Asiatische Bank was a joint institution of the large German banks under the leading role of the Disconto-Gesellschaft, however, the founding of the Bank was an arduous process. The Deutsch-Asiatische Bank's head office was established in Shanghai, and branches were opened in not only China but also in major Asian areas and Germany.

In this paper, the development and the peculiarities of the Deutsche Bank and the Deutsch-Asiatische Bank are analyzed using their financial statements. The analysis focused on the original financial statements (the balance sheet and the profit and loss statement) of 1906, a relatively stable business year in the history of the Deutsch-Asiatische Bank. Those statements which were accidentally found to still exist in the Historical Archive of the Deutsche Bank included an entry of all titles of the accounts of the head office and all branch offices that reflected the whole activity of the Bank.

At first, those documents are explained for their characteristics and composition. Next, the titles of the accounts of each branch office are placed together and consolidated. And then the financial statements of each branch office are rearranged to match the original financial statements of 1906. Through this procedure The Synthesis Balance Sheet and The Synthesis Profit and Loss Statement are made.

With these synthesized financial statements, the financial situation of the Shanghai head office and each branch are clarified, in addition to the tendencies of the internal transaction relations between all of the branch offices.

*This corrected and revised the article that I reported the Zushi International Banking History Conference (September 24-27, 2008) held the theme of International Banking in Asia during the 19th and 20th Centuries.

I am deeply grateful to Professor Pohl Manfred of Frankfurt University and Doctor Müller, M.L. (the staff of the Historical Archive of the Deutsche Bank), who gave me access to their excellent facilities and use of the research materials in this study, and Professor Sizuya Nishimura (Emeritus, Hosei University), who assisted me with his helpful criticisms of my draft. Also a heartfelt word of thanks must go to Mr. Lane Kawakami (Manager of Micro Summit Corporation), who read and corrected my original English manuscript.

Key Words

Deutsche Bank, Deutsch-Asiatische Bank, Dicono-Gesellschaft, East Asia business, the return on assets, credit (loans and advances), bills receivable, debt, the rate of dividends, Original B/S, Original P/L, financial statements, The Synthesis Balance Sheet, The Synthesis Profit and Loss Statement, internal transaction relations between all of offices, Shangdong Province.

I. The Deutsche Bank's Branches in Shanghai and Yokohama and the Deutsche Bank's Withdrawal from the Asia Scene

1. The Establishment of the Deutsche Bank and its East Asia Business

The initiative for setting up the Deutsche Bank came from a group of private bankers headed by Adelbert Delbrueck. The plan was to create a big joint stock bank, whose main functions were to be the finance of the German overseas trade. With such a bank, German trade and industry could be freed from the dependence upon England for the financing of overseas trade.

On March 21, 1870, the door of the Deutsche Bank was open for the First General Meeting of shareholders, at which 76 shareholders (mainly, private and joint stock banks) subscribed the starting share capital of 5 million Talers (15 million Marks).¹ Article 2 of the Statute of the Deutsche Bank states the following: 'The purpose of the company is to carry on banking transactions of every description, in particular to further and to facilitate the trade relations between Germany, the other European countries and the overseas markets.'² On April 9 of the same year, the Deutsche Bank was established with a paid-up capital of 2 million Talers, that is 40 per cent of the nominal capital.³ The Deutsche Bank opened a small head office in Berlin, the Bremen branch in 1871, and then the Hamburg branch at the start of 1872. The Shanghai and Yokohama branches were opened in May 1872 to start the Deutsche Bank's business in East Asia. The opening of the London branch was delayed until March 1873 because of legal complications.

From the start, the Deutsche Bank's East Asian business suffered from Germany's adoption of the gold standard in 1872. But, on the other hand, the Bank was given the job of selling 1,000 million Marks of silver in East Asia.⁴ This silver was a part of 1,530 million Marks of silver stock, which the German Government held in consequence of the demonetization of silver currency in Germany. However, the East Asian branches had capital denominated in silver, which over the years depreciated in terms of the gold-based Pound Sterling. That is, the silver price in London began to slip from 1873 and one of the causes of this fall was precisely due to the sales of silver demonetized by Germany itself. Large currency losses by this cause and the general depression of trade in the 1870s forced the liquidation of the Deutsche Bank's Asia branches. The Shanghai branch was closed in 1875 with losses of 245,000 Marks and the Yokohama branch was closed in the

¹Müller, M. L. and Frost, R., *Deutsche Bank-An Illustrated History*, München, 2007, pp. 12 and 15.

²Pohl, M., 'Deutsche Bank London Agency Founded 100 Years Ago', in: Deutsche Bank AG (edited), *Studies on Economic and Monetary Problems and Banking History*, Mainz, 1988, p. 233; and Whale, P. B., *Joint Stock Banking in Germany*, London, 1930, p. 16.

³Seidenzahl, F., *100 Jahre Deutsche Bank, 1870-1970*, Frankfurt am Main, 1970, pp. 24-5.

⁴Pohl, M., 'Deutsche Bank's East Asian Business(1870-1875)' in : Deutsch Bank AG (edited), op. cit., pp. 449-450.

same year with losses of 191,000 Marks. These losses together accounted for 10 per cent of the original foundation capital (Dotationskapital) of the two branches.⁵

2. The Causes of the Deutsche Bank's Withdrawal from East Asia

Table 1 shows the total assets and profits of the Berlin head office and of branches in the early years of the Deutsche Bank. For the Deutsche Bank as a whole, the total assets increased from 48.5 million Marks in 1871 to 148.7 million Marks in 1875. During the same period, the paid-up capital increased from 15 million Marks to 45 million Marks. The breakdown of total assets between the head office and those of the branches was about 35 per cent for the former versus 65 per cent for the latter. The net return on assets was far lower in the branches than in the head office. However, after the closing down of the two Asian branches in 1875, the return on assets of the branches increased considerably from 1.15 per cent in 1874 to 1.28 per cent in 1875. This shows the extent of the damages done by Asian branches to the performance of the Deutsche Bank.

Table 1 The Development of the Deutsche Bank (1871-1875)

(Mark, %)

Fiscal year	1871		1872		1873		1874		1875	
Total assets	48,481,325.85**				139,858,401.90**		156,760,662.80**		148,667,221.78	
Economic growth	100				289		323		307	
Assets : Profit	A	P	A	P	A	P	A	P	A	P
Head office	64.0	88.6		80.6	67.2	74.8	61.7	69.9	65.6	51.5
Branches	36.0*	11.4*		19.4	32.8	25.2	38.3	30.1	34.4	48.5

Source) Geschäft-Bericht der Direction der Deutschen Bank für die Zeit, 1871-1875

Note 1) The Exchange rate of Taler to Mark is as follows, * 4082 Goldthlr. 39 Gt = 4449 Courantthlr. 29Sgr (1.Goldthlr. = 1.09 Courantthlr.)

(Geschäft-Bericht der Direction der Deutschen Bank für das Jahre 1871, S.11.) and

**1Thlr. = 30 Silbergroschen (Sgr.), 1Sgr. = 12 Pfennigen (Pf.), 1Thlr. = 3 Mark

Note 2) A: Assets holdings ratios, P: Profit securing ratios

Usually it is said that the fall of the silver price was 'the true reason why the Deutsche Bank in East Asia fell into difficulties.'⁶ However, Bauert-Keetman I, commented that 'the scale of trade between Germany and China was not so big in those days, therefore there were not enough business chances for the activity of the Deutsche Bank. ;'⁷ this may be the more appropriate evaluation. But in either case, after the withdrawal from the East Asian business, although the original program of financing overseas trade was nominally maintained, the Bank developed into a German universal bank, 'strengthening an entry to the domestic capital market more to investigate profit in banking services.'⁸

⁵Plume, W., *Deutsche Bank in East Asia(1872-1988)*, in: Historical Association of the Deutsche Bank (edited), *Deutsche Bank in East Asia*, München, 2004, p. 34.

⁶Pohl, M., 'Deutsche Bank's East Asia Business', in: Deutsch Bank AG (edited), op. cit., p. 450; Barth, B., *Die deutsche Hochfinanz und die Imperialismen*, Stuttgart, 1995, pp. 20-21; Rosendorf, R., 'Die deutsche Banken in ueberseeischen Verkehr', in: *Schöllers Jahrbuch*, Bd. 28, 1940, p. 104.

⁷Bauert-Keetman, I., *Unternehmens-Chronik, Deutsch-Asiatische Bank · European Asian Bank · Deutsche Bank(Asia) 1889-1987*, Hamburg, 1988, p. 8.

⁸Gall, L., 'Die Deutsch Bank vor ihrer Gruendung bis zum Ersten Weltkrieg 1870-1914' in: Gall, L., Feldmann, G.D., James, H., Holtfrerich, C-G und Büschgen, H. E., *Die Deutsch Bank 1870-1995*, München, 1995, pp. 22-23.

II. The Development and the Peculiarity of the Deutsch-Asiatische Bank

1. The Foundation and Business Organization of the Deutsch-Asiatische Bank

After the German overseas banks experienced a 14 year interim in East Asia, the Deutsch-Asiatische Bank was founded in 1889 to secure opportunities for Germany to make commitments in East Asia. The Deutsch-Asiatische Bank faced difficult problems in the Chinese market from its inception. Most of the German firms engaged in business in East Asia had already developed close relations with the Hongkong and Shanghai Banking Corporation. Moreover, the Hongkong and Shanghai Banking Corporation opened a branch in Hamburg in 1889 and came into direct competition with the Deutsch-Asiatische Bank.⁹

The founding of the Deutsch-Asiatische Bank was an arduous process. The Government of Imperial Germany, in cooperation with the Disconto-Gesellschaft and the Deutsche Bank, put forward a plan to start a bank called the Ostasiatische Bank as the *Ueberseeische Reichsbank* (overseas state-bank).¹⁰ The project stumbled upon legal and practical difficulties and was forfeited. Afterwards, the Disconto-Gesellschaft and the Deutsche Bank formulated a plan to found a 'Deutsch-Chinesische Bank' in cooperation with all the major banks of Germany. Recent research, however, revealed that there actually existed another plan to found an overseas bank in China. In May 1887, a banking group headed by R. Warschauer & Co. and the Berliner Handelsgesellschaft, which had succeeded in underwriting the first Chinese government securities in Marks¹¹, announced 'the detailed plan to found an overseas bank establishment in China' These two banking groups were soon unified through the intermediary efforts of the Königliche Seehandlung (Prussia's state bank). It is said that there was a tacit pressure from Bismarck, recommending the two bank groups to join their forces.¹² The Deutsch-Asiatische Bank was born as a result of this foundation process.

One special feature of the Deutsch-Asiatische Bank was that its capital and all its financial statements were expressed in terms of Shanghai Taels. The capital was paid up in Marks on the basis of the then prevailing price of silver. As the first portion of the capital, five million Shanghai Taels (hereafter abbreviated as Sh. Tls.) were paid up, representing 25 per cent of the nominal capital. The Deutsch-Asiatische Bank's head office was established in Shanghai and a branch office was opened in Tientsin in 1890. In the course of the next twenty years, an organization, which covered China fairly completely, was steadily built up, as branch offices were opened in Hankow (1897), Tsingtau (1898), Tsinanfu (1904), Peking (1905), and Canton (1910). At the same time, the Deutsch-Asiatische Bank also formed an Asia network of branch offices that included Calcutta (1896), Hong Kong (1900), Yokohama(1905), Kobe(1906) and Singapore (1906). In addition, branches offices were established in Germany, namely Berlin (1896) and Hamburg (1906).¹³

⁹Müller-Jabusch, M., *Fünfzig Jahre Deutsch-Asiatische Bank 1889-1939*, Berlin, 1940, p. 50; Plumpe, W., op. cit., pp. 35-36.

¹⁰Wolff, M., *Die Disconto-Gesellschaft*, 1930, pp. 39-40 and p. 50. and *Die Disconto-Gesellschaft 1851 bis 1901, Denkschrift zum 50. Jahrgigen Jubiläum*, Berlin, 1901. pp. 84-85.

¹¹King, F. H. H., 'Extra-Regional Bank and Investment in China': Cameron, R. and Bovykin, V. I. (edited), *International Banking 1870-1914*, Oxford, 1991, p. 39.

¹²Bauert-Keetman, I., op. cit., pp. 25-34.

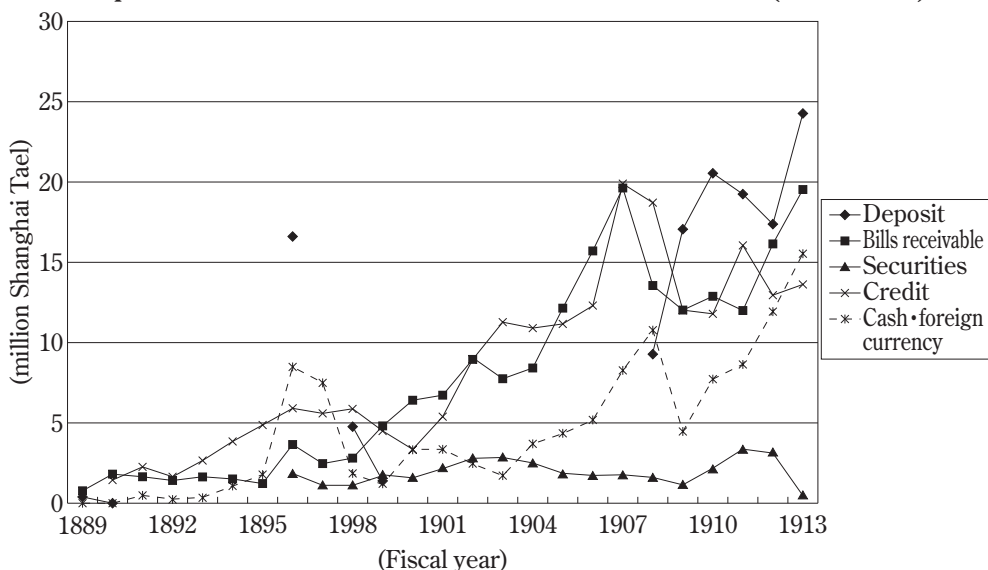
¹³Whale, P. B., op. cit., pp. 72-73.

In accordance with the Deutsch-Asiatische Bank's Articles of Association, the Supervisory Board had its domicile in Berlin. Further, three-quarters or more of its members had to be residents of Berlin, and all the members should have been residents of Europe.¹⁴ As a result, the actual decision-making for the management of the Deutsch-Asiatische Bank was largely performed by the 'Business Committee', which consisted of the leading members of the Supervisory Board and the principal directors of the Berlin branch office. Thus, the business of the Shanghai head office and all branch offices were directed by the policy decisions made in Berlin.¹⁵

2. The Main Assets of the Deutsch-Asiatische Bank (1889-1913)

The movements of the five main asset accounts of the Deutsch-Asiatische Bank are shown in Graph 1 in Shanghai Tael from 1889 to 1913, namely deposits with other banks, bills receivable, securities, credit (loans and advances) and cash · foreign currency holdings. Among these accounts, bills receivable and credit grew especially rapidly. In 1907, bills receivable were 10.6 times of amount in 1890, and credit grew to be 13.2 times of the level of 1890. On the other hand, securities holdings grew relatively slowly and its amount never exceeded 3.5 million Sh. Tls. In spite of the fact that the Deutsch-Asiatische Bank was a member of the 'Asian Consortium' for the issue of Asian securities in the German capital market and acted as the representative of the consortium in Asia, its holding of securities did not markedly increase. Indeed, the proportion of securities to the total assets actually declined in the course of time. Instead, cash · foreign currency on hand and deposits with other banks increased markedly from 1908.

Graph 1 The Main Assets of the Deutsch-Asiatische Bank (1889-1913)



Actually, the composition of assets of the branch offices underwent a remarkable change after 1908 when the Chinese economy became depressed in the wake of the world

¹⁴Plumpe, W., op. cit., p. 45.

¹⁵Protokoll der Sitzung des Geschäfts-Ausschusses der Deutsch Asiatische Bank vom 26 August 1906.

economic crisis of 1907-8.¹⁶ Then, in 1911, the Republican Revolution took place. This scared the Chinese merchants, who drew cash from their accounts at the Chinese banks, and these banks were not able to deal with the withdrawals of the deposits. This event also appeared to be in the background of the change of the main assets after 1908.¹⁷ Table 2 shows the 5-year average amounts of the five main asset accounts. In 1890-94 and 1895-99, the credit far surpassed the amounts of the bills receivable. During the period from 1890-94, credit increased by 50 per cent, and during the period from 1895-99, the increase was 80 per cent. However, the relation between credit and bills receivable was completely reversed in the next period of 1900-04. The average amount of bills receivable for this period was 2.5 times of the average of the previous five-year period and amounted to about 8 million Sh.Tls.. The average amount of the credit in 1900-04 was only 1.5 times of that of the previous period and the average sum of this account, also reached 8 million Sh.Tls. In the next five years, 1905-09, the average amount of the bills receivable was 14.6 million Sh. Tls. which was 1.90 times of the previous period, while the average amount of credit was 15.8 million Sh. Tls. which was 1.97 times of the previous period. But, in 1910-13, credit declined a little and the average for the four years was 13.6 million, while bills receivable showed a small increase in the average amount and reached 15.1 million, Sh.Tls. thus surpassing the level of credit. However, the amount of bills receivable were subject to wide fluctuations from year to year.

On the other hand, the amount of cash · foreign currency on hand gradually increased from 1905, and deposits with other banks remarkably increased during the 1910-13 period. In 1913 the amount of cash · foreign currency on hand plus deposits with other banks became almost equal to the sum of bills receivable and credits. Further, in the balance sheets of 1912 and of 1913, the amount of deposits, which had been included in the debt account in the balance sheets of former years, was independently shown for the first time.¹⁸

Table 2 The Average Value of the Main Assets Every Five Years (1890-1913)

(million Shanghai Tael)

	Cash · Foreign currency	Deposits with other banks	Bills receivable	Securities	Credit
1890-1894	0.562 (0.330)	—	1.622 (0.160)	—	2.408 (0.949)
1895-1899	1.151 (0.478)	7.538 (6.992)*	3.027 (1.360)	1.525 (0.427)**	5.379 (0.613)
1900-1904	2.977 (0.818)	—	7.680 (1.092)	2.341 (0.512)	7.998 (3.440)
1905-1909	6.731 (2.746)	—	14.591 (3.155)	1.671 (0.295)	15.790 (4.137)
1910-1913	8.236 (3.227)	20.338 (2.894)	15.139 (3.398)	2.366 (1.327)	13.576 (1.803)

Source) Müller-Jabusch, 1940, Ziffernwerk: Aktiva

Note1) * 3 years of 1896, 1898, 1899, ** 4 years of 1896-1899

Note2) 4 years of 1910-1913, () : Standard Deviation

¹⁶Müller-Jabusch, M., op. cit., p. 223.

¹⁷Deutsch-Asiatische Bank, *Geschäfts-Bericht für das Jahr 1909-1911*.

¹⁸Tomioka, H., *Doitsu no Daiginkou oyobi Kinyuu* (German Big Banks and Finance), Yuuhikaku, Tokyo, 1916, p. 353, pp. 369-371.

Maturity dates of deposits	(Shanghai Tael)	
	1912	1913
Within 7 days	1,172,006.33	1,690,052.08
From 7 days to 3 months	3,493,714.81	2,615,756.33
Over 3 months	7,178,794.88	5,820,643.85
Total	11,844,516.00	10,126,452.26

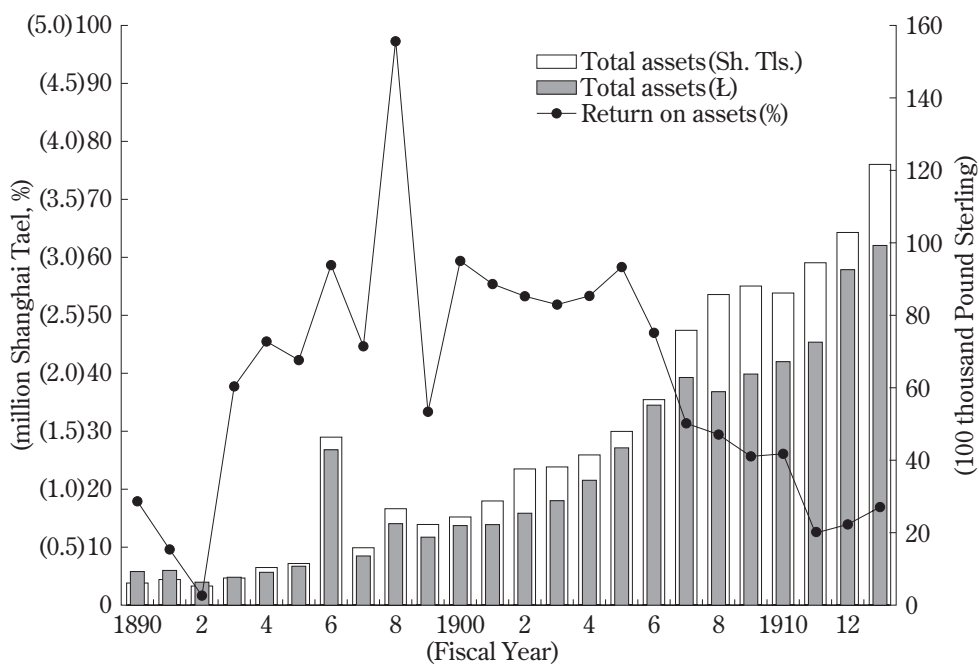
Source : Deutsch- Asiatische Bank, Geschäfts-Bericht für das Jahr 1912-1913.

Deposits exceeded 10 million Sh.Tls. in 1912 and 1913, nearly 60 per cent of which consisted of time deposits of maturities of more than three months. The share of deposits to the total liability of the Deutsch-Asiatische Bank was only about 20 per cent in 1912 and 1913.¹⁹ With the big banks in Berlin, the share of deposits to the total liability was about 43 per cent during the same period. This difference reflects the difference in the nature of business of the domestic credit banks and of international banks such as the Deutsch-Asiatische Bank. And as the economic and political confusion continued and intensified in China, the Deutsch-Asiatische Bank faced more and more difficulties. Although the instability benefited the international banks, because more and more Chinese people chose foreign banks as their safe havens, as deposits continued to increase, the total liability of the Deutsch-Asiatische Bank multiplied in comparison to the 20 per cent share of deposits.

3. The Assets and Profits of the Entire Deutsch-Asiatische Bank, 1889-1913

Graph 2 and Table 3 show the total assets and the return on assets of the Deutsch-Asiatische Bank as a whole. For the period, 1890-94, the average of the total assets amounted to 4.60 million Sh.Tls. or 0.85 million Pound Sterlings. For 1910-13 the average

Graph 2 Assets (Shanghai Tael, Pound Sterling) and Profit of the Deutsch-Asiatische Bank (1890-1913)



Source) Müller-Jabusch, M., 1940, Ziffernwerk, Aktiva and. Gewinn und Verlustrechnung and Schneider, J., Schwarzer, O., Zellfelder, F., *Währungen der Welt, Asiatische und australische Devisenkurse im 19 Jahrhundert*, Stuttgart, 1992, pp. 153-154.

¹⁹Total Deposits in 1912 were 1.84 million Sh.Tls., of which deposits with maturities of over three months amounted to 7.18 million Sh. Tls.. Total Deposits in 1913 were 10.13Tls.million Sh. Tls., of which those with maturities of over three months amounted to 5.82 million Sh. Tls., (Source: Deutsch-Asiatische Bank, *Geschäfts Bericht für das Jahr 1912-13*).

Table 3 Average Values of Total Assets and Return on Assets Every Five Years (1890-1913)

	Total assets		Return on assets
	1000 Shanghai Tael	1000 Pound Sterling	%
1890-1895	4,598.2 (1,188.7)	846.7 (135.0)	1.13 (0.93)
1895-1899	15,361.8 (8,418.6)	2,180.3 (1,262.1)	2.76 (1.26)
1900-1904	21,379.6 (4,519.5)	2,679.4 (523.1)	2.23 (0.14)
1905-1909	44,349.2 (11,062.8)	5,701.5 (824.8)	1.92 (0.69)
1910-1913	63,460.0 (9,532.3)	8,317.2 (1,557.0)	0.87 (0.31)

Source) Müller-Jabusch, M., 1940, Ziffernwerk Aktiva, Gewinn und Verlustrechnung, and Schneider, J., Schwarzer, O., Zelfelder, F., op. cit., pp. 153-154.

Note 1) (): Standard Deviation.

Note 2) The Exchange rate of Shanghai Tael to Pound Sterling is set at the last December of every five years.

Note 3) Unpaid capital is deducted from total assets.

total assets were 63.46 million Sh.Tls. or 8.32 million Pound Sterlings. Therefore, in terms of Shanghai Taels, the assets grew 13.80 times between the average of the years 1890-94 and that of the years 1910-13, but, in terms of Pound Sterling, the growth was only 9.79 times during the same period. It also appears that, both in terms of Shanghai Taels and Pound Sterling, the growth of assets accelerated from 1900-04 period. Acceleration was particularly notable during the years, 1905-09.

The Deutsch-Asiatische Bank's return on assets was subject to extreme fluctuations. Its average level and its standard deviation for each five year period are shown in Table 3. In 1900-04, the return on assets was 2.23 per cent and the standard deviation was 0.14 per cent, so the coefficient of variation was only 0.063. In 1905-09 the average level of the return on assets was 1.92 per cent, but the standard deviation was as high as 0.69 per cent, which resulted in a coefficient of variation of 0.359. For the period, 1910-13, the average was 0.87 per cent, that is, less than half of that of the previous period. Moreover, the standard deviation was 0.31 per cent, so that the coefficient of variation was 0.356. These figures, moreover, suggest that a declining trend in the return on assets which is clearly shown in Graph 2.

In conclusion, the Deutsch-Asiatische Bank was favored with good economic conditions up to about 1905 and realized a reasonable level of return on assets, but thereafter, the level of return on assets declined and became subject to extreme gyrations. This change of circumstances is also reflected by the movement of the rate of dividends, which is shown in Table 4.

Table 4 Dividend Rate (1890-1913)

Fiscal year	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900
Dividend rate	—	2.5	0	0	5	7	8	10+ Bonus	6	10	6	7
1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
7	9	10	10	11	9	8	8.5	8	8	5	5	7

Source) Bauert-Keetman, I., op. cit., p.323.

Taking five-year averages, the distribution rate was as follows:

Years	Average rate of dividend (%)
1890-94	2.9
1895-99	8.0
1900-04	8.6
1910-13	6.25

III. The Financial Statements of the Deutsch-Asiatische Bank

1. Drawing Up of the Financial Statements and the Problems—the Synthesis Balance Sheet and the Synthesis Profit and Loss Statement—

The original financial statements of 1906, the balance sheet (herein referred to as Original B/S) and the profit and loss statement (herein referred to as Original P/L), were accidentally found to still exist in the Historical Archive of the Deutsche Bank. In those financial statements, all titles of the accounts of the head office and all branch offices are described, added up, and further drawn up in handwriting.²⁰ In the history of the Deutsch-Asiatische Bank, a characteristic of 1906, though it is already explained, the year which the organization of the Deutsch-Asiatische Bank was readied in Germany, India, and each Chinese foothold city, was that the profit rate was good and the business expansion was performed favorably.

In the Original B/S and the Original P/L, the assets, debt, capital and performance of the Deutsch-Asiatische Bank were displayed in the local currency peculiar to the area in which each branch office was located, because the branch offices existed under separate currency systems.; for example, Calcutta was the Rupie, Singapore was the Straits-Settlements-Dollar, Hong Kong was the Hong Kong-Dollar, Yokohama and Kobe were the Yen, Berlin and Hamburg were the Mark and lastly each area of the China had its own peculiar Tael. In hindsight, the financial statements should have been displayed in two kinds of currency, the local currency and the Shanghai Tael, as well as with the exchange rate of local currency with the Shanghai Tael.

The form of the financial statements was composed of unified titles of accounts used in the Deutsch-Asiatische Bank as a whole. Accordingly, each title of an account item was calculated by unifying the common account item that each branch office displayed. As an example, a part of the credit account (Shanghai head office, and Singapore, Yokohama and Tientsin branch offices) with some revisions in the debtor side of Original B/S was extracted in Table 5.

The branch office with the credit concerned in relation to the other branch offices is shown in parenthesis in the first column, the “Name of debtors”. The branch office names arranged below the () are those of the borrowers, or in other words, the debtors to the branch office with the credit. Further, the name of the branch office within each parenthesis () is taken away as an extract object here. The amounts of the account are indicated in the next column, “Credit in each currency (a)”. The Shanghai head office is shown in Shanghai Tael, while the other branch offices, are mainly shown in the local currency of the area where each branch office was located. The amount of credit in each currency converted to Shanghai Tael is set up in the column, “In terms of the Shanghai Tael (b)”. Based on the comparison of the amounts in these two columns, the exchange rate of each currency for Shanghai Tael at the time of the Original B/S’s making can easily be calculated. The credit of each branch office is also put in the debt account in the same amount to the creditor side. In this sense, mutual relations of the inside businesses between all the offices of the Deutsch-Asiatische Bank can be understood by comparing the amount in credit against each debt. On the other hand, credit for the customers

²⁰Deutsch-Asiatische Bank, Ordentliche General-Versammlung zu Berlin am Juli 1907., Bericht des Vorstandes für Geschäftsjahr 1906 and Protokoll der Sitzung des Geschäfts-Ausschusses der Deutsch-Asiatischen Bank von 24. Mai 1907.

**Table 5 Account in Debtor side of the Original Synthesis Balance Sheet
An Extract from 4 Offices (Shanghai, Singapore, Yokohama, Tientsin)**

(31. December 1906)

Name of debtor	Credit in each currency (a)	In terms of the Shanghai Tael (b)	Total credit of each office (c)	Credit after the adjustment (d)
(Shanghai)			5,214,873.50	
Tsingtau	120,861.31			
	101,573.80			
	117,827.95			
Hankow	200,193.77			
Yokohama	9,996.63			
Calcutta	525,754.69			
	66,150.06			
Singapore	10,570.30			
Tsinanfu	7,223.68			
Berlin	1,173,097.92			
Hamburg	3,277.65			
Kobe	17,649.82			
Hong Kong	1,197.99			
Tientsin	94,868.11			
Subtotal		2,450,243.68		2,764,599.82
(Singapore)			1,149,599.82	
Shanghai	Str.\$1,730.00	1,312.64		
Kobe	Str.\$120.23	91.22		
	¥40,900.56	27,147.75		
	Str.\$2,110.20	1,601.11		
Berlin	Mk.827510	262,285.26		
Hong Kong	HK\$278,193.91	204,472.52		
Yokohama	¥1,430.13	949.25		
Hamburg	Mk.6,634.00	2,102.69		
Subtotal		499,962.44		649,637.38
(Yokohama)			440,392.47	
Hong Kong	¥331.24	243.83		
Kobe	¥38,765.39	25,730.53		
Singapore	Str.\$236.91	179.75		
Hamburg	Mk.30,007.00	9,510.94		
Shanghai	¥76,142.68	50,539.70		
Tsingtau	¥6,281.69	4,169.47		
Subtotal		114,513.60		325,878.87
(Tientsin)			1,875,485.10	
Tsingtau	Mx\$2,177.51	1,614.19		
Kobe	tTl 9,737.66	10,224.54		
Berlin	Mk.144,198.30	45,704.69		
Yokohama	¥8,458.07	5,614.04		
Hong Kong	HK\$7,741.65	5,690.11		
Shanghai		55,345.82		
	Mx\$4,119.49	3,049.45		
Peking	pTl 4,661.49	4,941.18		
Tsinanfu	Mx\$150.41	111.35		
Tientsin ?		79,051.68		
Subtotal		211,347.05		1,664,138.05
Combined credit of the Bank (e)				12,175,306.74

Note1) All the values without a currency unit mark are in Shanghai Tael.

Note2) Rate of conversion and the mark of each currency unit are as follows: 1 (shTL) = 1.318 Straits-Settlements-Dollar (St\$) = 1.35 Mexican Dollar (Mx\$) = 3.155 Mark (Mk.) = 1.507 Yen (¥) = 0.96 Tientsin Tael (tTl) = 0.95 Peking Tael (pTl) = 1.36 Hong Kong-Dollar (HK\$)

Note3) As for Tientsin (?), the Chinese character reading is impossible.

Source) Deutsch-Asiatischen Bank, Zusammenstellung der Bilanzen von per 31. December 1906, in: Historical Archive of the Deutsche Bank.

excluding the other offices of the Deutsch-Asiatische Bank under the office concerned, shown in the fourth column as "Credit after the adjustment (d)", can be determined by subtracting the credit of the second column that the office holds in the other offices from the third column, "Total credit of each office (c)". In other words, the credit of all other customers is $(c) - (b) = (d)$. Lastly, the sum of the credit of each office, the "Combined credit of the Bank (e)", is the total credit of the Deutsch-Asiatische Bank as a whole.

In summary, the following points should be noted:

- (1) The above example was only a part of the debtor side in the Original B/S.
- (2) Though the notation of each title of an account differed, all titles of the accounts were based on a unified standard in both of the debtor side and the creditor side.
- (3) This form also applied to the Original P/L.

2. The Financial Statements of Each Office

In analyzing the financial statements for this paper, all of data for the accounts of each office, which had been collected in the unified standard of the Deutsch-Asiatische Bank as a whole, was reduced to each office again. Next, that data was arranged in the same form of the financial statements. In other words, the financial statements of each individual office were rearranged to match the Original B/S and the Original P/L (I reversed the items here, since the reasoning would be that the Original B/S and Original P/L, which were accidentally found to still exist, were used as the templates to make the financial statements for the individual offices).

The financial statements made through this procedure were the individual balance sheet (herein referred to as B/S) and the individual profit and loss statement (herein referred to as P/L) of the head office and each branch office were recreated. Next, the titles of the accounts in the B/S and P/L of the individual offices were placed together, consolidated and arranged such that the accounts of each office corresponded to the unified standard of titles of accounts in each form. Furthermore, the column of the combined totals of the Deutsch-Asiatische Bank as a whole in each form was added. The end results are Table 6, The Synthesis Balance Sheet (The Head Office · Branches Offices, a Simple Version), and Table 7, The Synthesis Profit and Loss Statement.

In the Table 6, the following points were considered to be important

- (1) The Stockholders equity, such as stock capital account and revenue reserve account, was taken from the Shanghai head office, and Dotationskapital (or officially provided capital, which was mentioned with a title, for example, Calcutta Capital) were used for the establishment of the foreign branches offices (i.e. Calcutta, Singapore, Berlin, Hong Kong, Yokohama, Kobe), except in the China area.
- (2) Though it is natural in Table 6 that the total of the debtor side of the Deutsch-Asiatische Bank as a whole and that of the creditor side were equal, the total of both sides did not always agree at the level of the individual office. In other words, disagreement of the debtor side and the creditor side occurred.
- (3) In the internal transaction between the offices²¹ the entry in one office was already filled out in an accounting book, but it was not registered, in case a report did not arrive in the other office.
- (4) The setting of an account in transit would be necessary in accounting to allow this

²¹For the discussion of the Deutsch-Asiatische Bank, I changed all references of "branch" to "branch office", so that the term "offices" could be used to refer to the Shanghai head office and the individual branches.

Table 6 Synthesis Balance Sheet (The Head Office • Branches, a Simple Version, 31. December 1906)

Debtor	(Shanghai Tael)													
	Combined	Shanghai	Tientsin	Calcutta	Berlin	Tsingtau	Hankow	Hong Kong	Tsinanfu	Peking	Yokohama	Singapore	Hamburg	Kobe
Cash • Foreign currency	5,247,429.03	3,069,640.19	274,380.98	393,074.23	109,245.43	175,940.80	64,609.88	618,493.81	58,203.61	57,152.04	254,870.14	47,013.67	6,701.53	118,102.72
Bills receivable	16,140,481.51	3,481,214.53	2,158,594.82	3,722,487.15	112,532.65	1,018,502.93		1,332,801.83	7,466.94		2,034,330.89	653,807.24	4,024.90	1,614,717.63
(Domestic bill)	772,043.11	162,423.44	71,009.11	280,341.96	22,638.99	17,658.44					140,757.98			77,813.19
Foreign bill of exchange	14,952,863.41	3,194,000.19	2,087,585.71	3,442,145.19	10,924.35	975,042.94		1,332,801.83	7,466.94		1,834,166.65	653,807.24	4,024.90	1,410,897.47
(Others)	415,574.99	124,790.90			79,569.31	25,801.55					59,406.26			126,006.97
Securities	1,752,875.77	1,517,513.18	5,779.51	86,715.39	119,902.77			5,880.00			10,898.77			6,186.15
Credit	12,175,306.74	2,764,599.82	1,664,138.05	1,296,095.49	2,426,123.40	1,214,285.31	196,565.71	1,032,770.65	167,096.47	12,301.63	325,878.87	649,637.38	230,469.87	195,344.09
Buildings and land	606,600.97	288,274.42	79,051.68			57,256.13	19,596.64			50,347.45	112,074.65			
Personal property	30,272.90	668.22	1,777.46	855.88			393.62	487.71	541.42	827.67	2,845.53		4,874.62	8,823.10
Capital Abzweigung	4,355,036.92			691,860.99	99,119.44			1,420,000.00			750,556.24	758,750.00		634,750.25
Total	40,308,003.84	11,121,910.36	4,183,722.5	6,191,089.13	2,866,923.69	2,467,234.39	281,165.85	4,410,434.00	233,308.44	120,628.79	3,491,455.09	2,116,136.74	246,070.92	2,577,923.94
Creditor														
Stock capital	7,500,000.00	7,500,000.00												
Dotationskapital	4,371,792.83	86,806.24		658,616.90	99,119.44			1,470,000.00			668,750.00	758,750.00		634,750.25
Revenue reserve	634,768.36	634,768.36												
General reserve	371,828.83	371,828.83												
*All kinds of funds	617,158.81	617,158.81												
Debt	24,779,379.28	6,727,368.03	3,894,807.00	3,376,024.21	3,309,019.18	1,727,756.18	150,006.35	1,623,715.40	504,284.35	576,108.59	1,740,079.26	659,843.87	115,391.04	374,975.82
Acceptance and guarantee	624,419.88				416,164.45									
(Income)	1,482,011.14	919,783.35	84,921.80		251,300.64	124,233.27		56,311.15	5,850.02		39,610.91		208,255.43	
(Loss)	73,355.29			12,962.65			6,518.36			20,702.06		22,549.95	9,937.80	684.47
Net profit	1,408,655.85													
Total	40,308,003.84	16,857,713.62	3,979,728.80	4,021,678.46	4,075,603.71	1,851,989.45	143,487.99	3,150,026.55	510,134.37	555,406.53	2,443,440.17	1,396,043.92	313,708.67	1,009,041.00

Source) Deutsch-Asiatische Bank, Zusammenstellung der Bilanzen per 31 December 1906, in Historische Archiv der Deutsche Bank
 Note) *"All kinds of funds" is Adjustment funds of foreign currency, Allowance for possible loan losses, Reserve for buildings, Unpaid dividend, etc.

Table 7 Synthesis Profit and Loss Statement (The Head Office · Branches, a Simple Version, 31. December 1906)

	(Shanghai Tael)													
Debtor	Combined	Shanghai	Tientsin	Calcutta	Berlin	Tsingtau	Hankow	Hong Kong	Tsinanfu	Peking	Yokohama	Singapore	Hamburg	Kobe
Administrative expenses	492,788.41	107,523.03	37,995.07	57,862.28	45,974.57	40,680.76	12,025.22	47,901.34	10,185.58	23,383.04	47,957.86	26,084.59	11,008.14	24,186.93
Travelling expenses	16,019.52	5,909.39	707.07	1,709.33	224.31			1,400.91	45.46	22.68	2,779.27	1,886.25	127.89	1,206.96
Correspondence expenses	70,060.89	18,429.76	5,879.81	6,814.37		2,758.30		18,819.39	267.43	231.94	10,250.40	2,943.43	104.04	3,462.02
Courtage	101,336.83	20,503.72	13,124.56	11,684.68				34,437.05		1,742.88	6,732.84	7,251.00	11,240.07	5,860.10
Provision	18,826.70													
(Loss)	42,182.02	7,829.57	2,718.97	17,219.42	13,917.71	1,721.82		12,516.78	484.30	74.39	5,841.23	575.36	1,315.87	1,321.92
(Income)	23,355.32				1,131.50									
Advertising expenses	1,131.50													
Stamp duty	4,645.01													
Tax	4,419.01													
Miscellaneous expenses	4,857.03				3,167.45			1,387.85						36,037.93
(Income)	1,482,011.14	919,783.35	84,921.80	98,457.53	4,419.01	124,233.27	6,518.36	56,311.15	5,850.02	20,702.06	39,610.91	22,549.95	9,937.80	684.47
(Loss)	73,350.29			12,962.65										
Net profit	1,408,655.85													
Total	2,122,720.75	1,079,978.82	145,447.28	85,494.88	293,989.35	165,950.51	5,506.86	172,774.47	15,864.19	4,604.09	101,490.05	16,280.39	-13.60	35,353.46
Creditor														
Profit brought forward	121,469.59	121,469.59												
Gains on securities	288,881.41	31,347.53			257,533.46								0.42	
Coupon	563.64				568.94								4.70	
Foreign exchange gain	1,394,250.92	730,425.85	134,391.39	45,300.38	67.17	155,029.33	5,061.46	189,699.10	13,988.94	2,064.29	70,376.44	12,753.69	74.44	35,018.44
Rent from shanghai office	12,000.00	12,000.00											79.56	
Custodial services	1,450.00	1,450.00												
Loan interest	288,807.93													
(Income)	395,825.72	183,285.85	11,055.89	40,194.50	20,532.52	10,921.18	445.40	16,924.63	1,875.25	2,539.80	31,113.61	3,526.70	93.16	335.02
(Loss)	17,017.79													
Miscellaneous revenue	15,297.26				15,297.26									
Total	2,122,720.75	1,079,978.82	145,447.28	85,494.88	293,989.35	165,950.51	5,506.86	172,774.47	15,864.19	4,604.09	101,490.05	16,280.39	-13.60	35,353.46

Source) Deutsch-Asiatische Bank, Zusammenstellung der Gewinn- und Verlustrechnungen per 31. December 1906 in Historische Archiv of the Deutsche Bank

disagreement to be equal.²² However, the amount itself, which was mentioned in each account of the debtor and the creditor, was appropriated without setting this adjustment account item in particular.

- (5) Capital Abzweigung (which was mentioned with a title, ramification of Dotationskapital) corresponded to the officially provided capital in the debtor side, however, neither of these accounts was mentioned in the balance sheet of the annual report of 1906.

On the other hand, Table 7 reflected the annual performance of the business activity of the Deutsch-Asiatische Bank as a whole during 1906 (I am not sure of the point intended, as the Graph 1 showed that the level of securities was habitually low, so I deleted the statement for now). The performance of each office was sorted by either profit or loss. However, interestingly, the debtor side and the creditor side of the individual office were always balanced.

3. The Financial Analysis of the Deutsch-Asiatische Bank—Taking the Shanghai Head Office and the Branch Offices into Consideration—

As for the ratio of each title of the accounts in the debtor side of Table 6, the largest account was bill receivable which occupied 40% of the total, and within that account, foreign bill of exchange held 37%, which surpassed the 30.2% of the credit in the next rank below. In the trend of this ratio, a characteristic of the business activity of the foreign bank was shown explicitly. The ratio of securities occupied only 4.3% of the entire assets, and was remarkably less than the 13% of cash · foreign currency. In addition, Capital Abzweigung, which was not mentioned in the balance sheet of the annual report as previously noted, was approximately 10% of the total and was worth 4.37 million Sh. Tls.

Next, in the creditor side, stock capital of the prior mentioned stockholders equity in Table 6, was 7.54 million Sh.Tls. The size of Dotationskapital reached to two-thirds of stock capital, and these two accounts held 29.5% of the total in the creditor side. Consequently, the compounded owned capital equaled a little under 40% of the total assets, if 4% of the various revenue reserve, general reserve and all kinds of funds accounts and 3.5% of the net profit account are added. Though the content of the debt account was not explained, it was mainly a current account of borrowed capital, as this debt occupied 61% of the creditor side. Based on such a capital composition, the financing in those days appeared to keep special emphasis on financial policy to cope with risk.

The role and the business activity of the Shanghai head office and those of the branches offices varied according to the country or the area in which each office was located. The characteristics of each office could be understood to some extent, if the trend of the accounts that reflected the business activity of each office is analyzed.

First, in balance sheet of each office, the offices in which the total of the debtor side was less than the creditor side were illustrated by the Shanghai head office, the two branches offices in the China area (Tsinanfu and Peking) and the two German branch offices (Berlin and Hamburg). Particularly so, in the Shanghai head office, where Stock Capital and the various revenue reserve and all kinds of funds accounts constituted the main part of the creditor side.

In addition, the four branch offices (Berlin, Hamburg, Tsinanfu and Peking) had a common characteristic on the debtor side, in that the foreign bill of exchange was

²²Tokai Bank (edited by the Planning Division), Singinkou Jitumukouza, 12, Ginnkoukaikei (Bank Accounting), Yuuhikaku, 1967, pp. 294-299.

Table 8 Business Performance of Each Office

(31. December 1906, Shanghai Tael, %)

Office's name	Total assets of offices		Salary roll (Yearly)	Return on assets	Volume of trade		Returns	
	Value	%			Bills receivable	Credit	Foreign exchange profit	Loan interest
Shanghai	11,121,910.36	27.6	102,450	8.3	31.3	24.9	76.2	19.2
Tientsin	4,183,722.50	10.4	36,825	2.0	51.6	39.8	92.4	7.6
Calcuttia	6,191,089.13	15.4	59,251	8.8	60.1	20.9	53.0	47.0
Berlin	2,866,923.69	7.1	46,392	5.0	0.0	84.6	0.0	6.7
Tsingtau	2,467,234.39	6.1	39,345	5.0	41.3	49.2	93.4	6.6
Hankow	281,165.85	0.7	17,900		0.0	69.9	91.9	8.1
Hong Kong	4,410,434.00	10.9	44,772	1.3	30.2	23.4	109.8	-9.8
Tsinanfu	233,308.44	0.6	10,608	2.5	71.6	3.2	88.2	11.8
Peking	120,628.79	0.3	11,160		0.0	10.2	44.8	55.2
Yokohama	3,491,455.09	8.7	44,081	1.1	58.3	9.3	69.3	30.4
Singapore	2,116,136.74	5.2	35,955		30.9	30.7	78.3	21.7
Hamburg	246,070.92	0.6	20,528		1.6	93.7		
Kobe	2,577,923.94	6.4	30,276		62.6	7.6	99.1	0.9
Canton			8,000					
Total	40,308,003.84	100.0	507,543	3.5	40	30.2	69.7	14.4

Source) Synthesis Balance Sheet, Synthesis Profit and Loss Statement, and Protokoll der Sitzung des Geschäft-Ausschusses der Deutsch-Asiatische Bank von 1. February 1911.

extremely low. And for the Peking branch office, most of the office's assets consisted of cash · foreign currency and building and land, which clearly showed that the office hardly performed normal bank business.

In the other case, the offices in which the total of the debtor side was greater than the creditor side were exemplified by all of the other offices. In those offices, the differences in the totals were not great however, when considering the ratio of foreign bill of exchange and credit, which was a better indicator of the business activity of each branch office, the results were not as consistent.

Next, from the standpoint of the profitability in Table 7, foreign exchange gain²³ contributed remarkably in the effective performance of the Deutsch-Asiatische Bank, and as a result, occupied 65.7% of the total profit. This contribution became the main profit source that was far beyond the 13.6% of the loan interest in the creditor side.

However in Table 8, Business Performance of Each Office, the return on assets of the Deutsch-Asiatische Bank as a whole (14 offices) was 3.5%, but only six of the branch offices were profitable, while the other seven branch offices (Calcutta, Hankow, Peking, Singapore, Hamburg, Kobe, and Canton) all suffered losses. And of the head office and six branch offices that were profitable, the large scale offices were noted to have high constitution ratios, Shanghai (27.6%), Tientsin (10.4%), Berlin (7.1%), Tingtau (6.1%), Hong Kong (10.9%) and Yokohama (8.7%) held 70.8 % of the total assets. And of those offices, the special ones were Shanghai, Berlin and Tingtau, where the return on assets of each office far exceeded the return on assets of the Deutsch-Asiatische Bank as a whole. In other words, the Deutsch-Asiatische Bank was mainly supported by the performance of these three offices.

4. The Internal Transaction Relations Between All of the Offices in the Deutsch-Asiatische Bank

In Table 6, it is possible to identify the problem with the debtor side and the creditor side of each office. The credit and the debt in each office are shown clearly by the procedures previously mentioned. Further, the credit and the debt held by each of the offices represented the transaction volume of that office. Therefore, the accounts of an office were relative to those of the other offices in the Deutsch-Asiatische Bank,; in other words, the accounts within the credit of an office were in the debt of the other offices. For example, the credit of the Calcutta office to the Berlin office conformed with the debt of the Berlin office to the Calcutta office. And if the credit and the debt of each office external to the Deutsch-Asiatische Bank were to be assessed, based on the other business transactions, the internal transactions would need to be deducted from the transaction volume (credit or debt) of each office.

On the premise that the credit and debt accounts were correctly handled by each office, the business activity of the offices for the Deutsch-Asiatische Bank as a whole can be depicted by the ratio of the total of the transactions of each office with the total of all offices as shown by Table 9, Internal Transaction Relations Between the Offices.

In this Table, moreover, the business performance of each office, can be scrutinized one by one by the ratios of "Office credit/Total credit (a)" and "Office debt/Total debt (b)".

From a quantitative point of view, Tientsin, Tsingtau, and Hong Kong in the China area and Yokohama had relatively high ratios of both credit and debt. In these branch offices,

²³Morito, Ando., Gaikokukawase Gairon (A Survey of the foreign exchange), Yuuhikaku, 1957, pp. 393-395.

Table 9 Internal Transaction Relations Between the Offices in the Deutsch-Asiatische Bank (31. December 1906)

Office's name	Office credit/Total credit (a)	Office debt/Total debt (b)	Total credit and debt of the office with other offices (c)		Shanghai	Tientsin	Calcutta	Berlin	Tsingtau	Hankow	Hong Kong	Tsinanfu	Peking	Yokohama	Singapore	Hamburg	Kobe
			Value	%													
Shanghai	53.0	85.3	3,607,807.54	21.8		28.0	29.1	33.5	49.6	100.0	17.5	72.4	64.6	28.0	32.8	2.1	1.9
Tientsin	88.7	92.1	547,636.12	3.3	3.2	*14.4	0.2	2.6	0.4		0.9	3.6	33.5	1.1		0.4	1.1
Calcutta	82.4	65.8	2,032,381.14	12.3	12.0	0.6	24.9				8.4			11.9	2.5	0.7	6.6
Berlin	45.3	65.8	4,651,998.52	28.1	27.3	21.9	57.1		36.6		4.1			39.3	18.6	68.8	73.7
Tsingtau	97.2	72.6	686,233.98	4.1	4.0	0.5	5.4				0.8	21.9	0.5	0.8	0.0	1.9	0.5
Hankow	75.9	42.8	262,709.68	1.6	1.6												
Hong Kong	61.9	77.4	1,110,402.31	6.7	5.4	1.7	4.6	1.0	1.4					6.7	44.0	1.6	7.8
Tsinanfu	36.5	97.4	303,959.25	1.8	1.8	2.0			9.7				1.4				
Peking	2.3	99.1	444,815.24	2.7	2.6	27.2			0.3			2.1					
Yokohama	74.0	80.6	526,485.88	3.2	3.1	1.0	3.1	4.5	0.6		3.2				0.1	6.0	4.2
Singapore	56.5	58.9	961,267.70	5.8	27.3		1.7	5.6	0.1		55.9			0.2		1.3	2.1
Hamburg	67.2	72.0	157,481.39	0.9	0.9	0.1	0.1	2.3	0.4		0.2			1.8	0.1		2.1
Kobe	53.3	25.3	1,277,171.11	7.7	7.5	2.6	4.1	20.2	0.9		9.0			10.2	1.9	17.2	
Total			16,570,349.86	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source) Synthesis Balance Sheet (The Head Office · Branches, a Simple Version, 31. December 1906).

Note) The ratio of each office to all offices for the aggregate accounts is assessed by percentage (%).

the bulk of transaction volume was occupied mostly by business external to the Deutsch-Asiatische Bank, so these branches were evidently being operated in high degrees of self-sustaining management. Next, in the same Table, the ratio of each office to all offices in the aggregate, "Total credit and debt of the office with other offices (c)" can be recognized in the large-scale offices such as Shanghai, Calcutta, Berlin and Hong Kong. Shanghai (21.8%) and Berlin (28.1%) together were nearly 50% of all of the offices. Therefore the internal transactions between the offices were obviously developed with the large-scale offices at the core of the Deutsch-Asiatische Bank.

A general snapshot of the data in Table 9 has been illustrated in Figure 1, Bird's-Eye View of Internal Transactions Relations Between the Offices in the Deutsch-Asiatische Bank. According to the results, the old offices and the new offices surely deepened the transaction relations with the Berlin office. The old offices escalated the transactions with Germany and the new offices started activity by the support of credit from the Berlin office. In addition, offices like Calcutta were able to operate under the weight of excessive debt to the Berlin office.

Speaking in general, Shanghai was significantly important to the Deutsch-Asiatische Bank, as the financial center in the East Asia. All of the branches offices had the tendency to strengthen relations with the Shanghai head office, because Shanghai was located on the point of intersection between the China market and the overseas market. For this reason, the Shanghai head office played not only the central role in the management system of each branch office in the China area, but also influenced those offices to have closer business relations to the Shanghai area itself. However, there were not as many internal, close transaction relations between the branch offices themselves, as there were between the core offices and the other offices as, for example, can be seen by the percentage of transactions between Tientsin and Peking, Hong Kong and Singapore, Shanghai and Hankow, and Tsingtau and the Tsinanfu.

As mentioned above, the main business area of the Deutsch-Asiatische Bank was the entire Asia region. Particularly for the German colony, in the Shangdong Province, the ratios of two branches (Tingtau and Tsinanfu) were almost a 7% return on assets (Table 8) and nearly 6% for internal transactions (Table 9). The economic advance by Germany into the Shangdong Province, for which the Shangdong Railroad Company and the Shangdong Mine Company were founded as the center of activity, was adopted aggressively. At that time, the role of the Deutsch-Asiatische Bank was significantly important to Germany, but it did not put restrictions on the colonial policy of the imperialism in assessing the Deutsch-Asiatische Bank business as a whole. As a result, the Hamburg branch office only had relations mainly with the Berlin branch office, in spite of the increase of the business in China by German trading companies. In Hamburg, transaction relations between British overseas banks and German trading companies were remarkably strong, so the Hamburg branch experienced much difficulty in establishing business activity with those trading companies, because close relations between the London money market and Asia were already subject to British overseas banks.

References

- Ando, M., *Gaikokukawase Gairon (A Survey of the Foreign Exchange)* Yuuhikaku, 1957
Barth, B., *Die deutsche Hochfinanz und Imperialismen*, Stuttgart, 1995
Bauert-Keetman, I., *Unternehmen-Chronik, Deutsch-Asiatische Bank, European Asian*

- Bank, Deutsche Bank (Asia), 1889-1987*, Hamburg 1988
- Deutsch-Asiatische Bank, Bericht des Vorstandes für Geschäftsjahr 1906
- Deutsch-Asiatische Bank, Geschäft-Bericht für des Jahr 1894 und 1897-1913
- Deutsch-Asiatische Bank, ordentliche General-Versammlung zu Berlin, Juni 1907
- Deutsch-Asiatische Bank, Zusammenstellung der Bilanzen per 31. Decemmer 1906
- Deutsch-Asiatische Bank, Zusammenstellung der Gewinn- und Verlustrechnungen per 31. Decemmer 1906
- Disconto-Gesellschaft 1851-1901, Denkschrift zum 50 Jährigen Jubiläum*, Berlin, 1901
- Gall, L., "Die Deutsche Bank vor ihrer Grundung bis zum Ersten Weltkeieg 1870-1914", in: Gall, L., Feldmann, G.D., James, H., Holtfrerich, C-G und Büschgen, H.E., *Die Deutsche Bank 1870-1995*, München, 1995
- Geschäfts-Bericht der Direction der Deutschen Banken, Action-Gesellschaft für die Zeit vom 1871 bis 1875
- King, F.H.H., "Extra-Regional Bank and Investment in China", in: Cameron, R. and Bovkin, V.I. (edited), *International Banking 1870-1914*, Oxford University Press, 1991
- Müller, M.H. and Forst, R., *Die Deutsche Bank, eine Geschichte in Bildern*, München, 2007
- Müller-Jabusch, M., *Fünfzig Jahre Deutsch-Asiatische Bank 1890-1939*, Berlin, 1940
- Plumpe, W., "Deutsche Bank in East Asia (1872-1988)", in: Historical Association of Deutsche Bank (edited), *Deutsche Bank in East Asia*, München, 2004
- Pohl, M., "Die Deutsche Bank London Agency Founded 100 years Ago", in: Deutsche Bank AG (edited), in: *Studies on Economic and Monetary Problems and Banking History*, Mainz, 1988
- Pohl, M., "Deutsche Banks East Asia Business, 1870-1875", in: Deutsche Bank AG (edited), *Studies on Economic and Monetary Problems and Banking History*, Mainz, 1988
- Protokoll der Sitzung der Geschäft-Ausschusses der Deutsch-Asiatische Bank vom 26. August 1906 und 24. Mai 1907
- Rosendorf, R., "Die deutsche Banken in überseeischen Verkehr", in: *Schmlers Jahrbuch Bd. 28*, 1940
- Schneider, J., Schwarzer, O. und Zellfelder, F., *Währungen der Welt, Asiatische und Australische Devisenkurse im 19 Jahrhundert*, Stuttgart, 1992
- Seidenzahl, F., *100 Jahre Deutsche Bank 1870-1970*, Frankfurt am Main, 1970
- Tokai Bank (edited by Planning Division), *Sin Ginkou Jitumukouza, Ginkoukaiki (Bank Accounting)*, Yuuhikaku, 1967
- Tomioaka, H., *Doitu no daiginkou oyobi Kinyuu (German Big Banks and Finance)*, Yuuhikaku, 1915
- Whale, P.B., *Joint Stock Banking in Germany*, London, 1930
- Wolff, M., *Die Disconto-Gesellschaft*, 1930