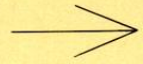


COMMERZBANK 

COMMERZBANK 
ZVO-Dokumentation

1982

COMMERZBANK Highlights
Parent Bank and Group



COMMERZBANK Highlights

Parent Bank

at year-end	1982	1981
Total assets	DM66,182.7m	DM64,298.2m
Total lending	DM47,107.7m	DM46,081.3m
Capital and reserves	DM 2,502.6m	DM 2,477.6m

Group¹⁾

in DM m. at year-end			in DM m. at year-end		
Assets	1982	1981	Liabilities and Shareholders' Equity	1982	1981
Cash reserves	2,926	2,877	Liabilities to banks	32,298	31,779
Cheques, collection items	356	388	Customers' deposits	44,158	41,142
Bills of exchange	2,139	1,667	a) demand deposits	(8,805)	(8,004)
Claims on banks	26,856	27,276	b) time deposits	(24,816)	(23,239)
Treasury bills	1,289	563	c) savings deposits	(10,537)	(9,899)
Bonds and notes	3,468	2,918	Bonds outstanding	26,254	23,463
Shares	797	660	Other liabilities	2,723	2,175
Loans and advances to customers	66,052	60,690	Capital and reserves ²⁾	2,735	2,760
a) at agreed periods of less than four years	(26,449)	(22,871)	a) share capital	(844)	(844)
b) at agreed periods of four years or more	(39,603)	(37,819)	b) reserves	(1,659)	(1,634)
Investments	790	803	c) reserve arising from consolidation ³⁾	(186)	(238)
Land and buildings	614	816	d) minority interests ⁴⁾	(46)	(44)
Other assets	2,947	2,678	Consolidated profit	66	17
Total Assets	108,234	101,336	Total Liabilities and Shareholders' Equity	108,234	101,336
Branches	877	878	Endorsement liabilities	2,891	2,721
Customers	2,509,600	2,474,600	Business volume	111,125	104,057
Staff	21,393	21,130	Guarantees	9,251	9,129

Commerzbank's shares are officially quoted on the eight German and the following foreign stock exchanges:

Austria	Vienna (since 1972)
Belgium	Antwerp, Brussels (since 1973)
France	Paris (since 1971)
Luxembourg	Luxembourg (since 1974)
Netherlands	Amsterdam (since 1974)
Switzerland	Basel, Bern, Geneva, Lausanne, Zurich (since 1973)
United Kingdom	London (since 1962)

¹⁾ for complete Consolidated Annual Accounts see pages 100 to 103;

²⁾ 1982: DM2,770m (1981: DM2,766m) after allocation of funds decided upon at AGMs of consolidated companies;

³⁾ in accordance with Section 331 (1) 3 of the German Stock Corporation Act-AktG (cf. page 84);

⁴⁾ excluding attributable share of profits.

Annual Accounts and Report
for the Year 1982

COMMERZBANK 
A K T I E N G E S E L L S C H A F T

Headquarters

<u>Düsseldorf</u>	25 Breite Strasse, D-4000 Düsseldorf, Telephone (0211) 8271, Telex 8 581 381
<u>Frankfurt</u>	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone (0611) 13621, Telex 4152530
<u>Hamburg</u>	7-9 Ness, D-2000 Hamburg, Telephone (040) 361321, Telex 212391

All International Departments are in Frankfurt.

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As in previous years, our Annual Report is available in German, English, and French.

In addition, we can supply our Report in all three languages in microfiche form. If you wish to receive it like this, please complete the postcard provided.



DÜSSELDORF

Commerzbank's 1983 Annual General Meeting will take place on May 10 in Düsseldorf at the Congress-Centre of the city's exhibition grounds, where shareholders will be informed of the Bank's 1982 performance and its business prospects during the current year.

In Düsseldorf, the "office" of the Ruhr industrial area, many companies of world renown have both their plants and their headquarters.

But the city also has a reputation as a financial centre with

a major stock exchange and as a town of international congresses and trade fairs.

Commerzbank, through its legal site and intensive business activities, has long maintained a special affinity with the city where it employs

more than 2,000 people at its head office and 40 branches.

The photograph—looking northwards—shows the banking district between the Rhine and the elegant Königsallee shopping lane and, at its upper left, the exhibition grounds.

To our shareholders,

A very good operating result, on the one hand, and the obligation to give priority to the greatest possible risk provision, on the other—these are the salient factors on which Commerzbank's 1982 financial statements are based.

Good progress was made in all sectors. The improved result is primarily reflected in the steep rise of net interest and dividend income. We are equally satisfied with the sustained growth of commission earnings, where our policy of combining in cross selling the various activities we pursue as an all-purpose bank has clearly been fruitful.

1982 not only saw a marked decline in interest rates, but also the end of the "inverse structure of yields" which had prevailed for three years. Thanks to this development, our interest margin was able to make a sound recovery—although we were always quick to pass on in our loan terms the cuts in key lending rates effected by the Bundesbank.

One of our fundamental business goals remains the improvement of the Bank's balance sheet structure. As a result, in our 1982 borrowing the combined share of funds deposited by customers and the Bank's own bonds climbed from 68 to 71 per cent. Moreover, in lending to our customers, we were able to increase the volume of short and medium-term credits to one and a half times that of long-term loans.

The decision, taken once again, not to recommend payment of a dividend was a very painful one for us. Yet we do believe that, in today's difficult overall situation, it is in the longer run in the interests of our shareholders themselves if national and international credit risks are covered as fully as possible.

All members of the Commerzbank Group managed to achieve better results in their current business. This is not least true of the mortgage bank subsidiary, Rheinische Hypothekenbank which, solidly expanding its business, achieved a record result in 1982.

Given the flexibility of our organization and our staff's high degree of commitment, we are optimistic about the Bank's 1983 performance. Yet we do not fail to recognize that the domestic credit business will still be caught up in the aftermath of the deep recession, and that in many countries the need to restructure debts contin-

ues to overshadow international lending. With the economy picking up, however, the weight of both problems should gradually be lessened.

The commercial banks have to face new challenges with the increasing spread of communications technology. The viewdata system in particular could have lasting effects on retail banking, and we are systematically preparing for its introduction in order to firmly maintain our market position.

The 1983 Annual General Meeting will take place in Düsseldorf. This is in accord with our tradition of each year changing the venue, to take account of the wide geographical distribution of our shareholders. The next two Annual General Meetings will be held in Hanover (May 18, 1984) and Berlin (May 15, 1985).

March 1983



Chairman
of the Supervisory Board



Chairman
of the Board of Managing Directors

31st Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of shareholders of Commerzbank AG will be held at the "Congress-Centre" of the Düsseldorf exhibition grounds, Rotterdamer Strasse/
Stockumer Kirchstrasse,
Düsseldorf,

**at 10.30 a.m.
on Tuesday, May 10, 1983.**

Agenda

**1
To consider
the Bank's established Annual Accounts,
the Report of its Board of Managing Directors,
and the Report of its Supervisory Board,
together with the
Consolidated Annual Accounts
and the Group Report
for the year ended December 31, 1982.**

**2
To resolve
on the appropriation of the profit.**

The Board of Managing Directors and the Supervisory Board propose that of the profit of DM36,370,000.00

DM25,000,000.00 be allocated to disclosed reserves and that,

as a result of this decision, DM11,370,000.00 be authorized as additional expenditure.

**3
To approve the actions
of the Board of Managing Directors
during the financial year 1982.**

The Board of Managing Directors and the Supervisory Board propose that such approval be given.

**4
To approve the actions
of the Supervisory Board
during the financial year 1982.**

The Board of Managing Directors and the Supervisory Board propose that such approval be given.

**5
To authorize the Board of Managing Directors
to increase the share capital
and to amend the Bank's statutes.**

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

a) The Board of Managing Directors shall be authorized to increase the share capital of the Company by April 30, 1988, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM150,000,000.00 nominal; if necessary, the Board of Managing Directors can except share fractions from shareholders' subscription rights and exclude the latter, to the extent required, to grant such rights to the holders of convertible bonds and share option warrants who are entitled to them upon exercising their conversion or option rights.

The Supervisory Board shall be authorized to amend Section 4 of the Bank's statutes appropriately whenever a share issue is made within the authorized capital increase.

The authorization—expiring on May 12, 1983—to increase the share capital in accordance with Section 4, paragraph 6, of the statutes is hereby revoked.

b) Section 4, paragraph 6, of the statutes shall be amended to read as follows:

"The Board of Managing Directors is authorized to increase the share capital of the Company

by April 30, 1988, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM150,000,000.00 nominal; if necessary, the Board of Managing Directors can except share fractions from shareholders' subscription rights and exclude the latter, to the extent required, to grant such rights to the holders of convertible bonds and share option warrants who are entitled to them upon exercising their conversion or option rights".

**6
To appoint members
of the Supervisory Board.**

The Supervisory Board propose that the Annual General Meeting appoint the following members:

Senator Dr. E. h. Arno Paul Bäumer
Stuttgart
Chairman of the Board of Managing Directors of Allianz Lebensversicherungs-AG, and Member of the Board of Managing Directors of Allianz Versicherungs-AG

Professor Dr.-Ing. Dr. h. c. Kurt Hansen
Leverkusen
Chairman of the Supervisory Board of Bayer AG

Dr. Heinz Kriwet
Duisburg
Member of the Board of Managing Directors of Thyssen Aktiengesellschaft
vorm. August Thyssen-Hütte

Paul Lichtenberg
Frankfurt/Düsseldorf
Chairman of the Supervisory Board of Commerzbank AG

Dr. Otto Ranft
Offenbach/Main
Chairman of the Supervisory Board of Hoechst AG

Werner Rinke
Essen
Barrister
Member of the Board of Managing Directors of Rheinisch-Westfälisches Elektrizitätswerk AG

Toni Schmücker
Wolfsburg
Member of the Supervisory Board of Volkswagenwerk AG

Honorary Senator
Professor Dr. Matthias Seefelder
Ludwigshafen
Chairman of the Board of Managing Directors of BASF AG

Dr.-Ing. Hanns Arnt Vogels
Ottobrunn
Managing Director of
MBB Messerschmitt-Bölkow-Blohm GmbH

Dr. Gerd Wollburg
Augsburg
Deputy Chairman of
the Board of Managing Directors
of M.A.N. Maschinenfabrik
Augsburg-Nürnberg AG

The General Meeting is not bound to comply with the proposed appointments.
The Supervisory Board is constituted in accordance with
Section 96 (1) and Section 101 (1)
of the German Stock Corporation Act (AktG)
and Section 7 (1) 1, 3
of the German Codetermination Act.

**7
To appoint the Auditors
for the financial year 1983.**

The Supervisory Board propose that
Treuarbeit Aktiengesellschaft,
Wirtschaftsprüfungsgesellschaft,
Steuerberatungsgesellschaft, Düsseldorf,
be appointed auditors
for the current financial year.

Supervisory Board

(Aufsichtsrat)

PAUL LICHTENBERG
Frankfurt/Düsseldorf
Chairman

EWALD FAJKUS
Frankfurt
Commerzbank AG
Deputy Chairman

SENATOR DR. E. h. ARNO PAUL BÄUMER
Stuttgart
Chairman of the Board of Managing Directors
of Allianz Lebensversicherungs-AG, and
Member of the Board of Managing Directors
of Allianz Versicherungs-AG

ROLF BECKMANN
Düsseldorf
Commerzbank AG

KARIN BEHRENS
Berlin
Berliner Commerzbank AG

MARIANNE BONCOURT
Hanover

HEINZ-WERNER BUSCH
Oberhausen
Commerzbank AG

DR. ROLF DARMSTADT
Frankfurt
Commerzbank AG

JÜRGEN HAKER
Hamburg

PROFESSOR
DR.-ING. DR. h. c. KURT HANSEN
Leverkusen
Chairman of the Supervisory Board
of Bayer AG

HANS-GEORG JURKAT
Cologne
Commerzbank AG

DR. HEINZ KRIWET
Duisburg
Member of the Board of Managing Directors
of Thyssen Aktiengesellschaft
vorm. August Thyssen-Hütte
since May 7, 1982

DR. KARL-HEINZ KÜRTE
Düsseldorf
until May 7, 1982

FRITZ LOSUKOW
Frankfurt
Commerzbank AG

HANS REINTGES
Frankfurt-Höchst
Member of the Board of Managing Directors
of Hoechst AG

WERNER RINKE
Essen
Barrister
Member of the Board of Managing Directors
of Rheinisch-Westfälisches Elektrizitätswerk AG

HONORARY SENATOR HUGO RUPF
Heidenheim (Brenz)
Chairman of the Supervisory Board
of J. M. Voith GmbH

TONI SCHMÜCKER
Wolfsburg
Member of the Supervisory Board
of Volkswagenwerk AG

DR.-ING. HANNS ARNT VOGELS
Ottobrunn
Chairman of the Executive Board
of MBB Messerschmitt-Bölkow-Blohm GmbH

HELMUT WEINERT
Frankfurt
Commerzbank AG

DR. GERD WOLLBURG
Augsburg
Deputy Chairman
of the Board of Managing Directors
of M.A.N. Maschinenfabrik
Augsburg-Nürnberg AG

Advisory Board

(Verwaltungsbeirat)

- DR. HANS ALBERS
Ludwigshafen
Deputy Chairman
of the Board of Managing Directors
of BASF AG
- KURT ALBERTS
Essen
Member of the Board of Managing Directors
of Karstadt AG
- DR.-ING. BURCKHARD BERGMANN
Essen
Member of the Board of Managing Directors
of Ruhrgas AG
- PROFESSOR
DIPL.-ING. WERNER BREITSCHWERDT
Stuttgart
Member of the Board of Managing Directors
of Daimler-Benz AG
- DR.-ING. DR. RER. POL.
DR.-ING. E. h. KARLHEINZ BUND
Essen
Chairman of the Board of Managing Directors
of Ruhrkohle AG
- ROBERT DHOM
Königstein (Taunus)
until March 31, 1982
- MARTIN DIMPFLMAIER
Munich
Commerzbank AG
- DR. MAX GÜNTHER
Munich
Member of the Board of Managing Directors
of Siemens AG
- DR. OSKAR JANSON
Oberhausen
Spokesman of the Board of Managing Directors
of Thyssen Niederrhein AG
Hütten- und Walzwerke
- PROFESSOR DR. CARL HEINRICH KRAUCH
Marl
Chairman of the Board of Managing Directors
of Chemische Werke Hüls AG
- DR. RER. POL. WOLFGANG LAAF
Wetzlar
Member of the Board of Managing Directors
of Edelstahlwerke Buderus AG
- HONORARY SENATOR
DIPL.-ING. DR. OEC. HELMUT LOHR
Stuttgart
Chairman of the Board of Managing Directors
of Standard Elektrik Lorenz AG
since October 1, 1982
- HELMUT LORENZ-MEYER
Hamburg
until December 31, 1982
- DR. DIETRICH WILHELM von MENGES
Essen
Barrister
- DR. JÖRG MITTELSTEN SCHEID
Wuppertal
Lawyer
General Partner in Vorwerk + Co.
- RUDOLF AUGUST OETKER
Bielefeld
- FRIEDRICH ROESCH
Cologne
Chairman of the Board of Managing Directors
of Kaufhof AG
- LOTHAR F. W. SPARBERG
Stuttgart
General Manager
of IBM Deutschland GmbH
since January 1, 1983
- DIPL.-ING. ENNO VOCKE
Essen
Chairman of the Board of Managing Directors
of Hochtief AG vorm. Gebr. Helfmann
- HERIBERT WERHAHN
Neuss
Partner in Wilh. Werhahn
- DR. GÜNTER WINKELMANN
Mülheim (Ruhr)
Chairman of the Board of Managing Directors
of Stinnes AG, and
Member of the Board of Managing Directors
of VEBA AG

Board of Managing Directors

(Vorstand)

WALTER SEIPP
Frankfurt/Düsseldorf
Chairman

ERICH COENEN
Düsseldorf

PETER DEUSS
Hamburg
until December 31, 1982

ENGELBERT DICKEN
Frankfurt
until March 26, 1982

DIETRICH-KURT FROWEIN
Frankfurt

FRIEDRICH GRUNDMANN
Hamburg

KURT HOCHHEUSER
Düsseldorf

WOLFGANG JAHN
Düsseldorf

GÖTZ KNAPPERTSBUSCH
Düsseldorf

MARTIN KOHLHAUSSEN
Frankfurt

JÜRGEN REIMNITZ
Frankfurt

RABAN FREIHERR von SPIEGEL
Frankfurt

JÜRGEN TERRAHE
Frankfurt

KURT RICHOLT
Frankfurt
Deputy Member
since November 1, 1982

AXEL FREIHERR von RUEDORFFER
Hamburg
Deputy Member
since November 1, 1982

General Managers

(Generalbevollmächtigte)

Chief Legal Adviser

(Chefjustitiar)

KLAAS-PETER JACOBS
New York

DR. HELMUT BECKER
Frankfurt

FRIEDHELM JOST
Frankfurt

KARL-HEINZ KINDT
Düsseldorf

ALFRED KNÖR
Frankfurt

DR. HANS-VIKTOR KURZROCK
Düsseldorf

WOLFGANG OTTO
Frankfurt

HERBERT WOLF
Frankfurt

Senior Managers, Head Office

(Direktoren der Hauptverwaltung)

DR. RUDOLF BAUER

Frankfurt

AUGUST WILHELM BECHT

Frankfurt

HEINZ BORCHERT

Frankfurt

HERBERT DROEGE

Frankfurt

KONRAD ERNST

Hamburg

HARRY GAWENAT

Frankfurt

ROLF HUGO

Frankfurt

MAXIMILIAN KERCHNAWE

Frankfurt

LUTZ KIRCHNER

Frankfurt

DR. KLAUS KUTTNER

Düsseldorf

FRITZ LOSUKOW

Frankfurt

DIETER LUCASSEN

Frankfurt

DR. GEORG L. OTT

Frankfurt

HERBERT PETERS

Frankfurt

DR. MANFRED WILSDORF

Frankfurt

DR. CHRISTIAN WINKLER

Frankfurt

ROLF ATTIN

Hamburg

JÜRGEN BÄUMKER

Frankfurt

GERHARD BENDICKS

Düsseldorf

HANS-ROBERT BERG

Düsseldorf

HERMANN BEYER

Frankfurt

GEROLD BRANDT

Frankfurt

WERNER BRÜGGEMANN

Frankfurt

HANS DIETRICH von BURKERSRODA

Frankfurt

JÜRGEN CARLSON

Frankfurt

DR. PETER COYM

Frankfurt

DR. KLAUS DELIUS

Düsseldorf

DR. HARIOLF EISENBART

Düsseldorf

HORST ENGEL

Frankfurt

HEINRICH-WILHELM FÖSTE

Frankfurt

HORST GERLACH

Hamburg

DR. HERMANN GÜNZEL

Frankfurt

DR. GERHARD HEUSER

Düsseldorf

RICHARD HERPERS

Düsseldorf

WOLFGANG HOFMANN

Frankfurt

HANS JÖRGENS

Frankfurt

MANFRED JORDAN

Frankfurt

EBERHARD KAUL

Hamburg

MANFRED W. KLIMACH

Frankfurt

BERTHOLD LANGE

Düsseldorf

JÜRGEN LEMMER

Frankfurt

ROLF LICHTENTHÄLER

Frankfurt

HAUKE MIX

Frankfurt

HEINZ-JÜRGEN MÜHLENBERG

Düsseldorf

ALFRED MÜLLER

Hamburg

ROBERT NEITZEL

Hamburg

WERNER PAASHAUS

Frankfurt

KLAUS PAPE

Hamburg

DR. ARNULF PESSELHOY

Frankfurt

KARL REUTER

Frankfurt

GERHARD RIEKEN

Frankfurt

CONRAD-M. RUBEL

Düsseldorf

WALTER SCHMIDT

Hamburg

EDGAR SCHNOOR

Hamburg

GÜNTER SCHOLZ

Frankfurt

ERICH SÖHL

Frankfurt

DR. DIETER von TAPPEINER

Legal Adviser,

Deputy to the Chief Legal Adviser,

Düsseldorf

KURT WACKERFUSS

Frankfurt

ROLF WEIDMANN

Frankfurt

PETER WEINERT

Frankfurt

HELMUT WESTERMANN

Frankfurt

KLAUS WINTER

Düsseldorf

Managers, Domestic Main Branches and Foreign Branches

(Leiter der inländischen Gebietsstellen und der Auslandsniederlassungen)

Domestic Main Branches

Aachen

KLAUS HOLLENBACH
HANS-HUBERTUS KLAGGES

Augsburg

DR. WALTHER FUCHS
DR. PETER TAUCHE

Bielefeld

DR. LOTHAR FLAMMING
WILHELM SCHAELE
DR. FRIEDHELM STEINBERG

Bochum

GÜNTER HILDEBRANDT
HANS-JOACHIM MÜLLER
BERND PRAEDEL

Bonn

HERBERT LOTTNER
WILHELM THEYSSEN
DR. WOLFGANG van WYK

Braunschweig

HERBERT BECKER
GEORG S. WALTHER

Bremen

JÜRGEN MADAUS
EKKEHARD SCHERZ
CHRISTIAN TRAXEL

Cologne: see Köln

Dortmund

OTTO JÄGER
UDO-JÜRGEN ROLING
DR. HERMANN van ZWOLL

Düsseldorf

ULRICH HÄHNER
MANFRED KRAFFCZYK
DR. ALFRED SCHULTE

Duisburg

DIETER BAUMANN
DIETER HOLZ auf der HEIDE
HEINRICH KRÖGER

Essen

DR. JORG BEAUCAMP
KARL-HEINRICH LINDER
WERNER SCHÄFER

Frankfurt

KLAUS von der HEYDE
MICHAEL MELCHER
KLAUS MÜLLER-GEBEL

Freiburg

GERHARD ENDERS
ERNST-LUDWIG PLÜMER

Göttingen

GERHARD AHR
FOLKER STREIB

Hamburg

JÖRN LUBCKE
DR. FRIEDHELM HÖFERMANN
RICHARD-WALTHER REINKE
DR. WALTHER ZIMMERMANN

Hannover (*Hanover*)

HANS-JOSEF HECKING
DR. AXEL SMEND
HARALD WOHLTHAT

Karlsruhe

ULRICH DANKE
DIETER von MORSTEIN

Kassel

DIETER ARNOLD
HERWARTH VITINIUS

Kiel

ERK ROLUF CLAUSEN
DIETRICH LANGE
DR. HEIKO PLATE

Köln (*Cologne*)

KLAUS-DIETER BREIDENBACH
KARL-HEINZ LANG
DR. ULLRICH SCHLUCKEBIER

Krefeld

HANS FRIEDRICH DICKEL
DR. WOLFGANG HOCK

Lübeck

MANFRED GAUS
FRANZ HARMS
HANS-JÜRGEN WEITERT

Lüdenscheid

DR. WALDEMAR ABEL
JOACHIM MÄHL

Mainz

HANS FELTEN
DR. ARMIN RUPPERT
VOLKER TIBI

Mannheim

DR. RÜDIGER LOOFF
DR. WOLFGANG PFEIFER
DR. GOTTFRIED-WILHELM
von WALDTHAUSEN

Mönchengladbach

DR. HANS-DIETER LAMBERTY
ROLF SCHUMACHER

München (*Munich*)

DR. MICHAEL FLESCHE
HANNS GREINER
DR. OTTO SCHNIEWIND

Münster

FRITZ NOPPENY
RALF GORKA

Nürnberg (*Nuremberg*)

DR. GUNTMAR KRAUS
HEINZ PFAHLER
DR. WALTER RÖTTENBACHER

Oldenburg

WOLFRAM COMBECHER
WOLFGANG RIEMER

Osnabrück

RAINER HILLBOLD
DR. EMANUEL PISCHEL

Regensburg

DIETER KIELMANN
WALTER RINGLSTETTER

Siegen

GERD DRIEVER
RUDOLF SEDLACEK

Stuttgart

VOLKER BÄRSCHNEIDER
BERND MUSSLER
GERHARD SCHLÜTER

Ulm

HERBERT ENDERS
JÜRGEN ESSER

Villingen

HANS-JÜRGEN HIRNER
DIETER WALPER

Wesel

HANS BOTSCHEN
WERNER GRÄFER

Wetzlar

HANS BAYER
ADOLF HEDRICH

Wiesbaden

DR. GEORG EHMANN
DR. NORBERT KÄSBECK

Wuppertal

HEINZ-WERNER HECKMANN
DR. KURT VOLLMER
GERHARD WICHELHAUS

Foreign Branches

Antwerp

ANDRE BOSMANS

Atlanta

HELGE MAURITZ

Barcelona

GUENTER LESSENICH

Brussels

PHILIPP COUNT zu EULENBURG
und HERTEFELD
WERNER NEUNKIRCH

Chicago

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Report of the Board of Managing Directors

1982: World economy marked by contrasts

1982 was a year of contrasts for the world economy. Demands made on international debt management took on a new dimension, and unemployment reached alarming proportions. However, other key problems of recent years—namely inflation, the energy supply, and extreme balance of payments distortions—all became less acute.

Thanks to consistent, restrictive monetary policies in the leading industrial countries, the average price climb in the OECD states was halved to 7 per cent between spring 1980 and the turn of 1982/1983. But this belated success, which in any case has still to be properly secured, was accompanied by the longest and most serious recession since the thirties. More than a tenth of the employable in Western Europe and North America are now without regular work. Yet the funds for an expansive fiscal policy have been dissipated, for public-sector debts are very high the world over and experience has shown that a further rise would have a negative rather than a stimulating effect on the private sector's willingness to invest—which is the key to growth, though.

A recovery in the world economy, which had widely been expected for 1982, is still not close at hand. Towards the end of the year, Western European industrial production slipped below the 1976 level.

No repeat of world economic crisis

Parallels with the world economic crisis of the thirties cannot be overlooked. But the situation is not as explosive as it was then, especially since there is now close cooperation between governments and central banks across the world. Moreover, the internationally active commercial banks today work together on a basis of mutual trust to solve rescheduling problems.

Generally speaking, the present weakness in growth is less a cyclical than a structural phenomenon. It cannot, therefore, be overcome solely by demand-stimulating measures such as have been widely practised hitherto.

Disappointments across the board

In the USA, hopes have so far remained unfulfilled that with the aid of Reaganomics the business sector could be spurred on to generate its own initiative. Only the stock exchange was prepared to commit itself at an early stage to the recovery expected in the course of 1983.

Even Japan's economy has lost some of its buoyancy. A modest expansion by Japanese standards of less than 3 per cent was accompanied by a drastic deterioration of public-sector finances.

Western Europe was seized by a recession as severe as that in North America. This meant that the very similar development of the economic downturn on both sides of the Atlantic was more marked than at virtually any time in the past—and this despite the very different economic policies that were being implemented.

Fall in oil prices—crisis situation inverted

The energy supply situation has become less acute thanks to economies made, the recession, and substitution by alternative sources. As a result, market forces regained the upper hand over the OPEC suppliers' cartel. The two oil price hikes of recent years were now succeeded by a slump in prices. This aggravated the debt problems of leading oil exporters which had overestimated their future income and embarked upon development schemes that were too ambitious.

For many countries, external debt has become the key issue, with industrialized nations like France proving to be no exception. In 1982, the latter's current account shortfall tripled, thus approaching West Germany's extreme record deficit of 1980.

The international balance of payments pattern has undergone a radical upheaval. More quickly than expected, the OPEC countries forfeited their position of surplus, although there are strong discrepancies within the group. This is reflected in the fact that today OPEC oil deliveries only cover a third of the world's requirements, as compared with almost a half during the seventies.

For the developing countries, the reduction of their current account deficits made necessary by foreign exchange shortages will probably continue throughout 1983. In the USA, on the other hand, there is every sign that by far the greatest shortfall ever to be faced by a country is emerging; most forecasts predict that it will exceed 20 billion dollars.

Too much credit financing

The precarious situation of the world economy can only be properly mastered if the problems are tackled at their root. Everywhere, it was sought to realize projects that were too ambi-

tious in too short a time. Industrialized nations frequently overestimated the latitude available for extending the welfare state; many less developed countries forced the pace of industrialization and also of the arms race—often for reasons of prestige. In both groups of countries, recourse to credit was too great, and budget deficits escalated.

World trade in a tight corner

In 1982, the volume of world trade contracted slightly. Today it is roughly 5 per cent below its 1979/80 peak, and a further decline in the current year cannot be ruled out.

The international exchange of goods—upon the free functioning of which the West's present prosperity is based—is now being subjected to pressure from three sides. In the course of the recession, the international flows of goods have become more sparse and an increasing number of countries, suffering from a crass lack of foreign exchange, are finding themselves compelled to curb import demand. But the greatest impediment could prove to be the spread of protectionism, either in overt form or through self-imposed restrictions.

Moreover, the trend towards subsidizing exports, including the provision of indirect support, is also dangerous; as is the practice—currently gaining ground among West European nations—of making the taxpayer shoulder the losses incurred by state-run industries. Besides, the individual fresh cases of countries trying to achieve trade advantages through excessive devaluations of their currency also give cause for concern.

External debts an explosive issue

The fundamental tensions underlying the world economy erupted in the financial markets. The thorny issue of international indebtedness was exacerbated by the escalation of short-term liabilities. Now the creditor banks are expected to show a greater sense of responsibility towards the world economy. And indeed, a sudden recall of these loans would be disastrous for all concerned.

The debtor states can only maintain payments of both interest and principal through their export earnings. Consequently, they quite legitimately expect the industrialized world to keep its markets open for imports from them.

Against the background of foreign currency shortages, which largely block the inflow of pri-

vate loan funds, the demand for selective development aid is becoming stronger—via supranational institutions and also by tapping the industrialized countries' national budgets.

IMF's key role

We view as promising the attempts to solve the external debt problems that are jointly undertaken by the International Monetary Fund (IMF), the Bank for International Settlements (BIS)—which is maintained by leading central banks—and the commercial banks, with the decisive role falling to the IMF. On account of the "conditionality" of its credits, it can ensure that the countries in question implement a necessarily austere economic policy.

But even after the latest increase in quotas, the financial resources of the IMF remain limited. A further extension of its commitments at the rate established over the past two years is hardly possible over a longer period. A conceivable solution might be to replenish its credit potential, amongst other things, by direct recourse to the money and capital markets—which would also have the advantage of having IMF loans funded from savings.

At all events, a fresh inflationary boost to international liquidity must be avoided—and also an abuse of the IMF's functions. The principal task of the latter must continue to be the bridging of temporary balance of payments deficits in order to give debtor countries time to adjust.

Refinancing a must— at expense of industrialized nations, too

The indebtedness problems of the newly industrialized countries (NICs) can be solved if all concerned cooperate sensibly, especially since the burden of interest payments has eased considerably. First and foremost, it is necessary to reduce their short-term liabilities. Rescheduling operations must be accompanied not only by a reorientation of industrialization plans but also by a clampdown on public-sector borrowing: projects which appear unlikely to lead to an early improvement of the external trade position have to be curtailed or stretched out.

This must have painful effects on world trade. As the largest exporter of capital goods, West Germany in particular will suffer for a long time as a result. The capacity of developing nations and NICs to import is further reduced as long as there is no sustained recovery of commodity prices.

West Germany: gripped by recession

In 1982, the German economy once again fared worse than it had a year earlier. After more than two years of stagnation—from spring 1980 to mid-1982—the slide into recession could not be prevented. The accelerated plunge was above all the result of a decline in foreign orders which meant that the sustained weakness of domestic demand could no longer be compensated for.

Whilst economic activity maintained the previous year's level up to the summer break, there was a pronounced slump in the second half-year—which was supposed to have witnessed the start of an upturn.

The situation was overshadowed by several important German firms getting into financial trouble. The critical development at the consumer electronics giant AEG, which finally led it to file for court protection from its creditors at the end of October, and the problems of the country's steel industry are symptomatic of the extremely strained position of company finances.

Belated effects of exaggerated demands

The negative underlying trends in the domestic economy—which are emerging more clearly in the recession than they did in the past—can ultimately all be traced back to exaggerated demands on available resources, which for years had caused the country to "live beyond its means". The damage done is most clearly reflected in mounting unemployment and the over-indebtedness of the public sector, with the latter's lack of budget manoeuvrability now virtually excluding any anticyclical measures.

Even after the second oil price hike, government consumption still grew at a hefty, far

above-average rate. The scope for investment, however, was reduced: companies saw their earnings shrink, those wanting to build were faced with mounting costs, and public authorities had to cope with escalating expenditure on wages and social benefits (cf. special chapter "Capital spending prerequisite for growth" on page 39).

Protracted weakness of investment

The German economy's acute weak point is the decline in investment activity which spread to all sectors in 1981/82: hardest hit were government construction projects as well as house building, but public utilities and the manufacturing industry were also affected more seriously than had been expected. In the light of worsened sales prospects and difficult financing conditions, investment plans were at least quite markedly stretched out over a longer period.

Adaptation process in full swing

But 1982 also had its positive aspects. The structural adjustment of the German economy made good progress, with the current account in the black again after three years of deficits, with inflation falling, and with financing costs continuing their return to normal.

Yet up to now, these favourable trends have not been sufficient to stimulate economic activity on a broad basis. Above all, there is still a need for confidence to be strengthened.

Contraction of GNP

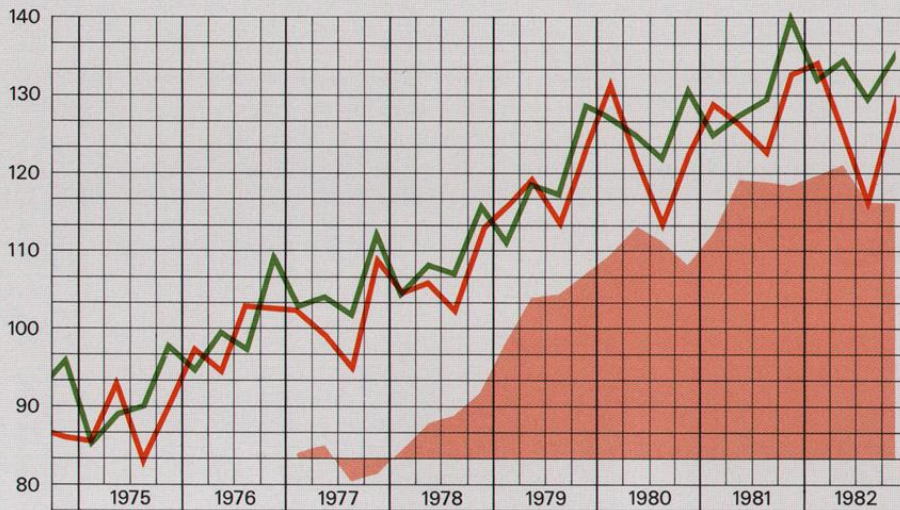
The deterioration of the situation as a whole is reflected in the development of the gross national product (GNP). The rise from DM1,543bn to DM1,560bn is wholly attributable to price effects while, in real terms, economic perform-

Performance of the German economy (change on year, in %)

	1979	1980	1981	1982 ¹⁾	1982	
					1st half	2nd half ¹⁾
Gross national product, nominal	+8.2	+6.4	+4.0	+3.5	+4.5	+2.5
Gross national product, real	+4.0	+1.8	-0.2	-1.2	-0.1	-2.0
Capital spending ²⁾	+7.3	+3.2	-3.8	-6.5	-6.9	-5.5
Private consumption ²⁾	+3.1	+1.5	-1.2	-2.2	-1.6	-2.5
Government consumption ²⁾	+3.5	+2.8	+2.0	+0.1	+0.2	± 0
Disposable income, nominal	+8.1	+7.4	+5.7	+3.0 ^{e)}	+3.9	+2.5 ^{e)}
Cost of living ³⁾	+4.1	+5.5	+5.9	+5.3	+5.6	+5.0

¹⁾ provisional; ²⁾ in real terms; ³⁾ index for all private households; ^{e)} estimated.

West German economy gripped by recession.



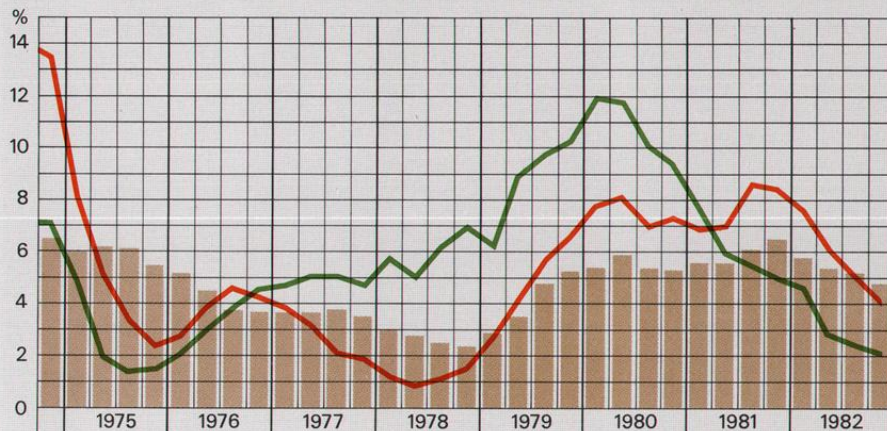
Order bookings and sales

Demand for industrial goods suffered an unexpectedly severe setback after the summer break: domestic business stayed weak and foreign orders, having achieved strong growth in 1981, declined sharply.

Especially in the capital goods sector, the order backlog shrank rapidly, despite cutbacks in production.

manufacturing industry:
(quarterly figures, 1976 = 100)

new orders
sales
orders in hand



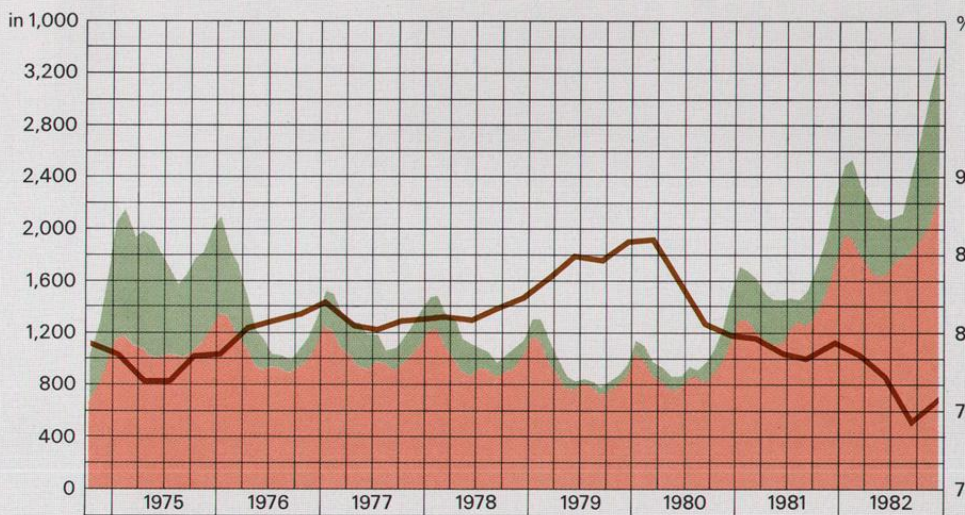
Price trends

Due to relatively stable and at times even falling prices for imported energy and raw materials, cost increases for industrial goods lost momentum. The even more marked slowing of the price climb in the construction sector reflects the mounting crisis that has gripped the latter.

The drop in the inflation rate (basis: CPI), although partly owing to good harvests, was primarily the result of consumers' reluctance to buy.

change on year:

cost of living
industrial producer prices
house-building costs



Labour market

While in 1981 some companies had still "stored" personnel, the deepening economic slowdown last year compelled a growing number of firms to reduce their labour force. Short-time working also increased steeply.

Industrial capacity utilization decreased further, in summer sinking below the nadir it had reached during the 1975 recession.

persons working short-time, in 1,000
persons unemployed, in 1,000
percentage use of capacity in industry
(source: Ifo Institute)

ance fell by more than 1 per cent. The downturn was not, however, as pronounced as it was at minus 1.8 per cent during the preceding recession in 1975.

Once again, private consumption—at approximately 55 per cent the most significant component of GNP—failed to maintain the level it had reached a year earlier. Retail trade suffered a 4.5 per cent sales drop even in terms of volume.

The worst setbacks were experienced in the construction sector and in the field of industrial plant and machinery. The nation's overall investment ratio—i.e. gross capital expenditure's share of GNP—which in the sixties had stood at 25 per cent, dropped to about 20 per cent. Since investment provides all sectors of the economy with the crucial impetus, it is hardly surprising that unemployment is on the increase and jobs lost are not replaced elsewhere.

More insolvencies, less new businesses

Whilst roughly 12,000 firms collapsed in 1982—a third more than in the previous year—the number of newly established enterprises continued to dwindle. The latter sank from some 50,000 in 1981 to an estimated 40,000. And experience has shown that on average far more jobs are lost through each company failure than can be created by any new venture.

To encourage people to set up in business—and this is synonymous with furthering the economy's process of regeneration—the Federal Government's equity capital assistance programme has been improved considerably since the start of 1983. In particular, we find it positive that the subsidies for counselling sought by those interested in establishing a firm have also been stepped up. Naturally, such initiatives remain piecemeal measures as long as general economic policy does not become more accommodating for business activities as well.

Hesitant response to investment tax credit

In German business circles, an over-cautious attitude towards capital spending has prevailed since 1974, interrupted only by a brief recovery period from 1977 to 1980. Cost-cutting rationalizations were alone in maintaining their normal level, whilst expansions and fundamental innovations were postponed. The resultant ageing of plant and equipment imposes a cost burden on current production and impairs German industry's competitiveness. Hopes that the 10 per cent investment tax credit, passed in spring 1982, would create fresh impulses have only

partially been fulfilled. Not until November and December, virtually at the last minute, were additional orders placed, but these will only stimulate production and help create new jobs in the course of 1983.

On the other hand, demand in the house-building sector already picked up during 1982—although this was admittedly from a very depressed level—once lower interest rates and stable prices had provided a more realistic basis for calculation again. The Federal Government's special aid programme for this sector gave an added boost. The construction industry has thus reached a turning point after its most severe crisis to date.

Shorter depreciation periods needed

A sustained revitalization of industrial investment activity is dependent upon the following preconditions:

- the anticipation of improving sales chances and, consequently, better utilized capacities following the post-war nadir of 75 per cent on average in the second half of the year,
 - more attractive earnings prospects,
 - financing terms remaining favourable over a long period,
- and last but not least
- confidence in the direction of the economic policy pursued.

The willingness to invest could in addition be encouraged through a shortening of depreciation periods. This would bring German industry better into line not only with the stepped-up pace of technological progress but also with the practice adopted by its competitors among the industrialized nations.

Moreover, we expect notable effects from raising the present DM800 ceiling, in force since 1965, for low-value business assets which can be totally written off in the year of purchase.

Such relief measures would at the same time represent a compensation for the taxing of inflation-born fictitious profits of recent years, where replacement costs have far outstripped permitted write-offs for the items concerned.

Lack of equity capital curbs investment

We see a major reason for German industry's low level of investment in its worsening debt/equity ratios which have deteriorated from an average 60:40 per cent of total assets in the mid-fifties to an alarming 80:20 per cent today.

In part, the undercapitalization is actually even greater than financial statements suggest. For one thing, the increasing recourse to leasing should be borne in mind and, in addition, the existing law does not require future pension fund obligations to be fully accounted for as liabilities in the balance sheet.

An adequate supply of equity capital—the key problem of the West German economy—need not founder on the question of raising funds. Private savings in the Federal Republic are at a high level, and in principle risk capital is available. But other forms of investment, especially companies producing tax-cutting depreciation losses for their high-income shareholders, have proved all too tempting.

Redistribution at expense of companies

German industry's flat earnings performance is the result of many years of income redistribution which, in conjunction with soaring oil prices, also benefitted trading partners abroad. Whilst, however, the burden of this "tribute" should have been placed on as many shoulders as possible, wages for a long time rose more steeply than productivity permitted, thus ignoring the altered situation.

The crucial point here is that through collectively agreed wage rises, both blue and white-collar workers retrieved those parts of their gross pay which, to a mounting degree, had to be passed on to the tax office or the social security scheme. Thus overall revenues from personal income tax and aggregate social insurance contributions have indeed almost tripled over the last ten years—largely at the expense of company profits.

As a result of the slight drop in real wages in 1981 and 1982, income from entrepreneurial activity and from property did, in fact, show signs of recovery, but these related solely to yields from capital assets. All in all over the last ten years, wage and salary earners slightly increased their share of the national income to approximately 74 per cent and investors that of their returns to 10 per cent. By contrast, the portion falling to companies and the self-employed slipped to about 16 per cent.

Industry's sudden downturn

After the summer break, there was an abrupt downturn in industry's performance. Especially marked was the fall-off in the basic and producer goods areas, with iron and steel faring worst, but the chemical sector also plagued by

great setbacks. Moreover, the consumer goods branches, too, which had already been overshadowed by stagnation in 1981, had to cut back production once again; in the textiles and clothing trades, the level of output in 1982 was in fact even roughly a fifth lower than it had been six years earlier. Capital goods producers, on the other hand, were more in a position to hold their own since, for a time at least, the traditionally strong orientation of German mechanical and electrical engineering towards foreign customers, together with an export boom in cars, acted as supports.

Adjustment needs enforce personnel cutbacks

Structural changes in various sectors are the necessary concomitants of economic evolution. In periods of growth, they are overcome smoothly and attract little attention. In a phase of stagnation or recession, however, the pressure to adjust grows acute as excess capacities are mercilessly uncovered—with the consequences, too, much more painful then.

Since 1970, the number of jobs in West Germany's manufacturing industry has shrunk, by more than 1.5 million in fact. On account of its drastically altered cost structure at the time, the great wave of personnel cutbacks took place as early as the first half of the seventies, when about one million workers were made redundant. In the following seven years, the workforce was further trimmed by some 600,000 people.

Labour market witnesses dramatic turn

In 1982, the situation in the labour market took a serious turn for the worse. Seasonally adjusted, unemployment climbed month by month, and by the beginning of 1983, the existing post-war record of 2.29 million in 1950 was broken by the new total of close on 2.5 million jobless.

Unemployment has been brought about by both the increase in young people embarking upon their working careers and a fall in jobs available. Thus last year, the employable seeking work grew once again by roughly 200,000, although cyclically-determined redundancies became more predominant than in the previous year. Whilst in 1981 companies had anticipated an economic recovery and had, therefore, retained personnel, more and more firms now found themselves compelled to reduce their workforce. Moreover, the number of workers on short time rose steeply—to 1.2 million at the start of 1983.

Joblessness is concentrated regionally in the Saar area caught in the grip of the steel crisis, in the densely populated Ruhr region, and in the coastal areas of Lower Saxony.

Young people need perspectives

Although the proportion of the under-twenties in the total number of unemployed climbed—above all, for demographic reasons—to over 9 per cent, it has remained below the international average. Despite impediments in the form of regulations and costs, the willingness to offer trainee positions is still remarkably great; this applies not least to the small specialized enterprises of the manual trades sector which are particularly suited to preparing young people for their working lives.

In all, a good 630,000 apprenticeship contracts were concluded in 1982. For the current year, the leading business associations have promised to provide vocational training for 30,000 more young people than the 655,000 they think they actually need. This is a major effort to open up meaningful opportunities for the new generation.

High real wages, fewer jobs

In West Germany, too, unemployment is currently the prime challenge for economic policy. In spite of the fact that its demographic component at least has long been predictable, this key problem raises doubts—no matter how unfounded they may be—about the efficiency of the market economy. Ultimately, joblessness has its roots in the overpricing of manpower, accompanied by a sustained tendency for both wages and salaries to become ever less differentiated.

In order to defend West Germany's competitiveness in the international markets, employees had increasingly to be replaced by machines. On the surface, this led to handsome productivity gains which were then passed on

to the workforce within the framework of collective wage agreements.

If a critical appraisal is made of the seventies, politicians must be reproached with not abandoning the idea of a "full employment guarantee" either clearly or early enough, and with ignoring the connection between wage and employment levels for too long.

Contrary to the situation in the sixties, however, manpower for some time now has no longer been in short supply. This has given rise to a development which has certainly boosted the real wages of all those in work but at the same time has led to a growing number of jobs being lost. In retrospect, this new form of struggle which goes beyond the attempt to secure a higher or at least unchanged share of the national cake ought to set trade unions thinking. Yet up to this day wage cuts—even in crisis industries—are virtually taboo. Instead, public discussion is dominated by suggestions for cutting the time worked.

Reduction of time worked would have to leave costs untouched

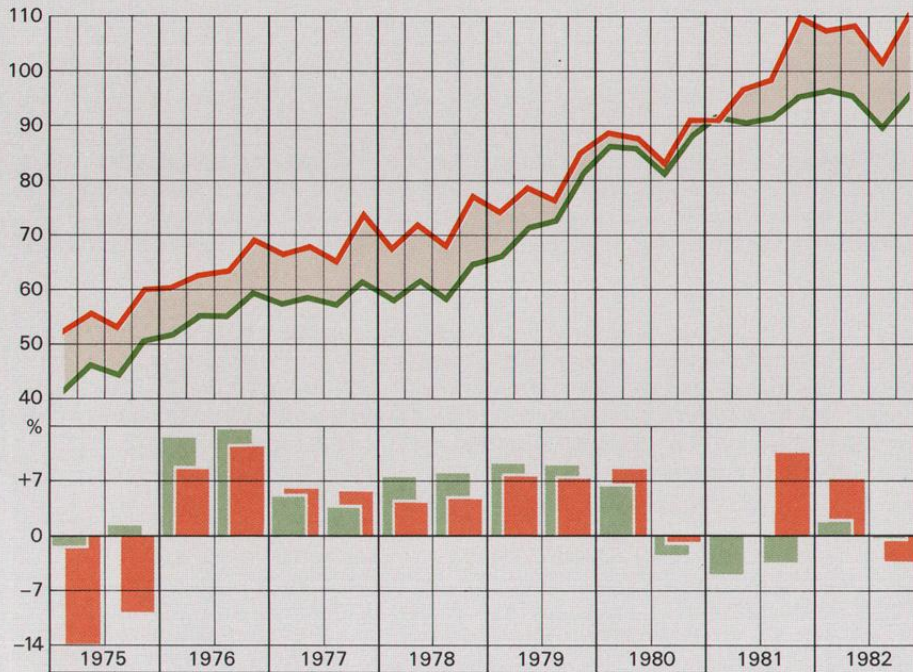
We believe that a gradual shortening of the working week, as the trade unions in particular advocate, would be the worst possible solution, since it could hardly create new jobs—quite apart from the problems which might arise, especially for a great number of small and medium-size manufacturing and trading companies. In addition, and possibly before the turn of the century, bottlenecks are to be feared in the labour market in the light of the anticipated reversal of the present demographic trend.

Nor would a further extension of annual holiday periods—an area in which West Germany is already one of the international leaders—stimulate the demand for manpower to any noteworthy extent. Besides, all these remedies would only be acceptable if they did not increase cost burdens. For even today, German industry's

Performance of German industry (change on year, in %)						
	1979	1980	1981	1982	1982	
					1st half	2nd half
Output	+5.4	-0.4	-1.9	-3.1 ¹⁾	-1.2	-5.4 ¹⁾
Employees	+0.2	+0.8	-2.1	-3.5 ^{e)}	-3.2	-3.8 ^{e)}
Productivity ²⁾	+4.9	+0.6	+1.7	+1.3 ^{e)}	+3.1	-0.6 ^{e)}
Wages and salaries, per capita	+6.5	+7.1	+5.3	+4.6 ^{e)}	+5.5	+3.6 ^{e)}

¹⁾ provisional; ²⁾ output per man-hour, seasonally adjusted; ^{e)} estimated.

West German foreign trade: unabated export boom.



Exports and imports

The depressed world economy and many countries' payments problems halted the steep rise in German exports. Yet the trade surplus, thanks to the slower growth of imports, climbed once again to its 1974 record level.

quarterly figures:
(in DM bn)

exports
imports
export surplus

change on year, in real terms:
(seasonally adjusted
half-yearly figures, in %)

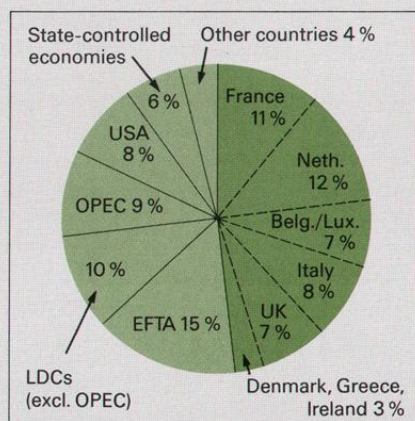
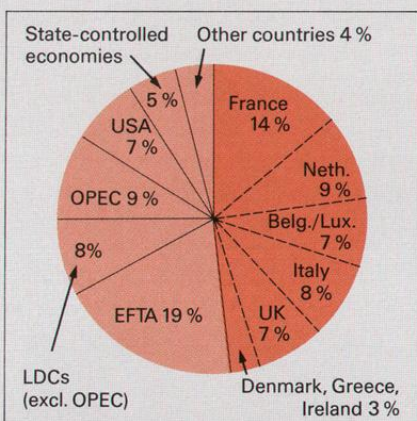
volume of exports
volume of imports

Exports	+ 7.8 %
to: other EEC countries	+ 10.7 %
OPEC	+ 9.0 %
Japan	+ 8.6 %
USA	+ 8.3 %
EFTA	+ 6.8 %
state-controlled economies	+ 4.9 %
less developed countries (excl. OPEC)	- 2.9 %

Imports	+ 2.0 %
from: state-controlled economies	+ 10.7 %
EFTA	+ 4.5 %
less developed countries (excl. OPEC)	+ 4.3 %
other EEC countries	+ 3.7 %
USA	- 0.6 %
Japan	- 2.0 %
OPEC	- 12.4 %

Changes in foreign trade, by region (1982 on 1981)

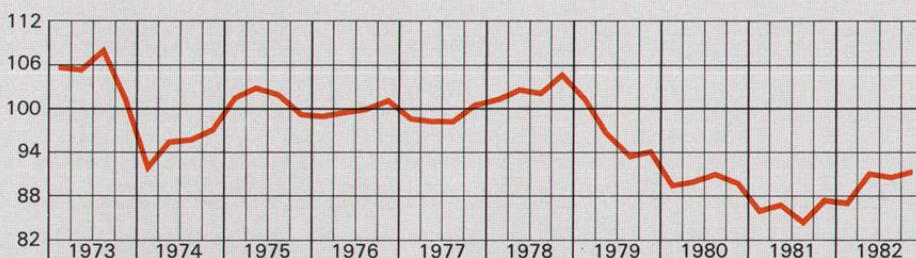
While there were above-average increases in exports to other EEC countries, especially to the UK and France, sales to non-OPEC developing countries were down.



Regional breakdown of West Germany's foreign trade in 1982

Almost half West Germany's foreign trade continued to be with other EEC countries, with France's share expanding particularly strongly.

exports to other EEC countries
imports from other EEC countries



Terms of trade

On account of the strengthening US dollar, West Germany's terms of trade did not improve any further during the second year-half.

average export values
as percentage
of average import values
(1976 = 100)

wage-related costs on average already equal three-quarters of direct wage payments.

Job sharing as a solution?

A better answer would appear to be some form of job sharing, where two or more people split both the functions and the pay connected with one job between them. Experience abroad with such schemes is encouraging.

Suggestions for reducing the age of retirement also deserve close study, especially since such regulations could be revoked given a changed situation in the labour market. It should, however, be borne in mind that retirement at 65—originally the norm—has long been the exception, applying to only 12 per cent of the workforce. There are thus strict limits on the effect that a further lowering of the retirement age could have on the job market. In any case, additional burdens for the national old age pension scheme would have to be avoided.

German current account balanced again

After three years of high deficits, West Germany managed to restore equilibrium in its current account, largely due to merchandise trade. Chiefly in the first six months, there was a further sharp rise in exports, their overall 1982 volume being up 8 per cent, and thus four times as much as that of imports.

The seasonally adjusted visible trade surplus per quarter once again climbed to between DM12bn and DM13bn, a figure otherwise only attained during the 1974 export boom. The DM51bn record then achieved was repeated last year—although, it must be added, the volume of foreign trade has doubled to a good DM800bn in the meantime, too.

Scope for exports narrowing

The D-mark's depreciation in real terms over the past few years still had a positive effect on the flows of goods in the first half of 1982. From mid-year, however, the German economy experienced the full force of the unfavourable international scenario, namely

- a worse performance of the world economy,
- mounting protectionism in industrial nations,
- a dwindling purchasing power of the oil-producing countries,
- drastic cutbacks of imports in many developing states and centrally planned economies.

During the preceding period of a weak D-mark, when competition was less intense, German exporters had not utilized their scope for raising prices to the limit—evidently in the interest of higher sales. Today, with demand subsiding, they have no price cushion to fall back upon and are, therefore, compelled fully to include domestic cost rises in their calculation. This, too, makes it extremely difficult now to seek compensation for flat demand at home in foreign business.

Far removed from enjoying a competitive position in export financing, which receives government subsidies in the countries of almost all their rivals, German suppliers are now increasingly dependent upon both their powers of innovation and their traditional strengths such as quality, service, and punctuality. These are, of course, also the trumpcards held by their East Asian competitors.

Exports to EEC and OPEC on high level

Exports to West Germany's EEC partners—with a 48 per cent share in the total its most important market—still rose comparatively steeply. Sales conditions were especially favourable in France and Britain.

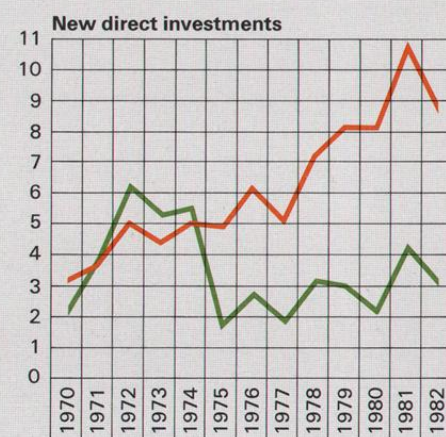
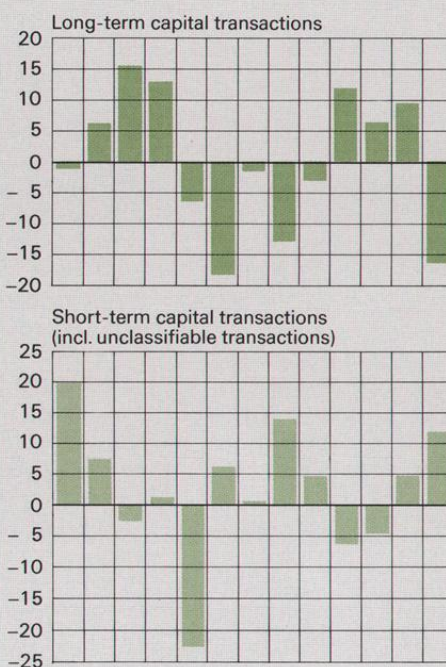
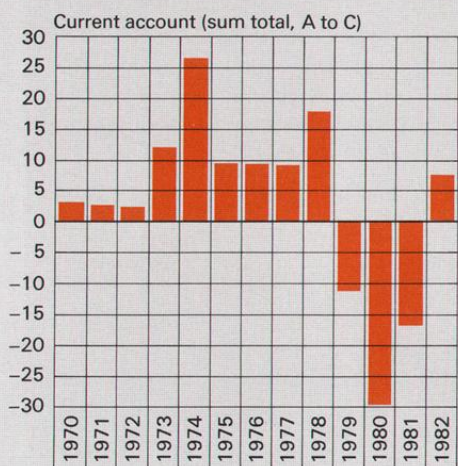
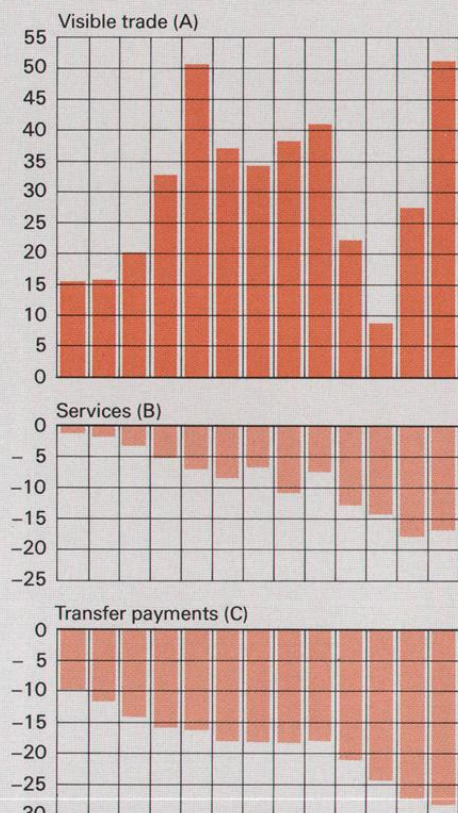
Although during the first two quarters German exports to OPEC countries slackened off, for the year as a whole, 1981's record was overshot by nearly a tenth. On the other hand, due inter alia to stepped-up oil purchases from Northern and Eastern Europe, German imports from OPEC states declined. Thus, after years of what at times had been high deficits, a surplus of just over DM5bn emerged, last achieved in 1978.

Exports to developing countries down, deficit in trade with the East

There was a drop in German goods sold to other developing nations which, as a group, are of similar significance as trading partners as the OPEC countries. With exports to them up by over a third between 1979 and 1981, last year's 3 per cent fall seems relatively moderate, and yet it is probably indicative of a general trend.

Due to problems arising from the Eastern Bloc countries' foreign indebtedness, exports to them remained sluggish over the whole of 1982, if one ignores the pipeline deal with the Soviet Union. But the COMECON states are making greater efforts to better their foreign currency position through boosted deliveries to West Germany. As the latter's export surplus with the People's Republic of China was at the same

West Germany's balance of payments in 1982: current account back in equilibrium.



Breakdown of West Germany's balance of payments (balances in DM bn)

Thanks to a doubled export surplus, the current account after three years became balanced again, not least owing to the fact that the deficit on invisibles did not widen any further.

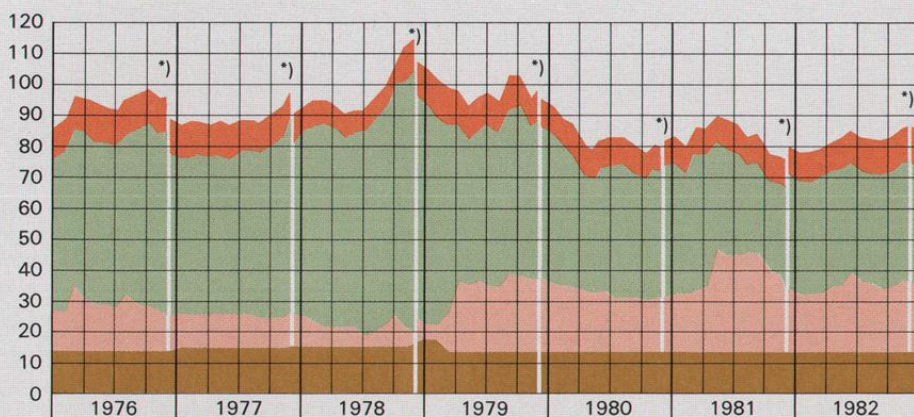
Travel expenditure (in DM bn):

	1972	1982
German expenditure abroad	14.6	39.5
Foreign expenditure in West Germany	6.0	13.6

Direct investments, 1973 to 1982: (in DM bn)

Aggregate German investments abroad	68.4
incl.: in USA	20.4
Aggregate foreign investments in West Germany	33.8
incl.: by USA	9.0

— new West German investments abroad
— new foreign investments in West Germany



West German monetary reserves (foreign position as shown by the Bundesbank, gross figures in DM bn)

- special drawing rights and reserve position with IMF
- US dollar reserves
- other monetary reserves**
- gold

*) reassessment of monetary reserves;
**) as from March 1979, incl. claims of Bundesbank on European Monetary Cooperation Fund, resulting from transfers of gold and US dollar reserves.

time drastically reduced, visible trade with countries operating centrally planned economies was in deficit for the first time since 1965.

Invisibles virtually unchanged

The invisibles balance did not change greatly in 1982. The shortfall produced by foreign travel did not rise as the Germans—for the first time in years—spent less abroad in the summer season. But the net investment income balance, after mainly recording surpluses up to 1980, went further into the red, the deficit doubling to DM2bn; this marked deterioration can largely be traced back to high interest payments on public-sector debts, in particular those of the Federal Government. In 1981, the overall external liabilities of the Federal, state, and local authorities soared from DM42bn to DM67bn, but the rise has now flattened out.

Although the improvement of the current account had positive effects on the international standing of the D-mark, the latter's recovery against the US dollar failed to materialize. Yet it did appreciate against the other EEC currencies by almost 9 per cent in the course of the year.

Long-term capital flows change direction

With their sharply contradictory movements, capital transactions were not without their problems. As against an influx of DM12bn in short-term funds, there were long-term capital exports of DM16bn, largely to the USA.

The reversal of the long-term capital flows—even in 1981, a net DM9bn had been imported—is above all the result of the reduced level of government borrowing. Moreover, primarily at-

tracted by high interest rates, the private sector bought almost twice as many foreign securities as it did in 1981 (cf. also page 32). At DM8.7bn, German direct investment abroad fell short of the previous year, and that effected by foreigners in West Germany, amounting to a good DM3bn, similarly failed to equal its 1981 total.

In the first six months especially, short-term funds were raised abroad on a very large scale by both banks and firms.

Slight increase in monetary reserves

The increase in the Bundesbank's net monetary reserves doubled to close on DM4bn; yet this by no means compensated for the drain on them in 1979 and 1980. Nevertheless, despite West Germany's extensive foreign trade, the official monetary reserve cushion covers import payments for a full two months. Furthermore, due to a conservative assessment of dollar and particularly gold holdings, hidden reserves are high. Unlike the central banks in many other countries, the Bundesbank quite correctly only values its gold stocks at an average purchase price of DM144 per ounce.

Dispute over "right" fiscal policy

In West Germany too, the dispute over what is the right fiscal policy came to a head. The greatest problem is the hard core of high government debts which were built up in the past—even when the economy was faring much better. Within a mere six years, public-sector indebtedness has doubled to over DM600bn. Now some people object that in the midst of a recession the Government is not only cutting its

Breakdown of West Germany's balance of payments (in DM bn)

	1979	1980	1981	1982	
				1st half	2nd half
Current account ¹⁾	- 11.0	- 29.5	- 16.6	+ 1.2	+ 6.3
Long-term capital transactions	+ 12.1	+ 6.4	+ 9.4	- 15.2	- 0.9
Basic balance	+ 1.1	- 23.1	- 7.2	- 14.0	+ 5.4
Short-term capital transactions of banking sector ²⁾	+ 4.1	- 8.8	- 10.3	+ 8.3	- 0.3
Other short-term capital transactions ³⁾	- 10.2	+ 4.1	+ 15.2	+ 6.4	- 2.7
Special factors ⁴⁾	- 2.3	+ 2.2	+ 3.6	+ 1.3	- 1.7
Official foreign exchange balance ⁵⁾	- 7.3	- 25.7	+ 1.3	+ 2.0	+ 0.7

Discrepancies due to rounding; ¹⁾ balances of trade, services, and transfer payments taken together; ²⁾ plus signs symbolize increases in net short-term foreign liabilities; ³⁾ including unclassifiable transactions; ⁴⁾ compensatory amounts for profits (+) and losses (-) resulting from reassessment of monetary reserves and allocation of IMF special drawing rights in 1979, 1980, and 1981; ⁵⁾ changes in Bundesbank's net external assets.

expenditure but is, moreover, curbing the demand of both private households and companies through higher levies.

What, according to some, is called for instead are comprehensive investment and job creation programmes. But the experience gained from the numerous government measures of this kind implemented since the mid-seventies, which had hardly any effects on employment, suggest the need for great scepticism. At best, such a policy could spark off a short-lived revival, while the damage done by exaggerated state borrowing at the expense of private finance turns into a heavy, long-term burden. At the same time, the public sector would further curtail its own room for manoeuvre.

In 1983, the interest due from the Federal, state, and local authorities will already account for about 9 per cent of the public sector's budget total—more than double the 1975 level. For the Federal Government and its budget alone, the ratio will even rise to 11 per cent. At an estimated DM28bn, the interest payments are roughly equivalent to the overall expenses on the key areas of research and technology, science and education, and family and youth matters. Over two-thirds of the Federal Government's increases in expenditure are now consumed by additional interest payments. This shows how restricted the scope for action has become.

Budget consolidation begun...

Unpleasant consequences had to be drawn for both the 1982 and 1983 Federal budgets. According to the estimates of the German Council of Economic Advisers, the expansive impulses of the combined public-sector budgets will slump abruptly from close on DM50bn in each of the past two years to some DM35bn currently. This is necessarily bound to create cyclical risks. We for our part also believe that at present an even more radical withdrawal of the drug of government transfer payments and subsidies would do more harm to the economy than it would help state finances. The adopted middle course thus seems sensible.

The Schmidt Government itself had already set the scene for consolidation of the national budget with a comprehensive package of measures known as "Budget Operation '82". As a result, the hard-core deficit—the "yardstick" of the need for consolidation—could be reduced in 1982 from DM40bn to some DM32bn. With the action taken by the new German Government in the autumn, which relieves the public sector's overall budget by an estimated DM18bn, the

structural part of the public-sector deficit will be cut to approximately DM25bn in 1983.

... but record deficits persist

Due to both cyclically determined shortfalls in tax revenue and increased expenditure as prescribed by law, the total national deficit in the year under review remained almost as high as in 1981, at over DM70bn. Once again, the Federal, state, and local authorities exceeded their originally planned outlays. Despite a very high allocation from the Bundesbank's profit, the Federal Government alone had net borrowing needs of DM37bn, DM10bn more than had been thought necessary. Yet this figure proved to be some DM2.5bn lower than the—raised—debt ceiling approved by parliament.

Investment budgets axed

For the longer-term recovery of the country's finances, it is not enough simply to limit fresh borrowing. The quantitative aspect must be complemented by a qualitative component. Expenditure must be restructured in favour of greater public-sector investment, but also to give selective support to private investment.

Local authorities in particular again slashed their capital spending plans in 1982. In real terms, the total investment of Federal, state, and local authorities shrank between 1980 and 1982 by roughly 17 per cent, thus running strictly counter to the postulates of an anti-cyclical fiscal policy. In contrast with the expanding national debt, capital spending's share of overall public-sector outlays consequently fell to a new low of 16.5 per cent—as against more than 19 per cent in 1980.

For this year too, no perceptible impulses can be expected from non-private investment activity. However, after the change of government in the autumn, plans for stepping up spending conducive to growth were conceived—amongst other things, in the field of publicly assisted house-building—in addition to the liberalization of depreciation regulations agreed upon in 1981 and the investment tax credit of 1982. Moreover, stimuli were provided for private house-building and relief from trade tax was introduced. The financing of these measures by raising value-added tax from 13 to 14 per cent in mid-1983 is in line with a fiscal policy more clearly designed to boost individual performance. Even the controversial investment funding surcharge—a 5 per cent increase in income and corporation tax contributions over two years—has its positive aspects since companies can

set off their capital expenditure against 20 per cent of their tax liability.

The tax burden—understood as total taxation expressed as a proportion of GNP—has started mounting again. For this reason alone, budget policies should in future focus on expenditure, while the courageous cutting of subsidies granted to the corporate sector, so far effected only half-heartedly, also appears to be a must.

More financial independence for local authorities

As the lowest and weakest level of the federal system, the local authorities are dependent both on the allocation of funds—reduced of late—by the Federal and state governments and on fluctuating trade tax revenues to finance their outlays. Their procyclical investment activity is not, therefore, really surprising. If the flow of their income is to become more even, thus making steadier capital outlays possible, a further thorough-going financial reform is called for. In particular, a replacement of West Germany's trade tax by a broadly based value-added tax is under discussion, as is the suggestion that local governments should have a share in the revenue from the current sales tax.

Funds for social insurance schemes shunted backwards and forwards

In recent years, the temporary switching of burdens both between the individual social insurance bodies and between the latter and the Federal Government, and back again, has become a major annoyance. Both the beneficiaries and the contributors to such schemes are made to feel insecure, with only one point becoming patently obvious—namely, that West Germany's safety net of social benefits has now become too closely knit and thus too expensive, especially in a phase of protracted stagnation. For medical insurance, at least, greater partial assumption of costs by patients seems to offer a solution.

A long-term strategy is lacking above all for the national pension insurance scheme which, given the persistence of existing conditions, will run into liquidity problems next year at the latest, when its cushion of reserve funds will have dropped below the statutory level of one month of its payments. The new conception must not only take into account the equal status which the Federal Constitutional Court insists has to be accorded to both sexes in pension legislation, but—more significantly—the effects of the top-heaviness of the age structure of West Germany's population. By the year 2030, the number of pensioners who have to be supported by any 10 given employed people will have doubled from 3 or 4 today to ultimately 6 or 7, according to model projections. It will be difficult to find a lasting solution unless there is a revision of the formula currently applied for calculating pension payments and increases.

Central bank policy marked by interest cuts

The Bundesbank's scope for action widened rapidly as the economic fundamentals improved, but also as a result of the worldwide interest rate cuts, led by the USA. After three dramatic years, this made a return to normal possible for monetary policy.

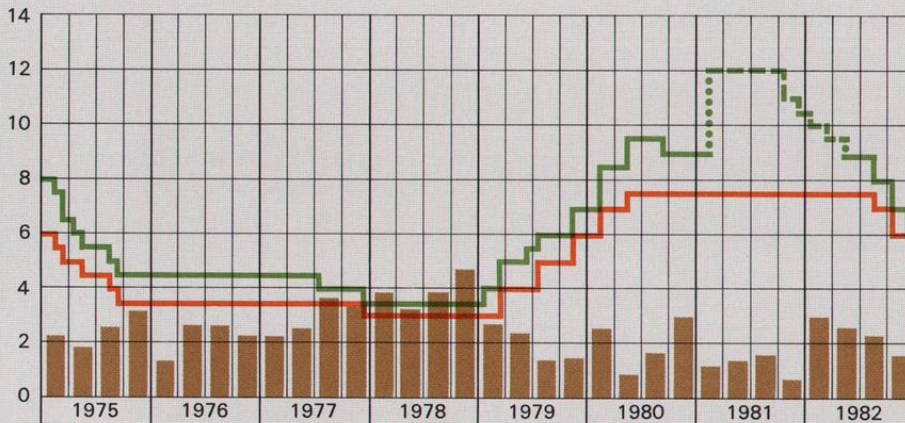
With the successes achieved in stabilizing both the internal and the external value of the German currency, the Bundesbank was in a position to lower interest rates—cautiously at first, but later with greater self-confidence. It could even accept a rather large depreciation of the D-mark against the US dollar, since the danger of importing inflation diminished as commodity prices fell.

Yet until the summer there had been some cause to fear that the D-mark's weakness might impede a policy of sustained interest rate cuts. Concern had been nourished by high capital outflows, in part the consequence of attractive dollar interest rates, but in part also of home-

Public-sector budget deficits or surpluses (in DM bn)					
	1978	1979	1980	1981	1982 ^e)
Federal Government ¹)	-25.6	-26.7	-29.0	-39.5	-39
Länder governments	-12.3	-14.6	-22.3	-26.1	-27
Municipal authorities	- 2.0	- 4.6	- 5.0	-10.5	- 8
Total ²)	-39.9	-45.9	-56.3	-76.1	-74
Public pension funds	- 5.8	- 0.4	+ 2.6	+ 3.0	- 1

¹) including Equalization of Burdens Fund and ERP Special Fund; ²) official financial statistics; ^e) estimated.

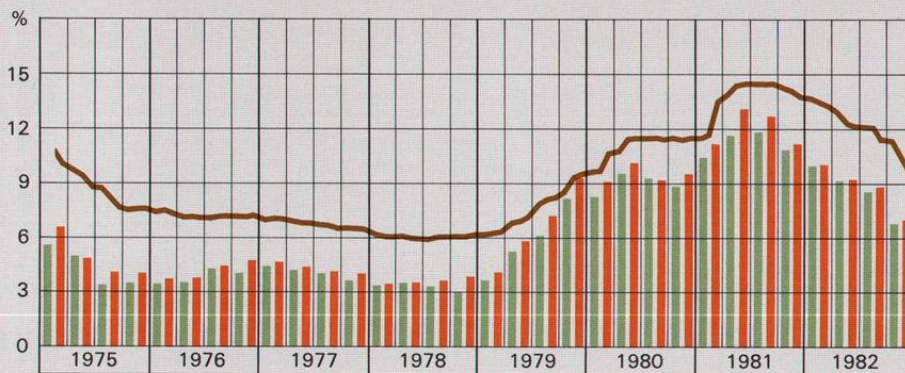
German financial markets: rapid fall in interest rates since summer.



Short-term monetary policy

Utilizing its regained greater scope for manoeuvre, the Bundesbank considerably loosened the monetary reins: after abolishing the special lombard rate in early May, it subsequently lowered its key lending rates in three stages up to December.

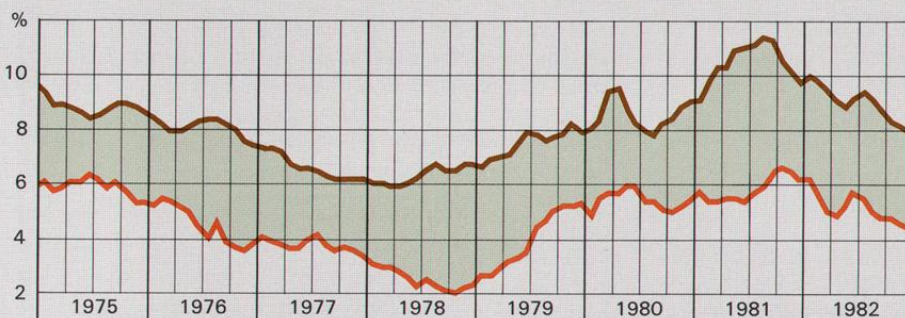
- discount rate, in %
- lombard rate, in %
(special lombard rate from Feb 20, 1981 to May 6, 1982)
- growth in central bank money stock
(seasonally adjusted, in DM bn)



Money markets

With the repeated cuts in the discount and lombard rates, interest levels in the money markets in particular fell swiftly and continuously; by year-end, they had already come half-way down from their 1981 peak.

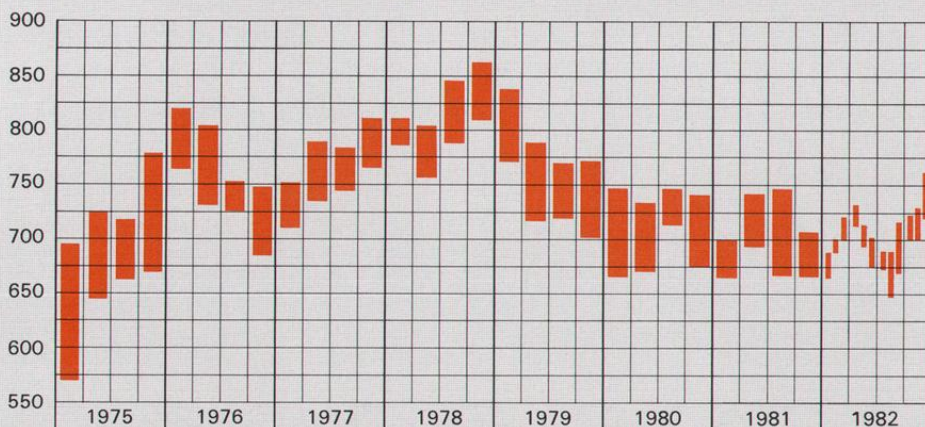
- short-term rates, quarterly averages:
■ call money
■ three-month deposits
- interest charged on overdrafts
(of between DM1m and DM5m)



Long-term bond yields and cost of living

Falling inflation became a major factor in reducing interest levels, and real bond returns also declined. Since end-August, the interest structure has normalized.

- average current yield of domestic long-term bonds
- increase in cost of living
- real return on longer-term public-sector bonds



Stock market

After the change of government in Bonn the German stock market, having disappointed shareholders over a long period, offered brighter prospects again. In December, Commerzbank's index of 60 leading German shares recorded a three-year high.

- Commerzbank Index, quarterly/monthly highs and lows
(Dec 1953 = 100)

made origin—above all resulting from ill-considered remarks on the possibility of a withholding tax on capital yields being introduced.

Money supply pragmatically regulated

The growth of the central bank money stock remained close to the upper limit of the target range, which—as for both 1981 and the current year—was set at 4 to 7 per cent, with fourth quarter figures providing the basis for comparison. Taking all considerations into account, we believe that this projection is correct; the Bundesbank's decision in favour of a target range has proved its value precisely in volatile situations. Furthermore, the basic approach to which it adheres with conviction—pragmatically, but without faltering in matters of principle—is a pleasant change from the examples of certain other countries.

With an initially unchanged discount rate, the control of the money supply was complemented by numerous other interest measures. In the first quarter alone, the scene was set by two further cuts in the special lombard rate and the subsequent return to the normal lombard rate which, from May 7 onwards, was available again after a 14-month suspension.

Two major interest moves in the autumn

Not until after the summer break, however—and thus very late for the current business cycle—could the Bundesbank venture to take the decisive step: the discount rate was lowered from 7½ per cent—its level since May 1980—to 7 per cent, and the lombard rate from 9 to 8 per cent. Further remarkably bold reductions of the key lending rates by one percentage point at a time followed in October and December. At the turn of the year, the lombard rate had been halved when compared with its 1981 peak and the discount rate was down by a third.

By raising the rediscount quotas as from July and by lowering the minimum reserve requirements across-the-board from October onwards, over DM10bn in liquid funds were released for a longer period. On February 1, 1983, the rediscount quotas were increased yet again—this time by a total of DM5bn.

Liquidity supply geared to market conditions

In addition, the Bundesbank to an unprecedented degree concluded repurchase agreements with the banks, those affecting securities being particularly numerous. In fact, it has by now

achieved mastery in this unobtrusive method of controlling liquidity. And with these open-market transactions always carried out slightly below the respective lombard rate, the falling tendency of interest levels continually found official confirmation, thus constantly strengthening confidence in the market.

Pressure in financial markets further easing

There was a marked easing of pressure in the financial markets, especially at the short end, but the average yield on long-term bonds has likewise slipped by more than three percentage points since late summer 1981. By the end of 1982, real interest rates—i.e. gross yields adjusted for inflation—had dropped to historically low levels of roughly 3 per cent, apparently in anticipation of a further stabilization of prices.

Savings running high

The fall in interest rates was facilitated by high savings. However, at about 14.5 per cent of private households' disposable income, the savings ratio—as calculated by the Bundesbank—did not quite maintain the previous year's level.

After withdrawals, savings account deposits registered net growth for the first time in three years, evidently in part reflecting the channelling back upon redemption of one-year paper, popular the year before. As a result, the banks were able to move more strongly into bonds, an investment policy which was further stimulated by the decline in interest rates.

By contrast, private investors were more cautious in adding to their securities portfolios, the increase falling some DM20bn short of the 1981 record. Sales of bank savings certificates were also down, by 15 per cent in net terms.

Normalization of interest rate structure ...

Since the late summer of 1982, after three whole years of a topsyturvy situation, short-term securities have at long last again been bearing lower yields than "longs". The normal difference in interest rates of roughly 2 per cent between shorter and longer-term bonds had reestablished itself at the turn of the year.

... gives rise to longer maturities

As the interest rate structure returned to normal, the trend towards shorter maturities was brought to a halt. Either for refinancing, or be-

cause of the high returns obtainable, both borrowers and investors in the capital market once again showed a greater preference for longer terms. Such paper, with a life of at least ten years, accounted for 17 per cent of newly issued domestic bonds, up from 13 per cent in 1981, while the share of "shorts", which had been much sought after the year before, decreased from one-quarter to one-fifth. Medium-term maturities continued to be predominant.

In 1982, the volume of newly issued marketable domestic paper exceeded the DM200bn level for the first time. Nonetheless, net bond sales at DM75bn were more modest than in the previous year since the exceptional boom in high-yield one-year bank bonds slackened off.

The public sector drew more heavily on the capital market by its more frequent recourse to the "classic" tool of government borrowing, the bond issue. By contrast, funds raised through borrower's notes—the preferred source of state financing in 1981—were down by almost half.

Great demand for foreign bonds

1982 saw German private investors turn increasingly abroad. Whilst from 1975 to 1979, they had on average stocked their portfolios with foreign bonds—including D-mark issues by international borrowers—to the tune of just on DM3bn, their purchases in 1980/81 rose to almost DM7bn

and in the year under review even to DM11bn, with dollar paper a clear favourite. On the other hand, foreign investors on balance only bought DM2bn of German bonds.

More capital increases by industry

Industrial firms in particular used shares as a source of finance last year. According to Commerzbank's own statistics, quoted companies raised a total of DM2.8bn in fresh equity capital—somewhat more than in 1981. We find it positive that a growing number of companies are persuading their annual general meetings to authorize capital increases in advance, thereby enabling them to react to favourable market conditions at short notice.

Shares need fresh boost

However, this cannot obscure the fact that in West Germany, shares have for many years been losing their significance both as a financing instrument and as an investment means. In fact, share issues account for less than 5 per cent of German companies' total external financing, despite the corporation tax reform of 1977 which made higher subscription prices possible and consequently the issue of new shares more attractive.

On balance, German private investors even reduced their holdings of shares slightly. While in

Formation of monetary assets in the Federal Republic of Germany, selected data (in DM bn)					
Net change in financial assets	1978	1979	1980	1981	1982
Savings deposits ¹⁾	+29.0	+11.6	+ 6.9	– 3.4	+35.0
Federal and other savings bonds	+13.1	+16.7	+15.2	+ 3.8	+11.6
Deposits with building loan associations	+ 7.1	+ 7.8	+ 6.1	+ 5.1	+ 4.8
Life assurances ²⁾	+17.8	+19.4	+21.2	+24.0	+24.9 ⁸⁾
Bonds (net purchases) ³⁾					
a) domestic bonds	+32.9	+37.4	+45.7	+78.7	+69.2
b) foreign bonds	+ 3.6	+ 3.7	+ 7.3	+ 6.1	+11.0
Shares ⁴⁾					
a) domestic shares ⁵⁾	+ 0.1	+ 1.0	+ 2.5	+ 0.2	+ 2.3
b) foreign shares ⁶⁾	+ 0.7	– 0.7	+ 0.4	+ 0.1	+ 0.4
Investment saving					
a) securities funds ⁷⁾	+ 5.8	+ 2.1	– 1.4	– 2.4	+ 0.7
b) open-ended property funds	+ 0.5	+ 0.2	+ 0.2	– 0.1	+ 0.3

¹⁾ institutions reporting monthly; including interest credited; ²⁾ increase in assets of life assurance companies and pension funds; ³⁾ at market prices; excluding Bundesbank open-market transactions; ⁴⁾ stock exchange transactions only; ⁵⁾ cash proceeds, according to Commerzbank's issue statistics, less portfolio investments by foreigners; ⁶⁾ portfolio investments only; ⁷⁾ investment funds for small investors only; ⁸⁾ Jan 1 to Sept 30, 1982.

the first half of the sixties—encouraged amongst other things by the issue of “people’s shares”, offered to the general public at preferential prices—they invested on average 3 or 4 per cent of their current savings in shares, the quota had fallen to virtually zero by the end of the seventies. And since 1980, privately held share portfolios have tended to shrink.

We detect the main reason for so little money finding its way to the bourse in the latter’s weak performance in recent years—the consequence of inadequate profit margins. More recently, competition has emerged in the form of the bond market with its record returns. Only of late has the discrepancy between the yields on blue chips and on bonds diminished.

Repeatedly, “fiscal supports” to promote—along French or Belgian lines—share purchases as a form of saving have been discussed. But yet more important for the stock exchange is a climate of growth as created by good earnings, which, together with suitable dividends, allow enterprises to reinforce their financial strength.

A detailed report of last year’s events in the German share and bond markets is given in our publication “1982 Stock Market Round-up”. Commerzbank’s own activities in the domestic and international security markets are dealt with on pages 48 to 51 of this Report.

Sluggish credit demand

The persistent flatness of the German economy has had marked effects on the demand for credit. Domestic borrowers—including public authorities—procured DM89bn from banks, almost a third less than in the previous year, and the lowest rise since 1977. Not until interest rates began to recede across the board were there signs of a gradual recovery in the demand for funds. At year-end, interest rates charged were in fact some four percentage points lower than twelve months earlier and even five or six

points down from their third quarter peak in 1981—proving that banks were indeed quick to pass on to their customers cuts in the Bundesbank’s key interest rates.

Lending to firms in particular tended to remain weak. An extra DM38bn of bank credits were poured into house construction, but this too was less than in 1981. By contrast, loans outstanding to private customers at year-end were up by DM8bn on the year.

Euromarkets an alternative source of funds

The fresh borrowing of firms and the self-employed from German banks, totalling DM19bn, only amounted to half the 1981 figure. But this is somewhat misleading since stepped-up fund-raising activities abroad must also be taken into account. In addition to Euro-DM loans, German companies increasingly took up credits in foreign currencies, especially in Swiss francs at low interest costs.

The strongest growth was in loans to service enterprises and the self-employed, followed by those to the distributive trades and the construction industry. In the latter cases, however, it was often a matter of securing liquidity, if not of covering losses. Unlike the financing requirements of fresh investments, such credit demand lacks the quality of a cyclical fillip.

At the same time, leasing—a financing instrument whose advantages gain significance precisely in difficult economic periods—was very extensively used. Despite the generally depressed level of investment, leasing companies were once again able to extend their new business. Leased plant and equipment made up over 7 per cent of the economy’s 1982 fresh investments.

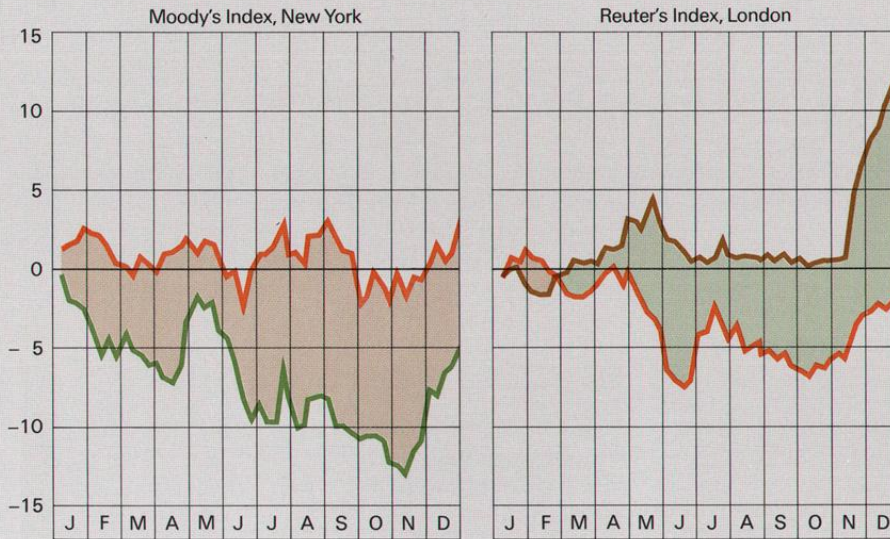
Long-term loans more sought after

In anticipation of further falls in interest rates, banks were primarily approached for stop-gap

German domestic bank lending (change on year, in DM bn)						
Bank lending ¹⁾ to:	at short and medium term			at long term (4 years or more)		
	1980	1981	1982	1980	1981	1982
Trade and industry, private individuals ²⁾	+38.3	+34.9	+20.7	+61.6	+48.9	+43.9
Public authorities	+4.2	+19.0	-0.7	+21.7	+28.0	+25.3
Domestic non-banks, total	+42.5	+53.9	+20.0	+83.3	+76.9	+69.2

¹⁾ excluding purchases of Treasury bills and other securities; ²⁾ including the professions as well as Federal Railways, Federal Post Office, and other public enterprises.

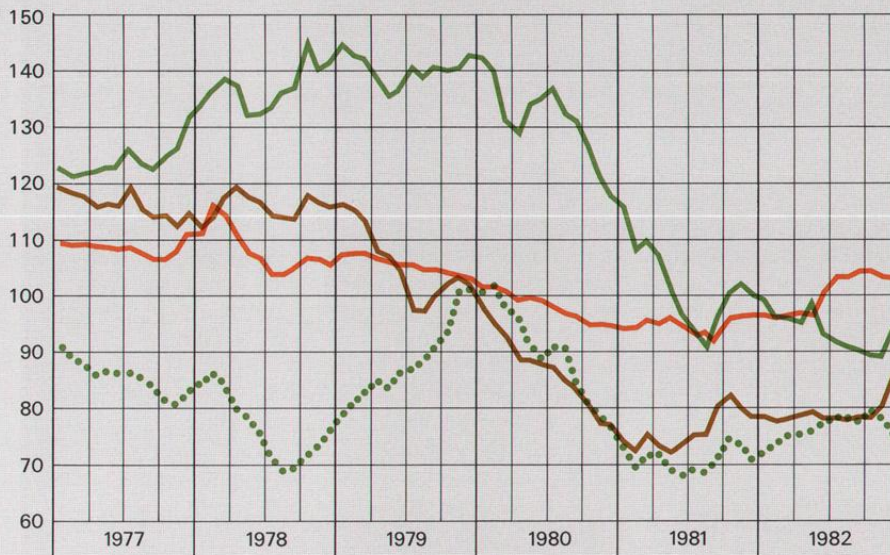
International markets: competitive edge lost through D-mark's recovery.



Commodity prices and DM exchange rates in 1982
(changes since end-1981, in %)

- index
- performance of DM against US \$
- performance of DM against £
- “price advantage” (since end-1981)
- “price disadvantage” (since end-1981)

Development of gold price since 1971 (US\$/oz)	
end-1971	43.63
Dec 30, 1974	197.50
Aug 31, 1976	103.05
Jan 21, 1980	850.00
Jun 21, 1982	297.00
Feb 1, 1983	508.50

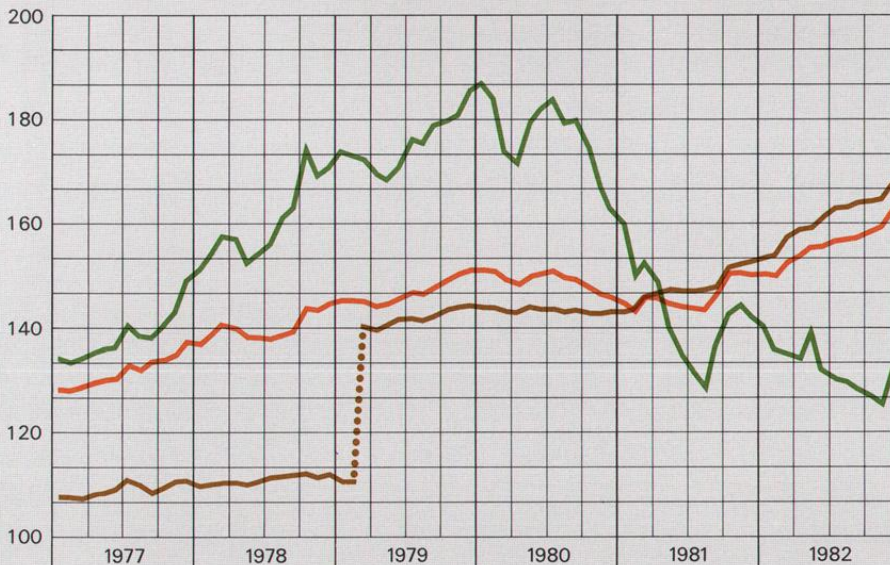


West Germany's competitive position, 1977 to 1982

The competitive price edge West Germany had on its trading partners thanks to lower inflation was more than offset in 1982 by the D-mark's appreciation (6.3% on a weighted average).

DM exchange rate: (in real terms, on wholesale price basis; end-1972 = 100)

- against US \$
- against ¥
- against Ffr
- against £



Performance of the D-mark from 1977 to 1982

DM exchange rate (end-1972 = 100):

- against US \$
- against currencies of West Germany's 23 major trading partners
- against currencies of other EMS member countries (up to March 1979, against "snake" currencies)

highs (h) and lows (l) against US \$ since Dec 1971: (DM per US \$ 1)	
Dec 21, 1971	3.2225
July 9, 1973	2.2835 (h)
Jan 8, 1974	2.8790 (l)
Oct 30, 1978	1.7285 (h)
Dec 1, 1978	1.9358 (l)
Jan 3, 1980	1.7062 (h)
Nov 11, 1982	2.5926 (l)
Jan 10, 1983	2.3293 (h)

loans which, moreover, served to finance involuntary stock-keeping. With interest rates retreating to ever lower levels, however, more and more firms began to consolidate their debts. This meant that after a decline of close on DM2bn during the first quarter, medium and long-term loans grew by a good DM6bn in the second and third. The fourth quarter brought a further rise of a full DM7bn. But a considerable refinancing requirement still remains.

More borrowing abroad

In recent years, there has been a radical change in the financing habits of German firms. Whereas in 1979, they still covered only 5 per cent of their current borrowing needs abroad, they boosted the share of foreign funds to more than a third in 1981/82. By the end of last year, companies' external liabilities from short and long-term bank credits stood at DM70bn, as against a mere DM29bn three years previously.

Volatile exchange rates

The worldwide fall in interest rates has tended to relieve tensions in the foreign exchange markets. Nonetheless, leading currencies frequently developed in an erratic manner, quite at variance with the fundamentals. The D-mark, for instance, despite its strong position within the European Monetary System (EMS), was predominantly weak against the US dollar, the low-point of DM2.59 on November 11 being a good third down on the DM1.71 record level of January 1980. The annual average against the dollar was DM2.43 in 1982, as opposed to DM2.26 the year before, and even DM1.82 in 1980.

The international firming of the US currency is not only a consequence of interest differentials—which have, however, been reduced in the meantime. There were also politically induced capital movements, above all in connection with the debt problems of Latin America, where it had indeed been the flight of capital into the dollar that brought the latent crisis to a head. The Fed was rarely prepared to intervene so as to counter erratic exchange rate fluctuations.

Of the alternative reserve currencies, the yen gained ground again. After an almost continuous fall from DM1.03 to DM0.92 per 100 yen, it soared in November to over DM1.00. The Swiss franc, which in the first six months had slipped from DM1.27 to DM1.16, also improved its position decisively against the D-mark.

More adjustments within EMS

At the end of February, two of the member currencies were devalued within the EMS, the Danish krone by 3 per cent and the Belgian franc—for the first time—by as much as 8.5 per cent. On June 14, a more comprehensive realignment followed, including in particular a pronounced change—of some 10 per cent—in the relationship between the D-mark and French franc. Since the inception of the EMS in March 1979, the D-mark has thus been revalued by a good 22 per cent against the Belgian and French francs, and even by more than a quarter against the Danish krone and the Italian lira.

Sterling, as yet not incorporated into the EMS's intervention machinery, fluctuated very slightly and managed to maintain its proud level of DM4.15 to DM4.40 almost up to the end of the year, only to slump—and much more strongly than the dollar—afterwards.

International cooperation improved

Still closer cooperation in monetary affairs—even beyond the borders of the EMS—helped to stabilize the European foreign currency markets. Especially the central banks of Switzerland, the Netherlands, Austria and West Germany repeatedly coordinated cuts in their key lending rates.

Probably also as a reaction to lower interest rates, the gold price quickly moved away from its mid-year nadir. It is today again acting as an indicator for international uncertainties, not least in view of indebtedness problems.

Euromarkets seeking fresh orientation

The ups and downs of the energy markets have left their marks on the network of international lending. And while for almost ten years, the enforced redistribution of affluence and income was cushioned by the financial markets, such recycling met with only short-lived praise. On the contrary, some hold the banking system to be responsible, to a degree, for the over-indebtedness of many developing countries.

Paradoxically, the collapse of oil prices has, in its turn, now led to fresh upheavals—most obviously in the case of Mexico. In view of the changes that have taken place, two-digit growth rates in the Euromarkets seem to be a thing of the past. Particularly in the second half of 1982 there was a marked slackening off in

the expansion of lending, with solid growth registered solely in the international bond markets as a result of falling interest rates (cf. p. 48).

A reservoir for international financing

Yet the Euromarkets have tended even more strongly to develop into a world-embracing financial reservoir. International Banking Facilities, for instance, introduced by the U.S. in December 1981, are already in excess of US\$150bn, which is more than the aggregate funds accumulated in the Asian dollar market. Other countries too, especially Japan, are now considering the setting up of similar offshore centres for attracting foreign capital.

A successful new financing technique was created in the form of interest rate and currency swap operations. These entail large banks taking up long-term funds at fixed rates, while exchanging the ensuing interest charges with a second party against the latter's short-term liabilities. Commerzbank also used this novel instrument (cf. p. 42).

Clearer picture of worldwide debts called for

Although the world financial markets are now less turbulent, a clearer picture of both the international flows of capital and complex lending arrangements is urgently required. More than ever before, this is in the interest of the banks, too. The Institute of International Finance in Washington, founded early in 1983 by 35 commercial banks from all over the world—and including Commerzbank—is to help achieve this goal. Due to planned close cooperation with the IMF and the World Bank, this jointly run institute which arose from the Ditchley round of meetings will be able to offer comprehensive country analyses to smaller commercial banks as well, thereby making it easier for them to participate in the current and still pending restructuring of debts.

It is essential for the international financial system that creditors act as one. In key problem cases, the IMF even demands that private banks—over and above rescheduling their outstanding loans—should assume their share of necessary fresh credits. This postulate, however, stands in complete opposition to rigorous plans for restricting world-wide lending, such as those in particular considered in West Germany at present, aiming at the inclusion into parent banks' loan/equity ratios of loans extended by subsidiaries (cf. p. 37).

Outlook

Now that the German economy's fundamental data have taken a turn for the better, the pre-conditions for a recovery have improved. This time, business activity must be supported much more solidly than in the past by domestic orders, since the scope for expanding exports is at present narrower than virtually ever before. It is therefore unlikely that satisfactory, across-the-board growth can be achieved before 1984, when the positive effects of a government policy designed to strengthen confidence will be enhanced by the impetus generated by an upturn in the world economy.

The prospects for the latter are indeed beginning to look brighter. In leading industrial countries, the hindrances to investment which had hitherto made it impossible to overcome the severe recession have been eased. As the price climb lost momentum, interest rates have fallen steeply, and wages have tended to move more into line with economic reality, while cheaper energy also has had positive effects on costs. Moreover, for replacements at least, an investment backlog has built up. All this suggests that the economy's inherent dynamic will emerge ever more strongly. Even in the battle against unemployment, such a force extends the promise of a more lasting success than governmental "feats of strength", of which—after many negative experiences—one should be wary. A performance-oriented economic policy is more convincing and also cheaper than extensive job-creation programmes which only add to public-sector deficits.

The fall in oil prices which could stretch over several years, and might in due course spread to other sources of energy, must not be allowed to lead to a complacent attitude as it did in the second half of the seventies. In a world economy gradually returning to growth, the energy supply remains a long-term issue to be tackled.

West Germany: still scope for interest cuts

In many countries, the stabilization of prices provides yet greater scope for loosening the monetary reins. Thanks to a positive development of its external position, this applies in particular to West Germany, where in the money market at least, interest rates could decline even more.

At the longer end of the capital market, the refinancing needs of firms and house-owners—stemming from the high interest period and so far only partially reduced—can probably be sat-

isfied without difficulty, given the substantial liquid reserves waiting on its edge. This will also permit the interest costs for both investment capital and consumer loans to be brought down still further. The more favourable financing conditions provide valuable support for our cautious optimism concerning economic trends.

Priority for communications technology

In commercial and industrial investments, innovations which hold future promise should be given priority. Above all, we anticipate a more extensive use of new information and communications technology—which are obviously on the verge of a breakthrough—but also flanking measures for a more rational employment of energy. Additional impulses for investment should be generated by both better quality controls to defend the label “made in Germany” and further improvements in raw material turnover and stock-keeping, through which costs can still be reduced in many firms.

Higher profits prerequisite for higher employment

The causal chain linking company earnings and jobs must not be ignored any longer. Without adequate profits there can be no strengthening of the equity capital base—and insufficient equity funds hinder investments. Economic growth, however, is dependent upon a pick-up in capital spending, and more jobs can only be created if the economy is expanding.

Since debt/equity ratios have worsened so dramatically (cf. p. 21), it seems necessary to follow unconventional paths to procure risk capital. The example set by Austria merits special attention, where from autumn 1982 onwards, it has been made easier for small and medium-sized firms to improve their equity base by issuing tax-privileged profit-participation shares. In this way, venture funds are mobilized even with investors who otherwise would hardly be interested in direct involvement in a company.

Wage fixing in West Germany must be geared even more closely to the fact that the demographic strain imposed by large numbers of young people embarking on their careers will continue for several years to come. The scope for raising wages is thus more restricted than ever. In this situation, new initiatives promoting the formation of private assets would be helpful. Moreover, the increased build-up of productive capital by employees would be a move towards gradually alleviating the problem of insufficient equity funds.

To this end, however, the Government, unions, and employers should do no more than set up a framework. And, beyond this, competing investment schemes would be of general advantage, with the reliable system of investment fund saving representing a particularly strong recommendation.

Less government—more market forces

After a decade of rapidly expanding government activity, it is imperative to alter course. One possibility is to sell off material assets of the public sector—especially of local authorities—to private investors; another is to transfer suitable public services to the private sector. Both would shift the focus back more decisively to the latter and could, moreover, help to consolidate state finances.

Problems of international finance...

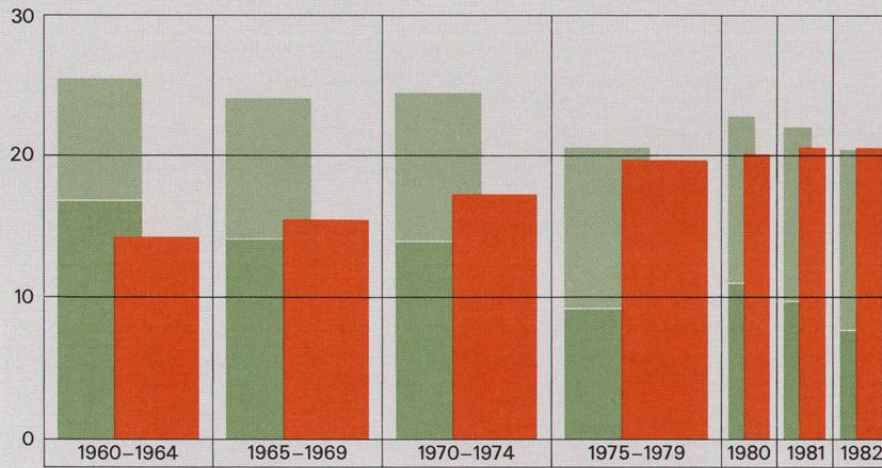
The alarming development of many countries' external debts calls for differentiated assessment rather than indiscriminating condemnation. The example of Mexico has shown that even in a critical situation, solutions can be worked out. In the case of other debtor countries, too, the leading banks will participate very actively in the restructuring of external liabilities. This does presuppose, though, that their international scope for lending is not curtailed by rigorous stipulations on the part of the banking supervisory authorities.

...rule out curbs on lending

For the German banks, the inclusion of the loans extended by their subsidiaries in the mandatory equity/loan ratios they have to comply with—which is sought by the German Banking Supervisory Office to limit credit risks—is a many-sided issue. The starting point was a gentlemen's agreement concluded in the autumn of 1981, in which the large private banks declared their readiness to give better insights into their respective group lending and which, in the meantime, provides for such information to be meticulously broken down by debtor countries. Now a further agreement on such ratios to be applied on the basis of consolidated balance sheet data is under discussion. But the original intention of imposing tighter controls—especially on a bank's foreign lending—clashes with the demand of the International Monetary Fund that the commercial banks should boost their loans to debtor countries. A solution to this paradoxical situation has yet to be found.

(German version completed in early March, 1983.)

Capital spending curbed by flat earnings.



Investment ratio down, public-sector consumption up

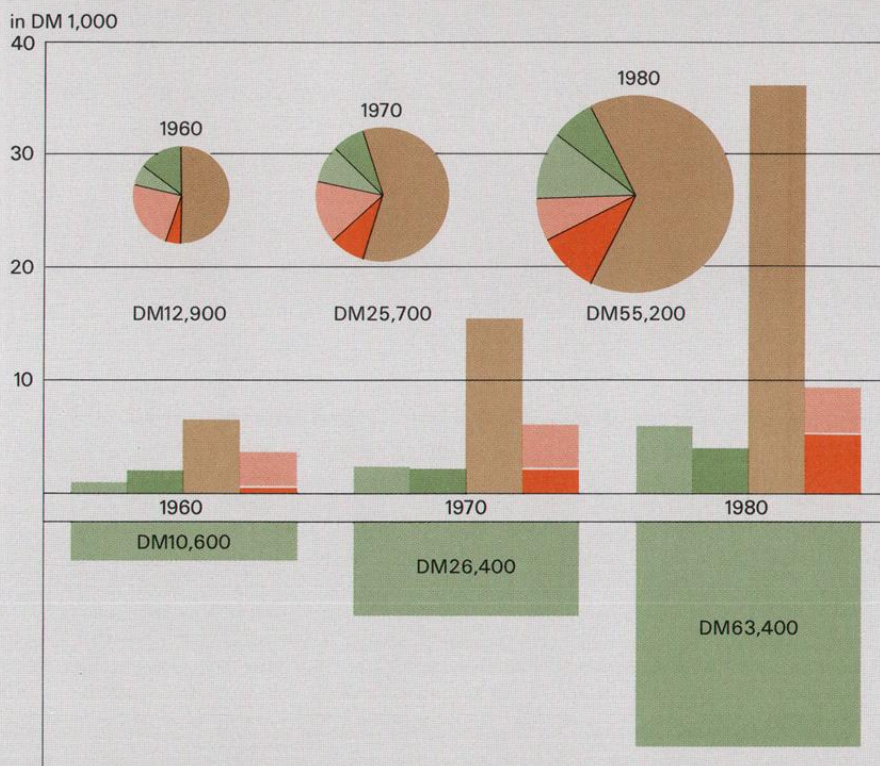
Whilst the share of capital spending (after depreciation) in GNP fell to a new low in 1982, that of public-sector consumption remained at a high level, now reaching almost 21%. (With a GNP share of about 56%, private households' consumption has for years been remarkably stable.)

Gross fixed capital spending
 depreciation
 net fixed capital spending
 public-sector consumption
 as % of GNP

Sectors (% shares)	1960	1965	1970	1975	1980
Agriculture and forestry	6	5	3	3	3
Industry, mining, and construction	33	30	31	27	25
Trade and commerce, transport	14	13	14	14	12
Services	6	7	8	11	16
Housing	27	27	25	26	27
Public sector, non-profit organizations	14	18	19	19	17
Total	100	100	100	100	100
Gross fixed capital spending (in DM bn, at current prices)	74	120	172	209	338

Breakdown of gross fixed capital spending

Contracting shares of the manufacturing industries and marked gains of the tertiary sector reflect the trend towards more -capital-intensive-services.



Distribution of gross value added per person working in manufacturing

While productivity gains in the 60s and 70s primarily benefitted the workforce, industrial companies and the smaller specialized trades were left with an ever shrinking portion of the nation's added value.

depreciation
 levies (minus subsidies)
 wages, salaries, and related costs
 pre-tax earnings
 return on capital employed (costing-purpose accounting item; interest rate applied: average current yield on longer-term domestic bonds.)

Capital assets employed per existing job (at replacement costs)

Capital spending prerequisite for growth

In a highly industrialized country like West Germany, economic growth and investment activity are inextricably bound up with each other. The doubling in real terms of its GNP between 1960 and 1980 would not have been possible without a solid growth in capital resources, which—adjusted for inflation—nearly trebled over the same period. Just how close the connection is can be seen in the simultaneous, almost parallel flattening out of the growth rates for the two: in the case of the nation's capital stock from an average 6 per cent in the sixties to close on 4 per cent from 1971 to 1980, and for GNP, from 4½ to less than 3 per cent, respectively.

Sluggish investment activity was brought about by the massive pressure on firms to redistribute their income—a pressure to which they were exposed from three sides at once in the seventies: prices of imported energy, labour costs, and interest rate burdens. This not only squeezed profits but also worsened debt/equity ratios.

Thanks to private households' high savings, there has by no means been a lack of the required long-term funds that are a vital precondition for adequate investment. But an ever greater portion of them—currently more than half—has been claimed for years by the public sector to fill its coffers and has, covering high deficits, been used mainly for consumption purposes.

Private and public-sector investments, after depreciations, were thus left with a steadily receding share of GNP: a bare 8 per cent in 1982 as opposed to almost 17 per cent on average between 1960 and 1964 (cf. charts on page 38).

Profit low must be overcome

If this negative development is to be effectively corrected, it must be combatted at its source—which, in particular, means tackling the issues of high wage costs and the misdirection of capital via public-sector budgets. Another necessity is a more rapid adaptation of the productive apparatus to the radically changed structure of costs. Adaptation in this context implies strengthening international competitiveness by applying the latest technology, including energy-saving manufacturing processes, and efficient organization schemes. This goal can only be achieved through higher investment.

It would be too superficial to vilify rationalization, seeing in it solely the destruction of jobs. For workplaces, too, are subject to ageing, which must be countered by innovations in

techniques and products. The temporary luxury of preserving unprofitable workplaces could only be bought at the cost of a sinking standard of living.

More capital spending on services ...

After several years of neglect, priority must now be given to innovation. A pent-up need for investment exists especially in telecommunications, but also in the energy field. Experience has shown that a rise in innovations will in turn produce job-creating expansion projects.

The emphasis in capital spending will probably continue to shift to the services sector. For in West Germany, the GNP share of the use of both private and public-sector services (including that of housing accommodation) has now risen to over 50 per cent, as against no more than roughly 40 per cent in 1960. And the development in the U.S. suggests that the trend will continue in the Federal Republic, too.

As can be seen very clearly, particularly regarding communications and transport, the increase in services offered calls for an above-average employment of capital, which is a further challenge to the willingness of both companies and government authorities to invest.

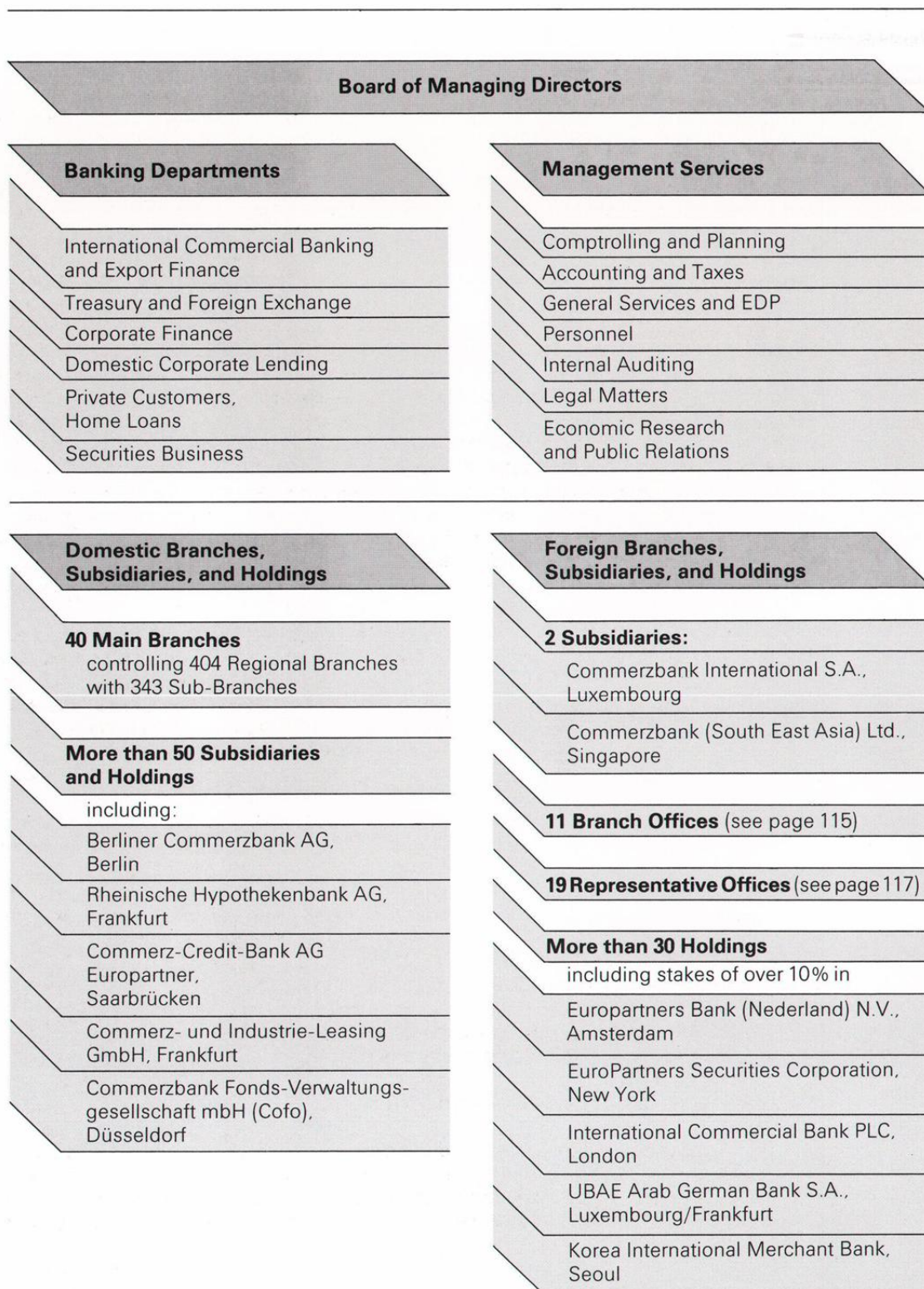
... and environmental protection

The stipulation that production should not be harmful to the environment is one of the conditions to be met by future growth. Progress in this respect initially presupposes substantial expenditure on research and, subsequently, a likewise high-level of capital spending on new plant and equipment.

The costs of environmental protection intensify the pressure to rationalize further. One possibility for doing this arises in many fields through the wider use of microprocessors which, while requiring no more than a relatively low capital input, permit great productivity gains. The electronic revolution is still in full swing.

West Germany, given its close ties with the world economy, is faced with the alternative of either remaining one of the leading countries, technologically speaking, or having to reduce its living standards. If it decides in favour of defending its prosperity and creating new jobs, the overall conditions established by economic policy must become more conducive to investment again. For only private initiative and the individual's willingness to work efficiently can provide the driving force for growth.

Central Departments, Branches, Subsidiaries, and Holdings



General Performance of Commerzbank

All sectors of the Bank's activities have benefited from the policy changes adopted over the past two years, while the introduction in 1981 of a new financial monitoring system has permitted continuous control and detailed forward planning of our balance sheet structure. At the same time, the increased delegation of responsibilities has led to greater decentralization, bringing the Bank closer to its customers and enhancing staff motivation.

The large block of low-interest fixed-rate loans on Commerzbank's books, which in the preceding three years—due to mismatched funding—on balance not only failed to generate a profit but even ate into current earnings, has been trimmed according to plan. Moreover, thanks to falling borrowing costs, it has produced a positive margin since May 1982. By the end of the year, mismatched medium and long-term fixed-rate borrowing and lending had been reduced to a reasonable level.

Only limited expansion

In view of the current economic difficulties, the Parent Bank's business volume—defined as total assets plus endorsement liabilities—was allow-

ed to grow no more than moderately. On average over the year, it was up 2 per cent on 1981.

Salient figures for the 1982 accounts of the Parent Bank are as follows:

Balance sheet total	DM 66.2	bn
Total deposits and borrowed funds	DM 62.1	bn
Total lending	DM 47.1	bn
Capital and reserves	DM 2.503	bn

Higher operating result—higher risk provision

Once again we achieved a substantial improvement in our operating result, which was more than double the previous year's—admittedly modest—earnings figure. At the same time, however, risks inherent in both domestic and international lending, which in 1981 had already increased appreciably, became noticeably more acute. To provide for these risks, including the write-downs resulting from insolvencies, we not only fell back on our operating result but also realized a profit of about DM350m on our prop-

Commerzbank Group

The balance sheet total of the Commerzbank Group as at December 31, 1982, stood at DM108.2bn.

At end-1982, the banks affiliated within the Commerzbank Group were handling

approximately 4.5 million accounts
for some 2.5 million customers
at 877 branches
with a staff of 21,393.

In addition to the Parent Bank, the Group comprises the following major associated banks whose annual reports and accounts are summarized on pages 86 to 93:

Berliner Commerzbank AG, Berlin,
balance sheet total DM4,051m;

Commerzbank International S. A.,
Luxembourg,
balance sheet total equal to DM14,720m;

Commerzbank (South East Asia) Ltd.,
Singapore,
balance sheet total equal to DM1,575m;

Rheinische Hypothekenbank AG, Frankfurt,
balance sheet total DM24,118m.

Capital and reserves of the Commerzbank Group, including that part of the equity of Rheinische Hypothekenbank not held by Commerzbank, amounted to DM2,735m at the end of 1982. Further details will be found on page 84. Following implementation of the resolutions of the 1983 annual general meetings of the member banks, the Group's liable equity will total DM2,770m. Consolidated net income for the year was DM107m, as against DM31m in 1981.

(For the Group Report and the Consolidated Annual Accounts see pages 75 to 103.)

erty holdings through the sale and lease-back of our head-office premises, the latter representing a good quarter of the Group's real estate possessions.

Total risk provision of all kinds amounted to several times the 1981 figure—itsself well above the average for the preceding ten years.

In addition, an allocation of DM50m is to be made to reserves. Part of this sum was generated by foreign earnings already taxed locally.

In the interests of providing for risks to the largest possible extent, we do not propose to resume distributing a dividend at this point. In any case, a dividend payment utilizing foreign earnings would additionally expose us to German corporation tax.

Balance sheet structure improved

Our balance sheet policy was geared to making further structural improvements. Interbank transactions (including formal loans) were thus cut back by DM0.4bn on the lending and by as much as DM1.8bn on the borrowing side. By contrast, customer deposits registered above-average growth.

In the field of customer credits, the shift from longer-term loans to short and medium-term book credits was continued, with the result that at the balance sheet date the relevant ratio was about 40:60. Only three years previously, it had still been roughly 50:50.

While we likewise restricted interbank business at our foreign subsidiaries, for the Group as a whole lending to customers increased from DM60.7bn to DM66.1bn, with long-term advances also up—from DM37.8bn to DM39.6bn—thanks to the exceptional growth at the mortgage bank subsidiary, Rheinische Hypothekbank AG. These contrasting trends—more short and medium-term loans extended by the commercial banks and higher long-term lending by the mortgage bank—are the result of our strategy of promoting greater specialization within the Commerzbank Group.

Borrowing more differentiated

In our borrowing we followed a double line. In order to be able to profit quickly from falling interest rates, we concentrated on shorter-term funds in accepting time deposits, a tactic which did, in fact, lead to a substantial reduction in borrowing costs. At the same time, we maintained an unchanged interest in the increas-

ed raising of other longer-term funds so as to widen our lending scope under the "Principle No. 2" ceiling set by the German Banking Supervisory Authority.

Despite a high level of redemptions, Commerzbank paper in circulation expanded by a good DM300m thanks to stepped-up sales of the Bank's own bonds and bearer savings certificates. At the same time, savings deposits were up DM600m. In addition, we raised as much as US\$100m (DM238m) for a seven-year period through an interest swap operation, covered in more detail on page 36. The relevant figure is shown in the balance sheet under customer time deposits, and represents the proceeds of the first dollar-denominated bond offering of our newly formed financing arm in Amsterdam, Commerzbank Finance Company B. V. At the turn of the year, we had the latter launch a second seven-year issue, again of US\$100m, which will, however, only be shown in the 1983 accounts.

These interest rate operations as well as the certificates of deposit placed by our foreign branches—their aggregate amount of DM0.7bn equivalent outstanding at year-end 1982 representing a rise of just on DM0.4bn over the year—served a dual purpose. On the one hand, they both brought in longer-term resources—which, under the interest swap agreement, are at floating inter-bank rates—whilst at the same time strengthening our long-term dollar funding.

In the year under review, our borrowings from other banks were reduced primarily by maturing 4-year credits taken up when interest rates were at an ebb in 1978. But this drop of almost DM2bn in the overall figure of over 4-year liabilities to banks was more than offset by the decline in fixed-interest loans on our books.

Rise in short and medium-term lending

The Parent Bank's total lending as shown in the balance sheet was up by a good DM1bn to DM47.1bn, the gross rise—i. e. before loan adjustments and write-downs—being even greater. More than half of this growth derived from the higher volume of bills discounted which was made possible by enlarged rediscount quotas. Book credits saw a fall of roughly DM100m in loans to banks, while credits to customers grew by DM500m. Our efforts here were directed particularly to expanding short and medium-term lending to firms and private clients.

Claims on customers, which cover book and acceptance credits to companies, private individ-

uals, and public authorities both at home and abroad, went up by a good 1 per cent in 1982 after remaining unchanged the previous year. Whereas, however, long-term loans receded by almost 8 per cent, short and medium-term advances rose at about the same rate—with the result that, within a year, the difference between these two items has widened from DM4bn to DM7bn. This fundamental objective of our business policy could be achieved since companies' interest in longer-term finance for capital spending was slow to revive, while demand from private customers for long-term funds for housebuilding was largely taken care of by Rheinische Hypothekbank, our subsidiary specializing in this field.

Another factor leading us to be particularly cautious in our long-term lending are the as yet unsolved problems created by Section 247 of the German Civil Code, a regulation giving borrowers a unilateral right for premature loan repayment in all cases where the law does not require that such credits be backed by collateral.

Whereas, therefore, we were able to fully realize our plans for improving the maturity structure of our lending, we have so far—understandably, given the economic situation—been impeded from doing all we would have wished in order to switch the emphasis away from the

public sector towards business and private clients. Government authorities at home and abroad thus continue to account for 19.9 per cent of customer borrowing, although this does represent some improvement on the 22.2 per cent of end-1981, and even 23.3 per cent a year earlier.

Exceptional growth abroad

Our foreign branches, which now account for almost a quarter of the Parent Bank's total assets, once again registered exceptional growth, especially in short and medium-term customer loans. In this field, they have enlarged their share of Commerzbank's total lending from 14 per cent at end-1980 and 21 per cent at end-1981 to almost 28 per cent.

We report in more detail on our lending to business, private, and foreign customers below.

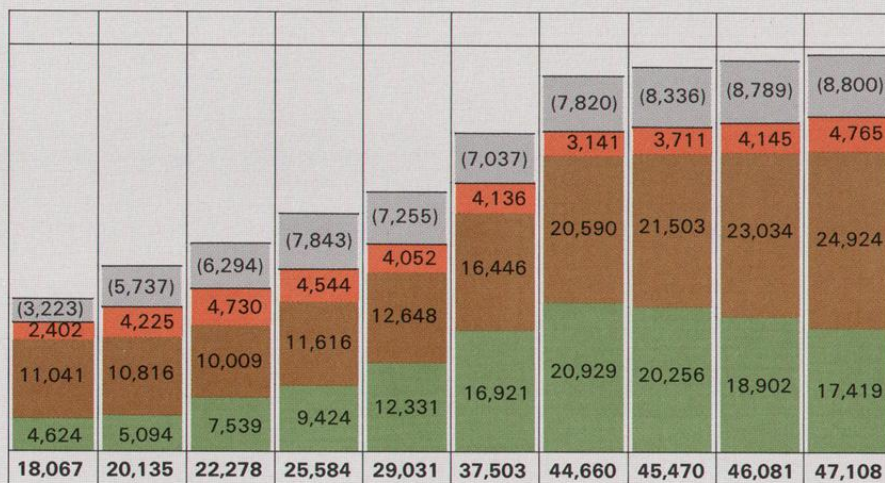
Higher securities holdings

Holdings of fixed-interest paper were increased by DM600m and those of Treasury bills with maturities of up to two years by nearly DM700m.

The largest item of our investment portfolio remains Rheinische Hypothekbank, of whose capital we now hold some 94 per cent.

Utilization of new funds in 1982			
Source of funds	in DM m	Application of funds	in DM m
Reduction of assets	1,905	Increase in assets	3,874
a) loans to banks	(103)	a) cash reserves	(55)
b) nostro balances	(275)	b) bills of exchange	(481)
c) loans to customers, at agreed periods of four years or more	(1,254)	c) Treasury bills	(660)
d) land and buildings	(185)	d) bonds	(599)
e) other assets	(88)	e) shares	(161)
Increase in liabilities	3,687	f) loans to customers at agreed periods of less than four years	(1,763)
a) customers' deposits	(2,727)	g) increase in fixed assets	
b) own bonds	(313)	ga) investments	(44)
c) own acceptances	(341)	gb) office furniture and equipment	(52)
d) provisions	(215)	h) other assets	(59)
e) disclosed reserves	(25)	Reduction of liabilities	
f) other liabilities	(66)	bank deposits	1,803
Depreciation on fixed assets	85		
	5,677		5,677

Commerzbank: balance sheet structure further improved.

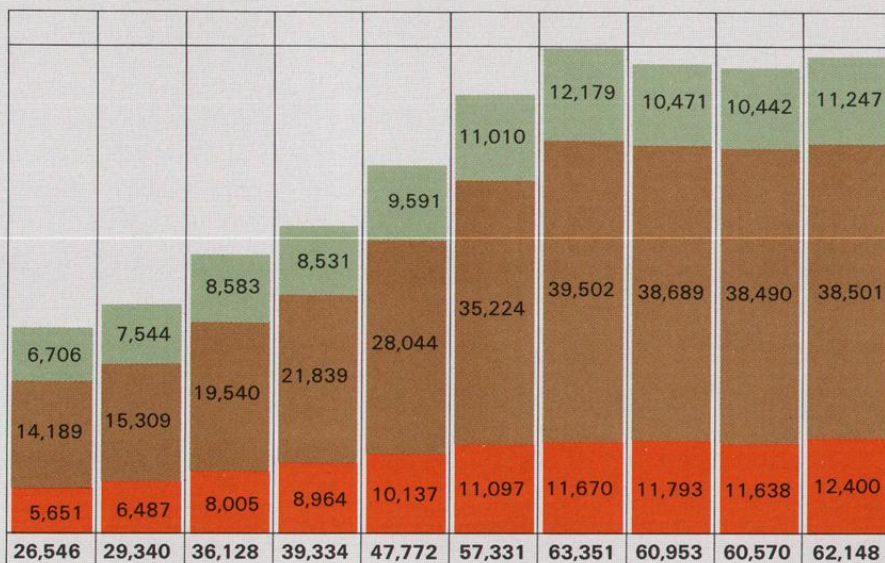


Volume of lending

With total lending slightly up, longer-term loans contracted by almost 8%, while short and medium-term advances rose at roughly the same rate. Given the banks' increased rediscounting facilities, our customers made greater use of bill discounts.

in DM m:

- guarantees
- discounts
- short and medium-term book and acceptance credits
- long-term credits (for four years or more)

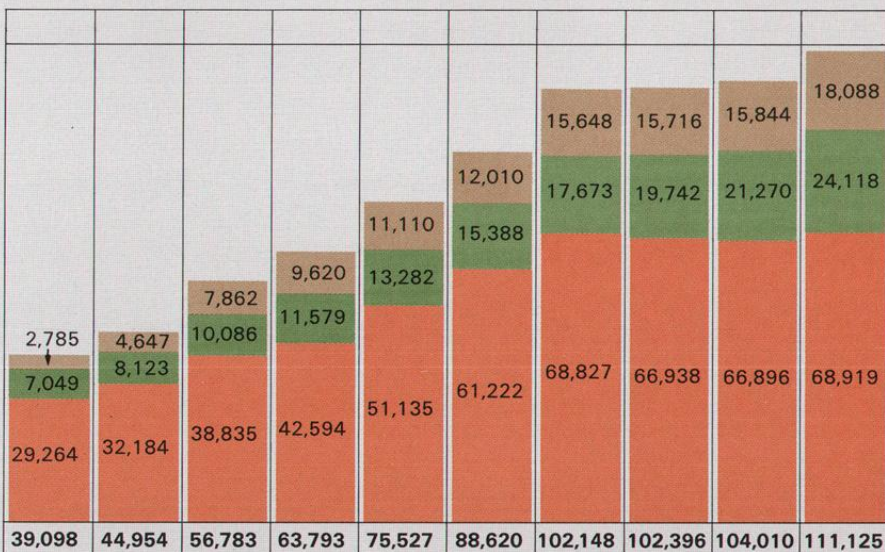


Total deposits and borrowed funds

In our own borrowing, we continued to give preference to customer deposits over interbank balances. The overall volume of savings deposits, savings certificates, and bank bonds outstanding expanded by approximately DM1bn.

in DM m:

- sight deposits
- time deposits, own bonds and acceptances outstanding
- savings deposits and savings bonds



Business volume of the Group

Our business policy was characterized by a differentiated approach: while the Parent Bank's business volume was kept at a steady level, that of the Group was slightly enlarged, mainly through growth achieved by the mortgage banking subsidiary, Rheinische Hypothekenbank.

in DM m:

- other consolidated companies (after offsetting inter-company claims and liabilities)
- Rheinische Hypothekenbank AG
- Commerzbank AG

As regards our Luxembourg subsidiary, we considered it advisable not to extend the term of the subordinated loan granted earlier by us to strengthen its liable equity, but instead to have it issue subordinated certificates of deposit, for placing outside the Group.

Steadily improved interest margin

Net interest earnings showed a steady improvement as the year progressed, reflecting above all the sustained fall in borrowing costs. The average interest margin realized over the year—including foreign business—slightly exceeded the level it had last reached in 1978.

Although we repeatedly took advantage of lower funding costs in order to reduce our lending charges, net interest income was 28.7 per cent up on 1981. This was thanks to the fact that, particularly since the "inverted" structure of interest rates righted itself, we have been emerging ever more strongly from the constraints imposed by fixed-rate loans yielding inadequate returns.

Commission income up, especially on securities

New issues and stock exchange business was responsible for more than half of the 13.1 per cent overall expansion in net commission earnings, but those from foreign business and payments transactions also developed most satisfactorily. Total net commission income was almost one and a half times that of three years previously.

Profits realized in securities dealings on the Bank's own account, especially in bonds, provided very solid support for the operating result. Altogether—that is also including foreign exchange transactions—own-account operations were more profitable than in 1981.

Extraordinary items exceptionally large

Extraordinary earnings were notably boosted by redemption gains on fixed-interest paper. Much additional scope for risk provision was above all obtained through the real estate transaction already referred to.

In the balance sheet, the extent of the various measures undertaken to provide for risks attaching to both domestic and international lending is largely revealed by the item "write-downs of and adjustments to claims and secu-

rities, and transfers to provisions for possible loan losses" which, after fully utilizing all possibilities for offsetting, shows a rise of DM192m to DM603m.

Costs checked successfully

Once again we were able to contain the increase in general operating expenditure within very close limits. Personnel costs went up 6.0 per cent and other operating expenses by 8.3 per cent.

An unchanged strategy was applied to both structure and administration of our branch network. At the start of 1983, the number of branches and sub-branches maintained in the Federal Republic was virtually unaltered at 787, to which must be added 59 offices of Berliner Commerzbank and 8 of Commerz-Credit-Bank AG Europartner, the bank operated jointly in the Saarland by the members of the Europartners group.

Our presence abroad is ensured by two subsidiaries, 11 branches, and 19 representative offices. We also benefit from desk facilities run by members of our own staff on secondment currently at five foreign banks in which we have an interest or with whom we cooperate.

Technical centre being set up in Frankfurt

With data processing being used ever more widely in monitoring the Bank's progress and, especially, in providing services for customers, there is a constant need for high investments in both software and hardware. A new technical centre, the construction of which is now under way in Frankfurt, is to permit further development in this sphere.

Serving our business customers

The visible signs of recession—profit squeeze, unemployment and insolvencies—continue to weigh upon our lending activity. So far, general credit demand has remained subdued, and it was only towards the end of the year that lower interest rates to some extent encouraged our clients to realize postponed plans involving medium and longer-term finance.

In most cases, our corporate customers could make do with the liquidity obtained from depreciation to finance the replacement of plant, or even to add to their time deposits or to effect temporary portfolio investments. In our view,

the rise in the volume of sight deposits is, amongst other things, a reaction to falling interest rates.

For short-term funds, large firms in particular availed themselves of the attractive possibilities offered by the Euromarkets, to which we provide access via our Luxembourg subsidiary and our London branch.

Leasing still on the advance

Leasing is increasingly serving as a substitute for the conventional longer-term investment credit. We are active in this field through specialist companies (see next paragraph) whose loan funds are largely provided by ourselves. The general expansion of the leasing business is duly reflected in our stepped-up lending to service enterprises which, together with the self-employed professions, account for over 15 per cent of our domestic credits to firms and private individuals.

Commerz- und Industrie-Leasing GmbH (CIL), Frankfurt, our subsidiary specializing in the leasing of moveable goods, had another successful year. Deutsche Gesellschaft für Immobilien und Anlagen-Leasing, Düsseldorf, which is concerned with the leasing of premises and industrial plant and which we operate jointly with Deutsche Bank, enjoyed similar success

and once more managed to enlarge the volume of its transactions.

Commerzbank itself registered a slight rise in aggregate loans extended to firms in the chemical, electrical and electronic, and food industries, while those to the iron and steel industry were down.

Higher volume of bill discounts

1982 saw brisk demand for bill discounting, the cost of which we were able to reduce considerably thanks to both cuts in the discount rate and increases of the rediscount quotas. The total shown in the balance sheet for contingent liabilities relating to guarantees and documentary credits is virtually unchanged. However, while export business handled by us caused the figure for guarantees to climb further, that for letters of credit fell somewhat.

Small-business loans more sought after

Our special fixed-rate loan facilities tailored to the requirements of small and medium-size business continued to be well received. These credits are designed to cover demand for sums of up to DM5m and run for a period of one or two years, whichever is preferred. To date, a total of almost DM500m has been lent under this scheme.

Lending to domestic business and private customers*)		
	31-12-1982	31-12-1981
Mining and public utilities	4.3%	4.2%
Chemical industry	4.4%	4.1%
Electrical and precision engineering, metal products, plastics processing	9.7%	9.2%
Production of iron, steel, and other metals; foundries	3.3%	4.4%
Steel construction, mechanical engineering, car industry, shipbuilding	9.0%	8.8%
Building and civil engineering	2.1%	2.2%
Food, drink, and tobacco; animal feeding stuffs	2.8%	2.5%
Textile, clothing, shoe and leather industries	2.7%	3.0%
Wood, paper, and printing	2.8%	2.8%
Commerce	11.1%	11.3%
Other services; professions	15.2%	13.8%
Persons other than self-employed	26.7%	28.5%
Other borrowers	5.9%	5.2%
	100.0%	100.0%

*) excluding guarantees, but including loans on a trust basis.

In addition, since August 1982 we have been operating an investment finance programme under which larger medium-term loans, funded through the issue of our own bank bonds, are offered at rates reflecting borrowing costs in the capital market.

For long-term credits, we preferably involved our subsidiary Rheinische Hypothekenbank. Cooperation with the latter was extended through the introduction of a new facility called "Rheinhyp Business Loan" which, while offering the advantages of an interest rate fixed for a maximum period of ten years, can provide for out-payments of up to 80 per cent of the assessed value of the commercial property serving as collateral.

Once again we also advised and assisted those of our customers who wished to obtain low-interest, long-term funds under government schemes.

We make great efforts to counsel and help our business clients who are endeavouring to improve the often alarmingly thin equity base of their firms. We also offer our services to companies seeking suitable partners, with our branch network enjoying the support of the Bank's international mergers and acquisitions special unit in this connection.

New data systems improve information

Rapid access to detailed information coupled with the ability to render practical help are of growing importance in our dealings with corporate customers. Technological progress has put us in a position to present them with the services they require at reasonable cost.

In early 1983, we started offering ComCash, our worldwide cash management information service utilizing the international communications network of the General Electric Information Systems Company. This new scheme provides enterprises operating internationally and maintaining relations with more than one bank with immediate details on all their various bank accounts, thereby giving them enhanced flexibility to employ excess funds.

Customers are increasingly using our Bank for effecting their payments on the basis of an exchange of data media. This service enables even small and medium-size firms without their own EDP equipment to rationalize their book-keeping for both their lending and borrowing.

Moreover, the introduction of the telephone-linked viewdata system will open up new possibilities for companies to have direct access to their bank accounts; such "office banking" will, in particular, facilitate efficient resource deployment for the small businessman (for further details see next page).

Serving our private customers

Despite low income growth and unemployment problems in many families, our retail business continued to make good progress.

In the course of the year, there was a marked upturn in the funds deposited on account by our customers. Consumer credits, too, were still popular, even though the readiness to incur such debts declined in the final months of the year under review. On the other hand, demand for building finance has increased noticeably since the autumn.

The overall amount of savings deposits climbed 6.6 per cent to DM9.7bn, their first slight expansion since 1978 without including interest accrued. The number of savings accounts was up by approximately 4 per cent to almost 2.2 million, with the 13 per cent growth of savings deposits at statutory notice especially marked; the latter now account for practically two-thirds of total savings.

Commerzbank's own regular savings plan paying a final bonus of 14 per cent remains very popular. To date, some 170,000 contracts have been concluded worth DM0.9bn. The aggregate sum under regular and bonus savings schemes shows a rise of 11 per cent, whereas the total for other savings deposits at agreed periods of notice was down almost a tenth.

As interest rates receded, sales of our own savings bonds picked up, the accent being on two-year paper which we had only introduced the previous year. Gross sales of savings bonds, both registered and bearer bonds of various types, nearly doubled to reach a nominal DM665m and, after redemptions, produced net nominal sales of DM156m. The overall amount of these paper outstanding as shown in the balance sheet rose by 6 per cent to DM2.7bn.

Aggregate funds entrusted to us by private individuals in the form of savings deposits, registered savings bonds, time or sight deposits increased by 5.6 per cent and, at DM15.1bn, were equivalent to over half our domestic liabilities.

At DM9.9bn, advances to private clients—which represent about a third of our lending to domestic customers—were up slightly. The volume of instalment credits on our books, virtually unchanged in 1981, recorded a small expansion again, with new loans topping the DM 1 billion mark for the first time ever, but with redemptions nearly as high, too. Moreover, since greater use was made of the automatic short-term overdraft facility on current account, the total of consumer loans outstanding grew by 5.5 per cent to DM2.1bn.

Home loans in greater demand again

Thanks to favourable overall conditions as a result of lower interest rates and stagnating building costs, our home loan business experienced a marked revival that became more pronounced as the year progressed. Given the Government's various measures to stimulate building activity, we are confident that this trend will continue in 1983.

Our branches achieved a boost of some 80 per cent in new building finance extended, raising the figure to a good DM2.1bn. Here the close cooperation between ourselves and our mortgage bank subsidiary, Rheinische Hypothekbank, again proved to be a great advantage.

Altogether, some DM3.7bn in fresh home loans were approved in 1982 by member banks of the Commerzbank Group, bringing the latter's overall year-end volume of building finance to DM15bn, a good third of this—namely DM5.6bn—provided by the Parent Bank.

Innovations in payments transactions

By end-1982, we had issued more than 400,000 eurocheque credit guaranty cards and 14,000 Eurocard credit cards to our customers. All of the former are valid for two-year periods and have magnetic strips permitting them to be used to operate eurocheque cash dispensers. We had installed seven such machines by early 1983, and more are to follow. Even in the initial stages, they were much used both by our own customers and by those of other banks.

Commerzbank is one of the shareholders of Gesellschaft für Zahlungssysteme mbH—a joint venture started by the German banks in 1982, which now centrally looks after their eurocheque and Eurocard operations.

We are well prepared for the nationwide introduction of the viewdata system scheduled by the German Post Office for autumn 1983. In-

deed, we have played an active part in trial runs carried out in Düsseldorf/Neuss and in Berlin since 1980. Over the next few months we shall be taking steps to ensure that it will not just be our commercial customers who benefit from office banking, but that our private clients, too, will be able to practise home banking: through a link-up of their TV set with a computer network, they will have direct access to certain banking services such as account statements, money transfers, or portfolio investments from the comfort of their own armchair.

Syndicate and stock exchange business

New issues business was extremely brisk on both the domestic and international capital markets, whose main trends are outlined on pages 31 to 33. In each of the two areas, Commerzbank continued to play a very active part.

In West Germany, the volume of bonds offered by occasional issuers—all of them again pertaining to the public sector—surged upwards once more, reaching nearly DM22bn. With gross sales of over DM20bn, mortgage bonds, too, achieved a new record. German industry, however, did not yet see fit to turn to the domestic bond market for funds, despite the lower level of interest rates.

Investors proved to be quite fond of the special five-year Federal bonds offered to the general public, sales of which were repeatedly encouraged by slow downward adjustments of the interest they bear. These paper have by now almost entirely ousted Federal Treasury bonds from the market, with redemptions once more predominating for the latter.

On the German share market, we were again involved in 20 capital increases, cash proceeds of which totalled DM2bn. Among the more important share issues by industrial companies were those of Hoechst AG, Mannesmann AG, and Vereinigte Elektrizitätswerke Westfalen AG, which alone accounted for more than half the overall volume.

Interest in foreign DM bonds

For the international bond markets, 1982 was a record year with new offerings—including standard borrowings by foreign countries—totalling the equivalent of US\$71bn, nearly one and a half times as much as in 1981. By contrast, reticence on the part of the banks caused the volume of newly syndicated Eurocredits to shrink from US\$146bn to US\$95bn—although the pre-

vious year's figure had been exaggerated because of the high level of funds raised by US firms to finance takeovers.

The D-mark staged a notable come-back as a currency to launch bonds in, with the total value of such paper issued by foreigners reaching just on DM14bn—a sum only exceeded in 1978 and 1980, and more than double that of 1981. Commerzbank acted as lead manager for 14 foreign D-mark offerings totalling DM1.65bn and including such well-known names as Black & Decker, Beecham, and Guest, Keen & Nettlefolds. We also acted as co-manager for another 48 such loans, including 3 private placements.

In the Eurodollar sector, we were lead manager for a US\$50m floating-rate private placement on behalf of Ford Credit Canada Ltd. and two bond issues worth US\$100m each for Commerzbank Finance Company B. V. These latter served as the basis for interest swap transactions, with one of them shown in our 1982 accounts, but the other only to appear in the 1983 figures. In addition, we acted as co-manager for a total of 60 foreign-currency bond issues equivalent to US\$6.7bn.

In view of the slightly improved but still unsatisfactory spreads in the Eurocredit business, we continued to exercise restraint. We did, however, participate in syndications on behalf of selected, mainly industrial borrowers, usually as lead or co-lead managers. We also became involved in several project financings, mainly for the exploration of oil and gas deposits.

Share and bond prices rise

Share prices as measured by the Commerzbank Index of 60 leading German shares rose 13 per cent in 1982—the sharpest annual jump since 1975. The upturn was by no means evenly distributed, though. While shares of mechanical engineering companies, like those of the chemical giants, showed losses of about 5 per cent on the year, stocks in the construction, insurance, and car sectors chalked up gains averaging more than 30 per cent.

The bond market, too, saw prices surge by some 10 per cent—an effect of the downturn in interest rates: yields on fixed-interest securities with individual maturities of over four years slumped from 9.8 to 7.9 per cent in the course of the year.

Stock exchange dealings: volume and earnings up

The German stock and bond markets witnessed an exceptionally strong, across-the-board upturn in trading volumes, covering shares and fixed-interest paper of domestic and foreign issuers alike. Share turnover expanded again by roughly one-eighth to an overall figure of DM35bn, while that of bonds was even up by over three-quarters, reaching DM74bn. In October 1982 alone, the volume of fixed-interest securities traded almost equalled that registered, e. g., in the whole of 1972. Transactions of foreign paper—shares and bonds taken together—totalled no less than close on DM20bn.

Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues (incl. convertible bonds)	Foreign DM bond issues (incl. convertible bonds)
1972	35 totalling DM1.0bn	32 totalling DM 7.4bn	53 totalling DM 5.4bn
1973	25 totalling DM1.2bn	18 totalling DM 8.2bn	39 totalling DM 3.7bn
1974	20 totalling DM0.5bn	18 totalling DM 7.3bn	8 totalling DM 0.8bn
1975	27 totalling DM2.5bn	20 totalling DM 8.8bn	60 totalling DM 5.6bn
1976	20 totalling DM1.4bn	23 totalling DM10.8bn	70 totalling DM 7.2bn
1977	20 totalling DM1.0bn	15 totalling DM 8.5bn	87 totalling DM10.9bn
1978	22 totalling DM2.5bn	23 totalling DM11.5bn	98 totalling DM12.0bn
1979	19 totalling DM2.0bn	15 totalling DM12.9bn	55 totalling DM 6.8bn
1980	16 totalling DM2.7bn	11 totalling DM 9.2bn	66 totalling DM10.0bn
1981	20 totalling DM1.4bn	12 totalling DM13.5bn	41 totalling DM 5.2bn
1982	20 totalling DM2.0bn	20 totalling DM21.9bn	102 totalling DM12.1bn


*) cash proceeds.

In addition, we participated in placing 1,320 foreign currency bond issues between 1972 and 1982.

International bond issues

Tombstones illustrating our international syndicate business: in 1982, Commerzbank was the lead manager for 17 bond offerings by foreign issuers, denominated in either D-marks or US dollars and equivalent to an overall amount of DM2.3bn.

Neuemission 25. Mai 1982



Société Nationale des Chemins de fer Français

DM 100.000.000,-
8 1/2% Inhaber-Teilschuldverschreibungen von 1982/1992
— Wertpapier-Kenn-Nr. 469530 —


unter der unbedingten Garantie der
Republik Frankreich

Verkaufskurs: 99 1/2%

COMMERZBANK
Aktiengesellschaft

<p>BAYERISCHE VEREINSBANK Aktiengesellschaft</p> <p style="text-align: center;">S.G. WARBURG & CO. LTD.</p> <p>Algemene Bank Nederland N.V. Amro International Limited Arab Banking Corporation (ABC) Julius Baer International Limited Banca di Roma Bank of America International Limited Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leu International Ltd. Banque Bruxelles Lambert S.A. Banque Française du Commerce Extérieur Banque de l'Indochine et de Suez Banque Nationale de Paris Banque de Paris et des Pays-Bas Banque Populaire Suisse S.A. Luxembourg Banque Privée S.A. Banque Worms Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale Joh. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank B.S.I. Underwriters Limited Citicorp International Group CIBC Limited Christiana Bank og Kreditkasse Commerzbank International S.A. Commerzbank (South East Asia) Ltd. Copenhagen Handelsbank Creditanstalt-Bankverein Crédit Commercial de France Crédit du Nord Crédit Suisse First Boston Limited Daiva Europe Limited Richard Daus & Co. Bankiers vormals Hans W. Petersen</p>	<p>DEUTSCHE BANK Aktiengesellschaft</p> <p style="text-align: center;">WESTDEUTSCHE LANDESBANK GIROZENTRALE</p> <p>Delbrück & Co. Den Danske Bank af 1871 Aktieselskab Den norske Creditbank DG Bank Deutsche Genossenschaftsbank Deutsche Girozentrale — Deutsche Kommunalbank — Dresdner Bank Aktiengesellschaft Dominion Securities Ames Limited Effektenbank-Warburg Aktiengesellschaft EuroPartners Securities Corporation Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Corp. Groupement des Banquiers Privés Genevois Hambors Bank Limited Georg Hauck & Sohn Bankiers Kommundgesellschaft auf Aktien Hessische Landesbank — Girozentrale — Hill Samuel & Co. Limited Industriebank von Japan (Deutschland) Aktiengesellschaft Kidder Peabody International Limited Kleinwort, Benson Limited Kredietbank N.V. Kredietbank S.A. Luxembourg Kowal Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k. Kuwait Investment Company (S.A.K.) Landesbank Rheinland-Pfalz — Girozentrale — Lazard Frères et Cie Lehman Brothers Kuhn Loeb International, Inc. Lloyds Bank International Limited ITCB International Limited Manufacturers Hanover Limited</p>	<p>Merck, Finck & Co. Merrill Lynch International & Co. B. Metzler seel. Sohn & Co. Morgan Grenfell & Co. Limited Morgan Guaranty Ltd. Morgan Stanley International National Bank of Abu Dhabi The Nikko Securities Co., (Europe) Ltd. Nippon European Bank S.A. Nomura International Limited Norddeutsche Landesbank Girozentrale Sal. Oppenheim jr. & Cie. Orion Royal Bank Limited Privatbanken Aktiengesellschaft N.M. Rothschild & Sons Limited Salomon Brothers International J. Henry Schroder Wagg & Co. Limited Schroder, Münchmeyer, Hengst & Co. Skandinaviska Enskilda Banken Société Générale Société Générale de Banque S.A. Sumitomo Finance International Svenska Handelsbanken Swiss Bank Corporation International Limited Tinkaus & Burkhart Union Bank of Switzerland (Securities) Limited Verband Schweizerischer Kantonalbanken Vereins- und Westbank Aktiengesellschaft M.M. Warburg-Brückmann, Wirtz & Co. Westfälische Bank Aktiengesellschaft Wood Gundy Limited Yamaichi International (Europe) Limited</p>
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Neuemission 31. August 1982



Black & Decker Finance International B.V.

Rotterdam, Niederlande
und
Black & Decker Finance N.V.
Curaçao, Netherlands Antilles


DM 100.000.000,-
9 1/2% Inhaber-Teilschuldverschreibungen von 1982/1989
— Wertpapier-Kenn-Nr. 470110 —
Verkaufskurs: 99 1/2%

Under the irrevocable and unconditional guarantee of
The Black and Decker Manufacturing Company
Towson, Maryland, U.S.A.

COMMERZBANK
Aktiengesellschaft

<p>LEHMAN BROTHERS KUHN LOEB INTERNATIONAL, INC.</p> <p>ORION ROYAL BANK</p> <p>Algemene Bank Nederland N.V. Amro International Limited Arab Banking Corporation (ABC) Julius Baer International Limited Banca di Roma Bank of America International Limited Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leu International Ltd. Banque Bruxelles Lambert S.A. Banque Française du Commerce Extérieur Banque Générale du Luxembourg S.A. Banque Indosuez Banque Nationale de Paris Banque Paribas Banque de Paris et des Pays-Bas (Suisse) S.A. Banque Populaire Suisse S.A. Luxembourg Barclays Bank Group Baring Brothers & Co. Limited Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Joh. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank B.S.I. Underwriters Limited Blyth Eastman Faine Webber Chase Manhattan Limited Chemical Bank International Limited CIBC Limited Citicorp International Group Commerzbank International S.A. Commerzbank (South East Asia) Ltd. County Bank Limited Creditanstalt-Bankverein Crédit Commercial de France Crédit Lyonnais Crédit Suisse First Boston Limited</p>	<p>MORGAN GUARANTY LTD</p> <p>SOCIETE GENERALE DE BANQUE S.A.</p> <p>Daiva Europe Limited Richard Daus & Co. Bankiers vormals Hans W. Petersen Delbrück & Co. Deutsche Bank Aktiengesellschaft Deutsche Girozentrale — Deutsche Kommunalbank — DG Bank Deutsche Genossenschaftsbank Dillon, Read Overseas Corporation Dominion Securities Ames Limited Effektenbank-Warburg Aktiengesellschaft EuroPartners Securities Corporation European Banking Company Limited Genossenschaftliche Zentralbank AG Vienna Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Corp. Groupement des Banquiers Privés Genevois Hambors Bank Limited Hamburgische Landesbank — Girozentrale — Georg Hauck & Sohn Bankiers Kommundgesellschaft auf Aktien Hessische Landesbank — Girozentrale — Hill Samuel & Co. Limited Industriebank von Japan (Deutschland) Aktiengesellschaft Kidder Peabody International Limited Kleinwort, Benson Limited Kredietbank N.V. Kredietbank S.A. Luxembourg Kowal Foreign Trading Contracting & Investment Co. (S.A.K.)</p>	<p>MORGAN STANLEY INTERNATIONAL</p> <p>SWISS BANK CORPORATION INTERNATIONAL</p> <p>Kuwait International Investment Co. s.a.k. Lazard Frères et Cie Lehman Brothers International Limited ITCB International Limited Manufacturers Hanover Limited Merck, Finck & Co. Merrill Lynch International & Co. B. Metzler seel. Sohn & Co. Morgan Grenfell & Co. Limited National Bank of Abu Dhabi The Nikko Securities Co., (Europe) Ltd. Nippon European Bank S.A. Norddeutsche Landesbank Girozentrale Sal. Oppenheim jr. & Cie. N.M. Rothschild & Sons Limited Salomon Brothers International Limited J. Henry Schroder Wagg & Co. Limited Schroder, Münchmeyer, Hengst & Co. Smith Barney, Harris Upham & Co. Incorporated Société Générale Tinkaus & Burkhart Union Bank of Switzerland (Securities) Limited Verband Schweizerischer Kantonalbanken Vereins- und Westbank Aktiengesellschaft J. Vontobel & Co. M.M. Warburg-Brückmann, Wirtz & Co. S.G. Warburg & Co. Ltd. Westfälische Bank Aktiengesellschaft Westfälische Landesbank Girozentrale Westfälische Bank Aktiengesellschaft Wood Gundy Limited Yamaichi International (Europe) Limited</p>
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New Issue This announcement appears as a matter of record only. October 20, 1982



COMMERZBANK FINANCE COMPANY B.V.

Amsterdam, The Netherlands

US-\$ 100,000,000
13 1/8% Notes due 1989
Issue Price: 100%

Secured on a Deposit with the London Branch of
COMMERZBANK
Aktiengesellschaft

<p>Commerzbank Aktiengesellschaft</p> <p>Crédit Lyonnais Crédit Suisse First Boston Limited Deutsche Bank Aktiengesellschaft Goldman Sachs International Corp. Merrill Lynch International & Co. Morgan Guaranty Ltd</p> <p>Amro International Limited Arab Banking Corporation (ABC) CIBC Limited Daiva Europe Limited Kredietbank International Group Lloyds Bank International Limited</p>	<p>Manufacturers Hanover Limited</p> <p>Morgan Stanley International Salomon Brothers International Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited S.G. Warburg & Co. Ltd.</p> <p>ITCB International Limited The Nikko Securities Co., (Europe) Ltd. Nomura International Limited Orion Royal Bank Limited Wood Gundy Limited Yamaichi International (Europe) Limited</p>
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New Issue This announcement appears as a matter of record only. March 1982



Ford Credit Canada Limited

Toronto, Ontario, Canada

US-\$ 50,000,000
Floating Rate Notes due 1988
— Private Placement —

unconditionally and irrevocably guaranteed by
Ford Motor Credit Company
Dearborn, Michigan, USA

COMMERZBANK
Aktiengesellschaft

Neuemission 6. Oktober 1982

Beecham Financiering B.V.

Amsterdam, Niederlande

DM 125.000.000,-
8 1/2% Inhaber-Teilschuldverschreibungen von 1982/1992
Verkaufskurs: 100%

unter der unbedingten und unwiderruflichen Garantie der
Beecham Group p.l.c.
Brentford, England

COMMERZBANK
Aktiengesellschaft

<p>CREDIT SUISSE FIRST BOSTON</p> <p>GOLDMAN SACHS INTERNATIONAL CORP.</p> <p>Algemene Bank Nederland N.V. Amro International Limited Arab Banking Corporation (ABC) Julius Baer International Limited Banca Commerciale Italiana Banca del Gottardo Banca di Roma per la Svizzera Banque Française du Commerce Extérieur Banque Générale du Luxembourg S.A. Banque Indosuez Banque Nationale de Paris Banque Paribas Banque de Paris et des Pays-Bas (Suisse) S.A. Banque Populaire Suisse S.A. Luxembourg Barclays Bank Group Baring Brothers & Co. Limited Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Joh. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank B.S.I. Underwriters Limited Chase Manhattan Limited Chemical Bank International Limited CIBC Limited Commerzbank International S.A. Commerzbank (South East Asia) Ltd. County Bank Limited Creditanstalt-Bankverein Crédit Commercial de France Crédit Lyonnais Crédit Suisse First Boston Limited</p>	<p>HILL SAMUEL & CO.</p> <p>DRESNER BANK</p> <p>Daiva Europe Limited Richard Daus & Co. Bankiers vormals Hans W. Petersen Delbrück & Co. Deutsche Bank Aktiengesellschaft Deutsche Girozentrale — Deutsche Kommunalbank — DG Bank Deutsche Genossenschaftsbank DSL Berna Deutsche Städtungs- und Landesbanken Dominion Securities Ames Limited Effektenbank-Warburg Aktiengesellschaft EuroPartners Securities Corporation European Arab Bank Limited European Banking Company Limited Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Groupement des Banquiers Privés Genevois Hambors Bank Limited Georg Hauck & Sohn Bankiers Kommundgesellschaft auf Aktien Hessische Landesbank — Girozentrale — Industriebank von Japan (Deutschland) Aktiengesellschaft Kidder Peabody International Limited Kleinwort, Benson Limited Kredietbank N.V. Kredietbank S.A. Luxembourg Kowal Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k. Kuwait Investment Company (S.A.K.) Lazard Frères et Cie Lehman Brothers Kuhn Loeb International, Inc. Lloyds Bank International Limited</p>	<p>ITCB International Limited Manufacturers Hanover Limited Merck, Finck & Co. Merrill Lynch International & Co. B. Metzler seel. Sohn & Co. Samuel Montagu & Co. Limited Morgan Grenfell & Co. Limited Morgan Guaranty Ltd Morgan Stanley International National Bank of Abu Dhabi The Nikko Securities Co., (Europe) Ltd. Nomura International Limited Norddeutsche Landesbank Girozentrale Sal. Oppenheim jr. & Cie. Orion Royal Bank Limited Privatbanken Aktiengesellschaft N.M. Rothschild & Sons Limited Salomon Brothers International J. Henry Schroder Wagg & Co. Limited Schroder, Münchmeyer, Hengst & Co. Société Générale de Banque S.A. Société Générale de Banque Straus Turmbull Ltd. Union Bank of Switzerland (Securities) Limited Verband Schweizerischer Kantonalbanken Vereins- und Westbank Aktiengesellschaft J. Vontobel & Co. M.M. Warburg-Brückmann, Wirtz & Co. S.G. Warburg & Co. Ltd. Westfälische Landesbank Girozentrale Westfälische Bank Aktiengesellschaft Wood Gundy Limited Yamaichi International (Europe) Limited</p>
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The Bank's own stock exchange dealings recorded a corresponding expansion in all sectors, particularly thanks to the added boost of brisk demand for dollar-denominated paper—with preference given initially to bonds, but later to US equities. Our commission income from securities dealings, which had already shown a marked improvement in 1981, grew again in the year under review.

Gross sales of Commerzbank bonds were up by more than a third to DM1.85bn. As per end of the year, the market value of paper placed with us in custody accounts increased by 15 per cent. Trust business earnings similarly showed a rise. We have already referred to the especially good result achieved in own-account securities dealings.

Investment saving: inflow of funds up after stagnation

The year under review brought further growth in the assets of our investment fund subsidiary, Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo), which acts mainly on behalf of institutional investors. At year-end, the total sum managed by Cofo in its 58 different bond and equity funds was DM2.3bn, compared with DM1.8bn twelve months earlier.

We persisted in our efforts to promote investment saving, concentrating on the funds administered by ADIG Allgemeine Deutsche Investment-Gesellschaft mbH. As in the preceding years, we especially drew our customers' attention to the advantages of long-term investment through build-up accounts. After a rather unsatisfactory result in 1981, improved capital market conditions led to higher inflows so that assets managed by all nine of the company's funds rose from DM5.5bn to DM6.2bn, pushing up its market share slightly to 21.7 per cent. Almost half the resources administered by ADIG derive from regular build-up accounts. Commerzbank acts as depository bank for five ADIG units controlling a total DM5.0bn, one of them Adirenta, the leader among German bond investment funds.

The market value of securities and other assets administered by Commerzbank on a trust basis rose 30 per cent on 1981.

Open-ended and closed-end property funds

Haus-Invest, the open-ended property fund for which we also act as depository bank, continued its favourable performance, with the market value of assets up 8.9 per cent in 1982 and 45.5

per cent over the five-year period. An inflow of DM92m during the year under review was an all-time record and almost four times the 1981 figure. Assets managed rose by 28 per cent to DM481m.

Once again, we were able to offer customers the opportunity to invest in a closed-end property fund, through which a DM56m office building in Mainz for Haftpflichtverband der Deutschen Industrie V.a.G., Hanover, was financed. We acted as lead manager for a banking consortium which placed the DM18.5m limited share capital involved.

New York investment bank

Assisted by the recovery in the American stock and bond markets, the volume of securities dealings effected through our New York investment bank, EuroPartners Securities Corporation, registered a sharp rise—much of it in the second half of the year. The number of customers was up, and the bank opened an office in Miami, Florida, in 1982.

International activities

Our worldwide network of operative bases and representative offices had another successful year. (Commerzbank's international presence is detailed on pages 115 to 119.)

Operative bases abroad

Amsterdam ¹⁾	Luxembourg ²⁾
Antwerp	Madrid
Atlanta	New York ³⁾
Barcelona	Paris
Brussels	Rotterdam ¹⁾
Chicago	Singapore ⁴⁾
Hong Kong	Tokyo
London	

¹⁾ branches of Europartners Bank (Nederland) N.V. (60 per cent held by Commerzbank);

²⁾ Commerzbank International S.A.;

³⁾ with Grand Cayman sub-branch; also offers International Banking Facilities;

⁴⁾ Commerzbank (South East Asia) Ltd.

Foreign commercial activities

Once more, payments effected for our customers in connection with foreign trade in goods and services rose faster than overall dealings on West Germany's current account. Especially noteworthy was the increase in the volume of import payments which we handled. Earnings

on such business were again up on the previous year.

In view of the higher level of risks internationally, our clients are seeking more payment guarantees, and confirmations for documentary credits are likewise in greater demand than before. At the same time, dealings with those of our customers involved in foreign trade call for ever more differentiated counselling.

Foreign lending

In 1982, we consciously refrained from expanding the volume of our foreign lending which, excluding nostro balances, fell from DM12.3bn to DM11.8bn for the Parent Bank, with loans to foreign public authorities exclusively affected. Corporate lending, on the other hand, grew—partly because of the strengthening of the US dollar, which at year-end stood at DM2.38, a good 5 per cent higher than on December 31, 1981. New business was again largely concentrated on financing German exports.

The consolidated figure for lending to non-bank borrowers abroad was DM18.1bn at the closing date, as against DM17.8bn the year before.

Including nostro balances, the Group's foreign receivables stood at DM36.5bn at end-1982, by far the greater part—almost 70 per cent—outstanding from Western industrialized nations. At the same time, as a consequence of the highly international character of the Group's business activities, there is a substantial loan involvement in both developing countries and those with centrally planned economies. The latter two categories include such states as are either completely or partially unable to service their debts, and it is with concern that we note the rapid increase in their number. This applies to Central and South America, in particular, where the Group's exposure—when measured against its liable capital—is sizeable. We are confident that it will prove possible to overcome the debt crisis through joint action on the part of governments, supranational institutions, and—in the last analysis—the banks themselves. Lower interest rate levels internationally and the first signs of an upturn in the world economy provide corroboration for this view.

Foreign subsidiaries and affiliates

Details on both the activity and performance of our foreign subsidiaries Commerzbank International S. A., Luxembourg (CISAL), and Commerzbank (South East Asia) Ltd., Singapore (COSEA), are reported on pages 88 to 91, in the

"consolidated annual report". The balance sheet total of CISAL remained equivalent to just on DM15bn, with capital and reserves—including a subordinated loan—equivalent to DM450m. All of its earnings were used to provide for risks. Our Singapore merchant bank subsidiary saw its total assets rise by about a third to the equivalent of almost DM1.6bn, while its net income for the year climbed to equal DM6m.

Of our other international affiliates, mention should first be made of Europartners Bank (Nederland) N.V., with branches in Amsterdam and Rotterdam. This bank, which is 60 per cent Commerzbank-owned, maintained a balance sheet total equivalent to DM1bn (cf. page 78).

Total assets of International Commercial Bank PLC, a London-based specialist Euromarket institution, were up from £782m to £946m, while its operating profit could be boosted by some 10 per cent.

UBAE Arab German Bank, Luxembourg/Frankfurt, which concentrates on the financing and handling of trade between the Federal Republic and the Arab countries, also made good progress. Its total assets remained unchanged at DM1.3bn. The bank not only strengthened both its disclosed and hidden reserves but will also, for 1982, pay a dividend for the first time.

Due to the nationalization of banks in France, we are no longer a shareholder of Crédit Chimique, Paris. The compensation took the form of French government bonds, which have since been sold.

Continuing fine progress was made by Korea International Merchant Bank of Seoul, in which we have a 20 per cent interest. Despite generally more difficult economic conditions, the bank again earned a good profit, and its total assets registered strong growth.

Cooperation with the Europartners

For many years now, the four members of the Europartners group have been providing a useful service for companies with foreign activities through their cross-frontier TransCredit loan scheme, whereby operating funds are made easily available in the home countries of the participating banks.

The latter maintained their policy of exchanging personnel, so as to familiarize junior staff with the banking business in one another's countries. To this same end, joint seminars were organized for both branch and junior managers.

Given world economic trends, the regular exchange of views on country risks between the international banking departments of the Europartners has once more proved invaluable. The worldwide presence of the four banks is shown on pages 120 to 123.

The activities of the Europartners' two main joint subsidiaries, Europartners Bank (Nederland) N.V. and EuroPartners Securities Corporation, have been reported on above, and the progress of Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken, is outlined on page 79.

Round-the-clock foreign exchange service

Extremely volatile exchange rates and the ensuing profit risks for both exporters and importers once again meant that the services of our foreign exchange dealers at home and abroad were in considerable demand. Further steps were taken to separate internally own-account and customer dealings, with all three of our main offices now boasting a team of experienced foreign exchange dealers whose sole task it is to offer customers detailed advice and practical assistance. They, together with their colleagues handling own-account transactions, form part of our global network of dealer teams which links all major financial centres of the world, and assures customers of a round-the-clock service.

The lack of orientation, characteristic of the foreign exchange markets—and especially of floating currencies—in the year under review once again confronted exporters and importers seeking to cover their currency risks with considerable problems. Moreover, the often extremely high hedging costs for the currencies of the European Monetary System created the need for advice that was tailored to the requirements of the individual client. We see our particular strength in the market potential we have in a number of currencies not officially quoted—primarily those of various Arab countries—and in our proven competence in handling long-term forward transactions.

Medium and long-term export financing

New medium and long-term credits granted to finance German exports of capital goods did not fully offset the repayments—premature in some cases—and cancellations made during the year. Overall, however, a negative balance could be avoided thanks to loans extended by our branches and subsidiaries abroad.

Export financing, in which we have traditionally been very active, suffered not least because of the fall-off in orders from states with low currency reserves. Furthermore, the precarious economic situation of a number of importing countries led the German Government to impose stricter criteria for providing cover in the form of guarantees under the Hermes export credit insurance scheme. The low-reserve developing nations tended more and more to make the awarding of contracts for large investment projects conditional upon the provision of additional credits for down and interim payments and for local costs, for all of which no Hermes cover can be obtained. Yet here the banks to a growing extent are confronted with the very limits of what they judge to be acceptable country risks, so that broadly-based solutions were often sought at consortium level.

From mid-1982 onwards, the revision of the minimum export credit interest rates agreed within the OECD Consensus—and classifying the Federal Republic as a low-interest country—helped reduce the disadvantage at which German exporters find themselves vis-à-vis their competitors from countries offering interest rate subsidies. Thanks to this revision, buyers' credits subject to the Consensus agreement that are available from Kreditanstalt für Wiederaufbau (KfW)—Reconstruction Loan Corporation—became more attractive again. But since the latter will only to a very limited extent furnish credits which are not eligible for Hermes cover, we saw fit to collaborate more extensively with this lending institution.

The fixed-interest alternative for buyers' credits first offered in March 1982 by AKA, the German banks' joint export credit vehicle, has not as yet found much favour. However, improvements introduced in the meantime may be expected to make for stronger demand for these funds.

Staff and Welfare Report

We are greatly in the debt of every member of our staff who in the year under review, as in the past, met the stringent demands made on them with a sense of responsibility and dedication. We also have to thank those who, usually after many years of service with us, have retired from the Bank.

Personnel policy in 1982

In 1982, the keynote of our personnel policy was again motivation. Particularly at branch level, measures were taken to allow more scope for personal engagement and accountability, to ensure a denser flow of information and to link salaries more closely to achievement.

We also continued to make every effort to contain the rise in personnel costs, in part by introducing new technology, with the latter above all directed at enhanced efficiency in serving our customers.

Data on staff:

Little change in numbers

- Total staff at end-1982 (expressed in terms of full-time employment) numbered 18,988, including 650 working abroad. At end-1981, the comparable figure had stood at 18,895.
- Average number of staff in 1982 (on full-time basis): 18,917 (1981: 18,956).
- Number of apprentices at year-end: 1,669 (1981: 1,655), or some 9% of total staff. 711 young people started their apprenticeships with us in 1982 (1981: 621).
- Management trainees numbered 212 at year-end, 45% of these being college and university graduates.
- The number of pensioners and surviving dependents at end-1982 was 4,148, including 307 people who had retired during the year. We record with regret the death of 25 serving and 101 ex-members of Commerzbank's staff.

Personnel expenditure and welfare provision

- Personnel expenditure in 1982 amounted to DM1,106.5m (up 6%), the increase being due mainly to a 4.2% rise in collectively agreed wages taking effect on March 1, 1982, followed at mid-year by a similar measure as regards individually negotiated salaries.

- Total staff expenses break down into DM862.7m of wages and salaries, DM121.2m of compulsory social security contributions and DM122.6m spent voluntarily on additional pension funds and other employee benefits. This roughly corresponds to a 7:1:1 ratio.
- Costs of basic and advanced training ran to DM48.6m (1981: DM49.5m), with DM32.4m (1981: DM33.0m) made up by the former.

Further data for 1982

- Staff shares at preferential prices were bought in 1982 by nearly 40% of our serving and former employees entitled to do so, the cost to us being some DM1.2m. At end-1982, almost 2% of Commerzbank's equity was held by present staff and pensioners.
- Sports activities: The Bank sponsors 142 clubs or teams in which some 5,000 of our employees practise 22 different forms of sport. More than DM400,000 was contributed for this purpose in 1982.
- Staff turnover at 7.6% of total personnel was down on the previous year's figure of 9.3%.
- Absence due to sickness was also lower at a ratio of 3.6%, as against 4.2% in 1981.
- The compulsory quota for employing handicapped persons was almost fulfilled. 29 of their number have been entrusted with special responsibility for taking care of the needs of the group as a whole.

Cooperation with employee representatives

- The executive committee of the central staff council met 14 times, while its financial and economic committee got together with the Bank's management six times. The council itself held eight meetings, four of them with management.
- To discuss matters of mutual interest, the senior staff spokesmen committee frequently met with either the 43 representatives of their colleagues or with the Bank's management.
- August 1982 saw the start of preparations for the election of staff representatives to the Supervisory Board. In a preliminary vote, a majority decided in favour of direct election, which then took place on February 22, 1983.

Changes in personnel management:

Trying to combat bureaucratic tendencies

Throughout commerce and industry larger companies tend to suffer from growing bureaucratization, and the financial institutions are no exception. Commerzbank recognizes the risks inherent in this trend and is making every effort to check them.

One step taken to this end in recent years has been an across-the-board delegation of responsibilities also extending to the personnel sphere, enlarging the scope for decision-making at branch level and making local management generally accountable for their own employee budgeting. Overall, we succeeded in further reducing head office staff in favour of our branches, whose share of the total figure has increased to 77% from somewhat over 71% in 1977.

Salaries better to reflect achievement

The general tendency towards a levelling of incomes has not spared the banks and needs to be countered with more appropriate achievement incentives. We made a start in this connection in 1982 with those of our staff whose salaries are individually negotiated. A system of rewards for business recruited by employees outside their normal work schedule is another move in this direction.

Furthering motivation by information . . .

We seek to keep our staff informed as to the Bank's progress through our quarterly house journal "Commerzielles". This publication is produced entirely by our own people, and we encourage active involvement.

In autumn 1982, a special issue devoted to new banking technology described in easily comprehensible form the functioning of cashier and desk terminals and of automatic cash dispensers, the aim being to acquaint our personnel with the new procedures involved while at the same time preparing them at an early stage for any job changes that may prove necessary.

A booklet entitled "Assessment Interviews for Greater Efficiency" ("Mitarbeitergespräche fördern die Zusammenarbeit") has been published with a view to showing staff at all levels how this technique can be used to spur motivation.

. . . and by career planning

With ever more exacting demands being made on the effectiveness of performance appraisals and career planning, refinements have been introduced for both schemes. Thus additional requirement profiles are being established for the various areas of specialist activity in order to provide employees with more information about their career prospects and to stimulate their interest in further training.

Personnel cost planning improved

The various instruments of management and planning in the personnel sphere are the subject of constant improvement. Having introduced the system of personnel budgeting at all forty of our-domestic-main branches in 1982, we shall now be extending it to our central departments and to our operative bases abroad.

Such budgeting not only helps to check staff costs, but also to determine salaries on a more individual and achievement-oriented basis.

Adjusting benefits to necessities

Throughout industry and commerce, the various social benefits offered to employees are being reviewed. We have been giving careful consideration to necessary adjustments to the Bank's own pension scheme which supplements those of the state and the German banking trade. Our aim is gradually to reduce what has been referred to as "excess provision" of one kind or other, but negotiations with staff representatives have not been concluded yet.

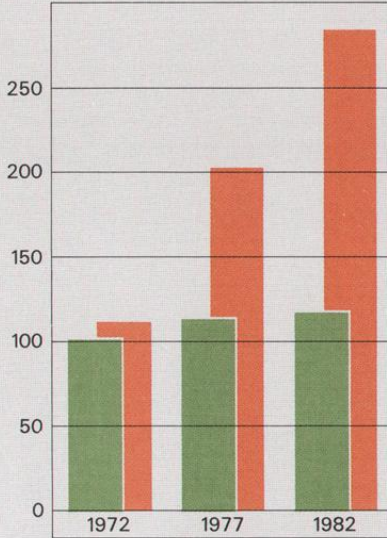
Paving the way for new technology

The possibilities afforded by new technology, such as equipping cashiers and customer counsellors with desk terminals, make for a higher standard of service and thus enhance the Bank's general competitive position.

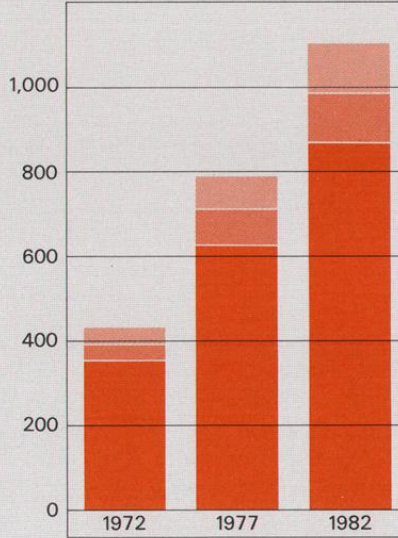
Employee representatives, however, are mainly worried in this context about the security of jobs and what they entail. Agreements to safeguard jobs threatened by rationalization moves as well as compensation arrangements and other concessions at company level are all issues we have to face. We are working closely with employee representatives to devise solutions reflecting both the practical realities at the Bank and the justified anxieties of our staff.

Commerzbank's staff as reflected in personnel statistics.

1971 = 100



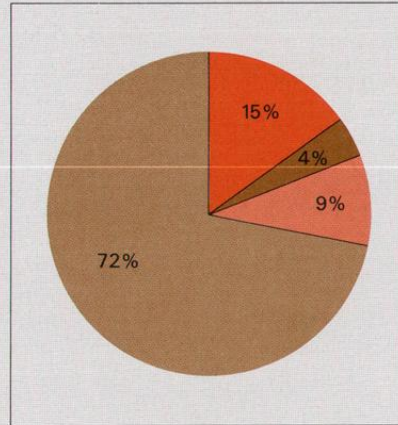
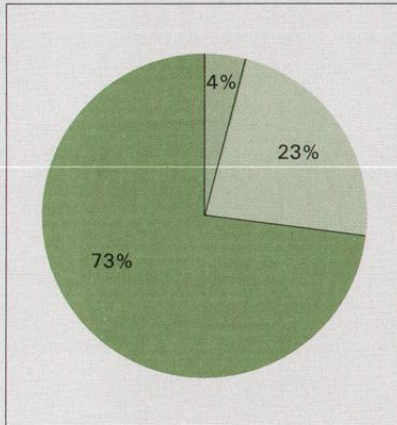
in DM m



Number of employees and personnel expenditure

While over the last ten years our staff has grown by roughly a sixth, personnel costs rose by more than 150% – with social benefits and employers' pension fund contributions expanding even more rapidly than wages and salaries.

- number of employees
- personnel expenditure
- pension fund contributions, benefits
- social insurance contributions
- wages and salaries



Staff structure 1982

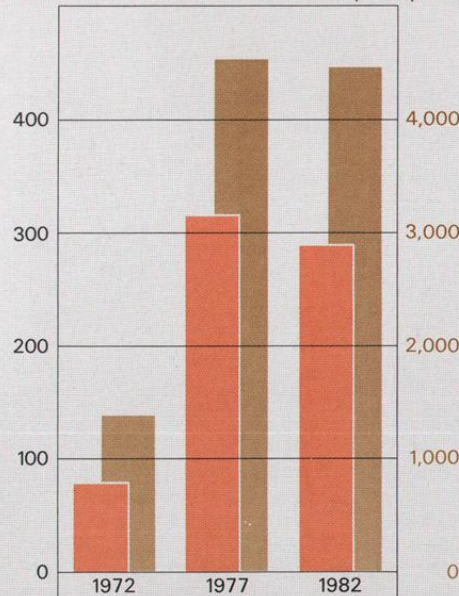
Deployment of staff

- domestic branches
- foreign branches
- head offices

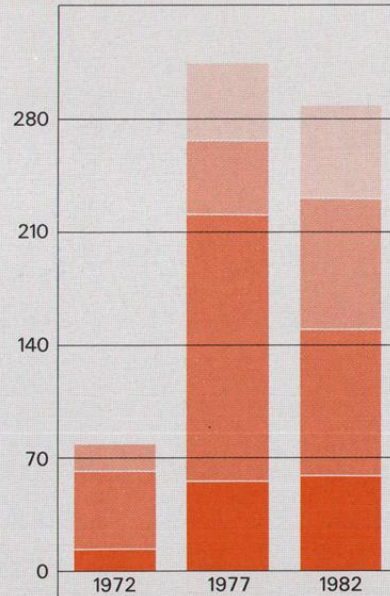
Different groups of staff

- with collectively negotiated salaries
- with individually negotiated salaries
- non-clerical
- apprentices

Number of seminars Number of participants



Number of seminars



Advanced training constantly revised

The emphasis we put on sales-oriented seminars underlines the importance of skilled marketing for a leading multi-branch bank.

- number of participants
- number of seminars
- marketing seminars
- advanced seminars
- basic seminars
- miscellaneous seminars (language courses, seminars for executives, trainees and employees' representatives)

Yet up to now, fears on the part of bank employees that the sector was about to be caught up in a wave of rationalization have proved to be unfounded. On the contrary, experience has shown—and this accords with our expectations for the future—that technical progress much rather tends to be a gradual affair the pace of which will, however, be sometimes faster, sometimes slower. Moreover, in every field of business activity, it is a largely generalized process from which no single enterprise can hope to hold aloof.

It should also be noted that, at our Bank, technical progress has gone hand in hand with a steady rise in the level of staff qualification. Thus since the 1972 restructuring of collectively negotiated wage and salary groups, the proportion of Commerzbank employees falling into the lower brackets (i.e. groups 1 to 3) has almost halved (from 26 to 14% of our entire staff), while the figure for the middle ranges (groups 4 to 6) has remained almost constant and that for the higher ones (groups 7 to 9) has more than doubled (from 11 to 23% of the total).

This development reflects both the constant advance of technology and the greater demands to be met by customer counselling since, on the one hand, automation and rationalization meant that fewer staff were required in the lower wage brackets while, on the other, more people progressed to the higher echelons. All this took place against the background of a rise in total staff of about one-sixth over a period of ten years.

Providing practicable knowledge through advanced training

Our advanced training programme last year laid great stress on the marketing of our products to private customers, the accent being placed equally on specialist banking courses and sales know-how—both with an eye to ensuring friendly and competent client service. Training of our managerial staff has also been intensified.

Thanks to a continued shift away from the regionally organized basic to the centrally run further training courses, we are able to make optimum use of our Glashütten training centre, where some 4,400 people took part in almost 300 seminars during 1982.

**Confidence and competence –
pillars of bank/customer relationship**

Systematically cultivating and developing customer links is in our view one of our chief tasks. Commerzbank staff should always prove competent and trustworthy—a demand on ourselves that we see expressed in our domestic advertising slogan “The Bank you can bank on”.

Yet advertising activities and public relations work will hardly be effective if the promise contained in this slogan is not borne out by daily practice. Its credibility hinges above all upon the level of specialist knowledge that our staff command, and also on their ability to establish a relationship of trust, whether with private individuals or with business and institutional customers. Capability and personal involvement as well as empathy and flexibility have a decisive bearing on how close and durable the ties between customer and bank will become.

Commerzbank seeks to ensure that it matches up to these requirements by setting the following accents in its personnel policy:

- perfecting of specialist knowledge and personal qualification; staff management through motivation (see preceding pages),
- infusing marketing sense into employees,
- systematically preparing staff for the introduction of modern technology.

In serving our private customers, the concept of having a single counsellor present the full range of our standardized services from savings and loan schemes to investment in securities has proved an effective means of establishing and developing a personal relationship with the individual client.

Similarly, companies will expect to be offered fully comprehensive advice by that member of our staff they usually deal with, and who will have recourse to expert backing if and when appropriate.

New banking technology does much to improve the relationship between us and our customers: on the one hand, our employees are relieved of the burden of time-consuming routine tasks and thus able to devote themselves more to client counselling, and on the other, the various modern systems and means of communication allow proceedings to be completed more quickly and reliably, while also providing more detailed information. In other words, they improve the service rendered to customers.

We are taking steps to prepare our staff for the technological changes involved in good time. They need to be trained so that they can familiarize themselves with the new equipment and its applications, thus enabling them both to make best use of its possibilities on behalf of our clients and to instruct the latter in plain words in the handling of self-service facilities.

Quite generally, we aim to achieve an effective combination of available technology and personalized customer service, applying the former in particular as a means of lessening paper work for both our clients and staff, as in the case of cash dispensers or desk terminals. Another example is home banking through the combined viewdata/telephone system permitting direct dialog communication. We are currently making arrangements for the nationwide offering of this service, which will allow bank transactions to be carried out from the comfort of one’s armchair.

Parent Bank's Annual Report for the Year 1982

Notes on the Parent Bank's annual accounts

During 1982, the Bank's total assets increased by DM1,884.5m, or 2.9%, to DM66,182.7m. The relevant changes in the financial position are set out below:

Assets		Liabilities	
in DM m		in DM m	
Cash reserves, cheques, and collection items	- 5.9	Liabilities to banks	- 1,802.8
Bills of exchange	+ 481.2	a) demand	(+ 144.8)
Claims on banks	- 377.6	b) time	(- 1,947.6)
Treasury bills	+ 660.3	Customers' deposits	+ 2,726.7
Bonds and notes	+ 599.0	a) demand	(+ 660.6)
Other securities	+ 161.1	b) time	(+ 1,463.3)
Loans and advances to customers	+ 509.7	c) savings deposits	(+ 602.8)
Investments	+ 30.2	Bonds outstanding	+ 313.0
Land and buildings, office furniture and equipment	- 204.4	Acceptances outstanding	+ 340.5
Sundries (including loans on a trust basis)	+ 30.9	Provisions	+ 214.5
		Disclosed reserves	+ 25.0
		Profit	+ 36.4
		Sundries (including loans on a trust basis)	+ 31.2
	+ 1,884.5		+ 1,884.5

Assets

Liquidity

At year-end the cash reserves, consisting of cash on hand and balances with the Deutsche Bundesbank and on postal cheque accounts, stood at DM2,708.0m, representing 4.4% of our total liabilities to banks and other creditors including indebtedness from bonds and acceptances outstanding in the aggregate amount of DM62,147.6m. The Bank's liquid assets—cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims on banks with periods of less than three months, Treasury bills and discountable Treasury notes as well as fixed-interest securities eligible as collateral for Deutsche Bundesbank advances—totalled DM14,043.4m and covered 22.6% of the deposits, borrowings, and other indebtedness specified above.

Claims on banks

Claims on banks were down by DM377.6m to DM15,959.5m. This item reflects debit balances on current accounts, money-market investments, and loans to German and foreign banks; it breaks down as follows (see overleaf):

Claims on banks		
in DM m	1982	1981
Interbank and clearing balances	10,128.6	10,403.2
of which: demand	(1,888.8)	(1,262.3)
time	(8,239.8)	(9,140.9)
Loans	5,830.9	5,933.9
including: long-term	(2,681.9)	(2,912.3)
Total	15,959.5	16,337.1

Securities portfolio

The Bank increased its portfolio of bonds and notes by DM599.0m to DM3,990.5m, 81.1% of this total being securities eligible as collateral for advances from the Deutsche Bundesbank.

The securities portfolio comprises such of the Bank's holdings of marketable equities, invest-

ment fund shares, and other securities as have not to be shown elsewhere.

At December 31, 1982, the Bank held more than 25% of the share capital of the following companies (other than those listed as "Holdings by Commerzbank in affiliated and other companies" on pages 94 to 96):

Tax-privileged holdings (of more than 25%)	
in DM m	Share capital
Commerzbank Aktiengesellschaft von 1870, Hamburg	(100.0 RM*)
Hannoversche Papierfabriken Alfeld-Gronau Aktiengesellschaft, Alfeld (Leine)	40.0
Karstadt Aktiengesellschaft, Essen	360.0
Kempinski Aktiengesellschaft, Berlin	13.8
Sachs Aktiengesellschaft, Munich	15.1

*) Reichsmark

All securities holdings are, as hitherto, shown at the lower of cost or market.

Lending

Total lending to banks and non-banks (excluding loans on a trust basis and guarantees) was expanded by DM1,026.4m, or 2.2%, in the year under review. The loan portfolio breaks down as follows:

Lending		
	1982	1981
Loans to customers		
a) short and medium-term	DM21,775.6m = 46.2%	DM20,012.2m = 43.4%
b) long-term	DM14,736.7m = 31.3%	DM15,990.4m = 34.7%
Sub-total	DM36,512.3m = 77.5%	DM36,002.6m = 78.1%
Loans to banks		
a) short and medium-term	DM 3,149.0m = 6.7%	DM 3,021.6m = 6.6%
b) long-term	DM 2,681.9m = 5.7%	DM 2,912.3m = 6.3%
Sub-total	DM 5,830.9m = 12.4%	DM 5,933.9m = 12.9%
Book and acceptance credits	DM42,343.2m = 89.9%	DM41,936.5m = 91.0%
Bills discounted	DM 4,764.5m = 10.1%	DM 4,144.8m = 9.0%
Total lending	DM47,107.7m = 100.0%	DM46,081.3m = 100.0%

The most noteworthy development as regards our overall lending was a reduction of long-term loans which, at end-1982, accounted for 37% of the total, down from 41% a year earlier. Funds extended at long term were, inter alia, financed by bonds with maturities of more than four years amounting to DM1,682.2m and by long-term borrowings, mainly from banks—among them Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation)—and from public authorities, totalling DM9,579.7m. Where so provided for in the agreements with the respective lenders, funds were passed on to the final borrowers on the terms on which they had been obtained.

Book and acceptance credits showed a rise of DM509.7m, or 1.4%, in loans to customers and a reduction of DM103.0m, or 1.7%, in advances to banks.

Discounts were up by DM619.7m, or 15%, to DM4,764.5m. This includes rediscounted bills of DM2,736.5m, representing 57.4% of our total bill portfolio.

Book and acceptance credits extended plus bills discounted by our foreign branches reached DM11,067.0m, or 23.5% of aggregate lending of this kind by the Bank, compared with DM9,804.1m, or 21.3%, at end-1981.

Commerzbank's loans and advances to some 470,000 borrowers break down as follows:

Size of loans	1982	1981
344,213 loans of up to DM20,000	73.2%	74.4%
84,191 loans of more than DM20,000, up to DM100,000	17.9%	17.0%
	91.1%	91.4%
37,275 loans of more than DM100,000, up to DM1,000,000	7.9%	7.7%
4,683 loans of more than DM1,000,000	1.0%	0.9%
	100.0%	100.0%

Hazards inherent in lending, especially those regarding major loans, have further increased, as have country risks. This led us again to raise our loan provisions to a very substantial degree, and to provide for country risks yet more carefully. The customary caution was applied in assessing the risks attaching to individual credits, and country risks were allowed for to an extent considered adequate by us. The resulting expense item in the profit and loss account amounted to several times the year-ago figure. In addition, the Bank made the required global allowance for possible loan losses.

Investments as shown in the balance sheet

Of the investments as shown in the balance sheet, DM989.0m represents interests in credit institutions and DM533.0m non-bank holdings. The most important of both of these are set out on pages 94 to 96, with Commerzbank's share in the capital of each shown.

The Bank raised these holdings in subsidiaries and associated companies and its trade investments by DM30.2m in 1982. Besides minor new acquisitions, the change of DM150.9m mainly reflects increases in share capital, obligatory

payments on account of subscriptions, the build-up of existing holdings, and the allocation of equity to our newly-founded Amsterdam subsidiary Commerzbank Finance Company B.V.—the latter company having raised funds for the lending business of the Bank's foreign outlets through the issue of US dollar bonds. Allowing for disposals of DM107.0m and write-downs of DM13.7m, investments are shown at a book value of DM1,522.0m, DM451.5m of which is made up of interests held in foreign companies.

Worthy of particular mention are the capital increases effected by our subsidiaries, Rheinische Hypothekenbank AG, Frankfurt, Berliner Commerzbank AG, Berlin, and Commerzbank (South East Asia) Ltd., Singapore, and also by Commerz-Credit Bank AG Europartner of Saarbrücken, in which we hold a majority. At the same time, a DM100m subordinated loan was repaid to us by the Luxembourg subsidiary, Commerzbank International S.A.

Generally speaking, Commerzbank's subsidiaries and affiliates did well in 1982. Total income from these investments, including income transferred under profit and loss pooling agree-

ments, came to DM96.3m, after DM93.7m in the previous year.— For details on the Bank's relations with these companies see pages 75 to 93 of this Report (Consolidated Annual Report).

Land and buildings

Land and buildings are shown at DM513.5m, or DM203.0m lower than a year earlier. The difference represents the balance of disposals of DM216.3m, additions and reclassifications of DM31.6m, and depreciation of DM18.3m, the amount permissible under tax regulations. The disposals are for the main part accounted for by the sale of Commerzbank's Düsseldorf, Frankfurt, and Hamburg head-office premises to GADES Grundstücks-Vermietungs-Gesellschaft mbH & Co. KG of Düsseldorf, which leased them back to us as from January 1, 1983. We have a 49.0% stake in the liable equity of GADES, the remainder being held, in one case indirectly through the unlimited partner company involved, by two other major German banks which are in no way related to us.

The additions consist chiefly of purchases and new Commerzbank buildings and extensions in Bochum, Essen, Munich, and Mönchengladbach.

Office furniture and equipment

The net book value of office furniture and equipment declined to DM196.0m as a result of additions of DM53.5m, disposals and reclassifications of DM1.6m, and normal depreciation of DM53.3m. The cost of minor-value items acquired during the year at DM4.7m was written off in full.

Other assets

"Other assets" as shown in the balance sheet are made up of such claims and assets as cannot be shown under other headings.

Deferred items

The deferred asset items not only represent prepaid expenses, interest, and commissions, but also debt discounts at DM88.8m. This amount includes DM87.1m of unamortized discounts on savings certificates and DM1.7m on bonds issued by the Bank.

Liabilities and shareholders' equity

Liabilities

During the year, liabilities to banks and to other creditors increased by DM923.9m, or by 1.6%, to DM57,488.0m, with liabilities to banks down by DM1,802.8m, but customers' deposits up by DM2,726.7m.

A breakdown of our total liabilities is given in the table on the following page.

Liabilities to banks with fixed periods or agreed periods of notice of four years or more include two mortgage-secured loans from a mortgage bank, totalling DM0.4m, assumed on purchases of the property concerned.

Bonds

The volume of the Bank's own bonds outstanding rose by a total DM313.0m to DM3,795.9m; DM37.2m nominal of which was temporarily held by the Bank itself.

Included in this item are DM2,113.7m bearer bonds with a life of up to four years. Of paper with an original maturity of more than four years, bearer bonds serving to fund long-term loans to customers accounted for DM1,132.8m, savings certificates with an annually rising coupon for DM351.2m, and discounted bearer savings bonds for DM1.8m. Also shown here are DM196.4m of convertible bonds issued by Commerzbank. The item includes an unchanged amount of DM182.4m nominal of a total of DM250.0m of 4½% convertible bonds of 1978 and DM4.9m nominal of the 5½% convertible bonds of 1972 which fell due on December 31, 1982 but have not yet been presented for redemption.

Provisions

Due to changed legal stipulations—Sections 6a and 52 (5) of the German Income Tax Act (EStG)—the book value on the closing date of the Bank's future pension fund obligations—referred to as the "partial value", computed on the basis of the "normal entry-age method"—had to be estimated using a calculatory interest rate of 6% instead of the 5.5% rate applied hitherto. The new actuarial calculation which had to be performed as of December 31, 1981 resulted in a partial value for our pension fund obligations that was down by DM32.9m. We did not opt to

Deposits		
	1982	1981
Liabilities to banks		
a) demand	DM 3,044.5m = 5.3%	DM 2,899.7m = 5.1%
b) time	DM13,938.6m = 24.2%	DM15,894.1m = 28.1%
Liabilities for customers' drawings on other banks		
	DM 41.6m = 0.1%	DM 33.7m = 0.1%
Sub-total	DM17,024.7m = 29.6%	DM18,827.5m = 33.3%
Customers' deposits		
a) demand	DM 8,202.8m = 14.3%	DM 7,542.2m = 13.3%
b) time	DM22,556.3m = 39.2%	DM21,093.0m = 37.3%
c) savings deposits	DM 9,704.2m = 16.9%	DM 9,101.4m = 16.1%
Sub-total	DM40,463.3m = 70.4%	DM37,736.6m = 66.7%
Total deposits	DM57,488.0m = 100.0%	DM56,564.1m = 100.0%

allocate this sum to a reserve which would, in the first year, have reduced taxable profits, only to increase them through write-backs to be effected during the following eleven years.

Rather, we used the sum to create provisions that we were unable to effect in previous years. These relate to future payments to employees during the first few months of their retirement and to voluntary adjustments to pensions for the period before the Company Pension Scheme Improvement Act of December 19, 1974 came into force. Following the routine increase of provisions for pensions by a further DM54.6m, computed on the basis of the higher calculatory interest rate, they amounted to DM630.6m on December 31, 1982, meeting all the Bank's obligations.

Provisions for other expenses, which are shown at DM450.5m, relate to loan risks, taxes, year-end bonuses, anticipated losses under executory contracts, other liabilities of uncertain amount, and to that portion of the global allowance for possible loan losses designed to cover risks attaching to loans not given accounting recognition, so that the allowance cannot be set off against any of the asset items.

Deferred items

The deferred liability items of DM322.2m mainly reflect unearned interest and service charges on credits which were granted under personal loan schemes and relate to future years.

Share capital and reserves

Share capital remained unchanged in the year under review at DM843.4m. At the balance sheet date, the Bank's unissued authorized capital was DM143.8m, with conditional authority for the issue of a further DM45.6m of new shares to be offered to such holders of our 1978 convertible bonds as may wish to exercise their conversion rights. Another conditionally authorized capital increase of DM25m is available for the issue of shares to the holders of bonds with warrants launched in 1978 by the Luxembourg subsidiary, Commerzbank International S.A., at a total par value of DM100m.

Subject to approval by Commerzbank's 1983 AGM, DM25m are to be added to the other, voluntary reserves from net income for the year.

Thereafter, the Bank's liable funds will be made up as follows (see overleaf):

Capital and reserves		
in DM m	1982	1981
Share capital	843.400	843.400
Disclosed reserves		
a) legal reserve	1,025.190	1,025.190
b) other reserves, voluntary	634.000	609.000
Total liable capital	2,502.590	2,477.590

Footnotes to the balance sheet and other information

Own drawings in circulation and endorsement liabilities from rediscounted bills of exchange amounted to DM2,736.5m, against DM2,598.0m as at December 31, 1981.

Commitments from guarantees, including guarantees for bills and cheques, and from indemnity agreements totalled DM8,800.3m, exceeding the commitments outstanding at the end of the preceding year by 0.1%.

Commitments for uncalled payments on shares in stock corporations (AG) and in private limited liability companies (GmbH) issued but not fully paid amounted to DM15.0m, while similar liabilities for shares in cooperatives were DM0.5m. In addition the Bank may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), be held responsible for possible defaults on such calls by other shareholders.

In respect of its holding in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking industry, the Bank is responsible for the payment of assessments of up to DM27.4m. Moreover, the Bank is jointly and severally liable under guarantee for any assessments payable by the member banks of Bundesverband deutscher Banken e.V. (Federation of German Banks) up to a total of DM197.6m.

Under Section 5 (10) of the statutes of the German banks' Deposit Insurance Fund, the Bank undertook to relieve the Federation of German Banks of any losses incurred in respect of actions taken for the benefit of domestic banks in which Commerzbank holds a majority interest.

The Bank's foreign operations make it necessary under the laws of certain countries to furnish government bodies with security. The amount of the Bank's assets on which such organizations hold a lien is DM342.3m.

Profit and loss account

Interest and similar income from lending and money market transactions was DM5,906.9m, as against DM6,194.3m in 1981. The decrease, resulting from the fall in interest rates, amounted to DM287.4m, or 4.6%.

Current income from fixed-interest securities, Government-inscribed debt, other securities, and investments as shown in the balance sheet rose by DM51.5m, or 12.8%, on the corresponding figure for 1981 to DM452.4m.

The net balance obtained by the deduction of DM4,977.6m *interest and similar expenses* from the DM6,359.3m of total interest and dividends earned is DM1,381.7m. This increase of DM308.1m, or 28.7%, on 1981 went hand in hand with a 2.0% expansion of the average business volume.

Commissions and other service charges received were up by 12.6%, from DM464.9m to DM523.4m. With *commissions and similar service charges paid* amounting to DM18.0m, net income from commissions was DM505.4m, against DM447.0m in the preceding year—up DM58.4m, or 13.1%.

Other income, including that from the writing back of provisions for possible loan losses, is shown at DM418.7m. This reflects gains from own-account foreign exchange transactions, rentals from real estate, and other ordinary and extraordinary income, including in particular the book gain resulting from the sale of our head-office premises (cf. page 62).

After offsetting them against "earnings and income" to the maximum extent permitted by tax regulations, *write-downs of and adjustments for possible losses on loans and securities, as well as transfers to provisions for possible loan losses*, are shown at DM603.2m.

The Bank's total personnel expenses were made up as follows:

Personnel expenditure		
in DM m	1982	1981
<i>Salaries and wages</i>	862.7	817.7
<i>Compulsory social security contributions</i>	121.2	112.3
<i>Expenses for retirement pensions and other employee benefits</i>	122.6	114.1
Total	1,106.5	1,044.1

The increase of DM62.4m, or 6.0%, was the result both of higher wages and salaries and of a DM7.0m rise in pension payments and pension fund contributions, including a DM2.7m increase in the latter to the German banking industry's own scheme, despite a reduction in the average number of staff over the year.

Other operating expenses went up DM26.5m, or 8.3%, to DM347.3m from DM320.8m.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM71.7m, the amount permitted under tax regulations.

Taxes totalled DM98.0m, as against DM40.6m in the previous year. Total tax expenditure includes DM1.7m (DM1.2m in 1981) for taxes other than those on income and assets.

Other expenditure, down by DM6.7m, totalled DM22.4m; of this amount, DM11.3m (DM11.0m in 1981) is accounted for by Commerzbank's contribution to the German banks' Deposit Insurance Fund. This item also includes such expenses as cannot be shown elsewhere.

The remuneration payable during 1982 to the Bank's Managing Directors amounted to DM5,919,213.39, while retired Managing Directors or their surviving dependants received DM4,588,628.88. Payments to members of the Supervisory Board totalled DM148,103.00, and those to members of the Central Advisory Board DM124,455.00. Members of the Regional Advisory Councils were paid DM1,371,153.40.

Purchases and sales of the Bank's own shares

In 1982, the Bank purchased altogether 24,886 of its own shares, and its subsidiaries and associated companies a total of 1,534 Commerzbank shares, at an average price of DM147.93 per share. These were resold to employees of the Bank, its subsidiaries, and associated companies at a price of DM100.00 per share.

Securities transactions that fall under Section 71 (1) 1 of the German Stock Corporation Act (AktG) and which are subject to disclosure in this Report, consist of purchases at market price effected at various times during the year to ensure orderly market conditions for trading in our own shares

by the Bank

of 829,630 Commerzbank shares (bearer shares at a face value of DM50.00) to a total nominal value of DM41,481,500.00

and by companies controlled or majority-owned by the Bank

of 31,009 Commerzbank shares to a total nominal value of DM1,550,450.00.

The weighted average buying price of these shares was DM132.82. The similarly computed average resale price, at which 859,229 of our own shares of a face value of DM42,961,450.00 were sold, was DM132.89.

The proceeds from these transactions were reallocated to working funds. The highest number of Commerzbank shares in our possession on one specific day of the year was 46,011, of a total nominal value of DM2,300,550.00, representing 0.3% of our share capital at that date.

At the balance sheet date, 1,410 Commerzbank shares of DM50 nominal each, or altogether 0.008% of our share capital, were held by our subsidiary, Berliner Commerzbank AG. It had acquired these shares at an average price of DM132.97 in order to offer them to its staff as employee shares in accordance with Section 71 (1) 2 of the German Stock Corporation Act (AktG). The shares were bought on the following dates: ten on December 15, 1982, one hundred on December 20, 1982 and 1,300 on December 21, 1982.

Net income for the year as shown in the profit and loss account is DM61,370,000.00. After allocating DM25,000,000.00 to reserves, the remaining profit achieved is

DM36,370,000.00.

We herewith propose to our shareholders that DM25,000,000.00 of this amount be used for a further appropriation to reserves and that, as a result of this decision, DM11,370,000.00 be authorized as additional expenditure.

Collateral furnished by borrowing customers as security included

128,592 Commerzbank shares of a total nominal value of DM6,429,600, and

6,756 Commerzbank shares of a total nominal value of DM337,800, pledged to companies controlled or majority-owned by the Bank.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 1, 1983



The image shows a grid of handwritten signatures in cursive script. There are four rows and three columns of signatures. The signatures are: Row 1: 'W. G. G.', 'J. G.', 'H. G.'; Row 2: 'A. G.', 'J. G.', 'M. G.'; Row 3: 'K. G.', 'J. G.', 'H. G.'; Row 4: 'E. G.', 'D. G.', 'H. G.'

Report of the Supervisory Board

Throughout the year under review, the Supervisory Board carried out its duties under the law and the Bank's statutes and continuously supervised the conduct of the Bank's affairs. It especially discussed the Bank's overall position and measures for further improving its performance. The Chairman and other members of the Supervisory Board assisted the Board of Managing Directors in an advisory capacity.

The Presiding Committee of the Supervisory Board received periodic reports on the progress of the Bank's business, and discussed individual items of importance with the Board of Managing Directors. Consultations mainly concentrated on the effects of national and international economic trends. The Loans Committee met to review lending commitments that by law or on account of the Bank's statutes require approval, as well as those involving greater than normal risks. The Social Welfare Committee considered basic questions of the Bank's policy with regard to staff.

As from November 1, 1982, the Supervisory Board appointed Dr. Erich Coenen and Martin Kohlhaussen regular members of the Board of Managing Directors; as from the same date, Dr. Kurt Richolt and Dr. Axel Freiherr von Ruedorffer were appointed deputy members of the Board of Managing Directors, to be based in Frankfurt and Hamburg, respectively.

A mutually acceptable agreement was reached with Dr. Peter Deuss who retired from the Board of Managing Directors on Dec. 31, 1982.

The Parent Bank's Annual Report and Accounts together with the books of account for the period from Jan. 1 to Dec. 31, 1982 were examined by the auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, and certified without qualification. The Supervisory Board has signified its agreement with the result of the audit. It has examined the Bank's Annual Accounts and Report and has found no cause for objection.

The Supervisory Board has approved the Annual Accounts which may accordingly be regarded as adopted, and also concurs with the proposal of the Board of Managing Directors as to the profit appropriation.

It also had sight of the Consolidated Accounts and Report, and of the report of the Group's auditors with the latter's unqualified certificate.

The term of office of all members of the Supervisory Board expires with the termination of the 31st Annual General Meeting on May 10, 1983, at which the new shareholder representatives on the Supervisory Board are to be elected. The employees' representatives were already elected directly by the Bank's staff on February 22.

Of the shareholders' representatives, Mr. Hans Reintges and Mr. Hugo Rupf, Honorary Senator, have decided not to seek re-election to the Supervisory Board. Mr. Rupf has been a member since Commerzbank AG was re-merged in 1958; over this long period, Mr. Rupf has allowed the Bank to benefit greatly from his outstanding expert knowledge, relating in particular to the economy of the Land of Baden-Württemberg. Mr. Reintges, who belonged to the Bank's Supervisory Board from 1968 to 1973, rejoining it in 1976, has likewise helped to set the tone of the Board's activities. The Bank is indebted to both gentlemen for the excellent services rendered to it.

Düsseldorf, March 24, 1983

THE SUPERVISORY BOARD



Chairman

Business Progress of Parent Bank, 1952-1982

	Total assets	Total lending	Capital and reserves	Savings deposits and savings bonds	Annual dividend	Total amount of dividends paid	Allocation to reserves from profit	Taxes paid	Staff ¹⁾	Branches
	DM bn	DM bn	DM m	DM m	%	DM m	DM m	DM m		
1-1-1952	1.6	1.3	55	75	–	–	–	–	4,812	108
31-12-1952	1.9	1.6	73	115	6	3.1	17.6	12.5	5,297	109
31-12-1953	2.5	2.1	89	178	8.5	4.9	4.0	22.7	5,935	114
31-12-1954	3.2	2.5	101	324	9	5.8	6.2	20.7	6,651	139
31-12-1955	3.7	3.0	152	387	10	8.1	15.7	32.9	7,160	149
31-12-1956	4.4	3.2	179	382	12	12.6	17.0	33.7	7,401	155
31-12-1957	5.3	3.4	226	458	12	15.9	17.0	39.0	7,537	168
31-12-1958	5.6	3.5	253	587	14	21.0	17.0	35.1	7,690	185
31-12-1959	6.4	4.0	338	789	14+2	25.2	25.0	57.9	8,371	217
31-12-1960	6.9	4.5	360	930	16	28.8	22.0	62.1	9,465	266
31-12-1961	7.8	5.5	410	1,053	16	32.0	19.0	57.3	10,507	332
31-12-1962	8.7	5.6	420	1,257	16	32.0	10.0	48.1	10,657	372
31-12-1963	9.3	6.0	435	1,477	16	32.0	15.0	51.6	10,740	392
31-12-1964	9.8	6.6	500	1,720	16	36.0	20.0	54.8	11,021	402
31-12-1965	10.3	6.9	520	2,154	16	36.0	20.0	54.0	11,402	436
31-12-1966	11.0	7.4	540	2,649	16	36.0	20.0	55.2	12,076	461
31-12-1967	12.9	8.4	605	3,040	16	40.0	40.0 ²⁾	55.3	12,760	550
31-12-1968	15.4	9.7	660	3,565	17	46.8	30.0 ³⁾	59.8	13,409	636
31-12-1969	17.4	12.6	840	3,949	17+3	62.5	30.0	77.5	14,350	688
31-12-1970	19.7	13.8	850	4,182	17	59.5	10.0	47.1	15,441	719
31-12-1971	22.1	15.6	990	4,840	17	61.6	15.0	57.1	15,952	731
31-12-1972	25.6	17.4	1,115	5,444	17	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,651	17	79.6	–	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,487	17	79.6	30.0	71.9	16,585	765
31-12-1975	38.5	22.3	1,548	8,005	18	95.5	50.0	129.6	17,328	782
31-12-1976	42.1	25.6	1,781	8,964	18	109.3	50.0	95.8	17,729	790
31-12-1977	50.9	29.0	2,078	10,137	17*)	109.4	50.0	163.8	17,872	794
31-12-1978	60.6	37.5	2,129	11,097	17*)	123.4	50.0	164.0	18,404	795
31-12-1979	67.1	44.7	2,478	11,670	17*)	126.3	–	126.9	19,040	802
31-12-1980	64.7	45.5	2,478	11,793	–	–	–	38.3	19,023	805
31-12-1981	64.3	46.1	2,478	11,638	–	–	–	40.6	18,895	802
31-12-1982	66.2	47.1	2,528⁴⁾	12,400	–	–	50.0⁴⁾	109.3⁴⁾	18,988	798

*) not including 9.56% income tax credit for resident shareholders with unlimited tax liability in West Germany.

¹⁾ calculated as full-time staff (from 1981 onwards calculated on the basis of hours actually worked per week);

²⁾ including DM20.0m resulting from retransfer to assets side of furniture and equipment;

³⁾ including DM 5.0m resulting from retransfer to assets side of furniture and equipment;

⁴⁾ subject to AGM approval.

Parent Bank's Annual Accounts as at December 31, 1982

Balance Sheet pages 70 and 71

Profit and Loss Account pages 72 and 73

	DM	DM	DM	DM
2) with original periods or periods of notice of			3,744,449,246.42	2,820,526.00
ba) less than three months	1,731,144,759.75			
bb) at least three months				
but less than four years	5,295,435,915.57			
bc) four years or more	6,948,011,805.62	13,939,591,382.94		
including due-in				
less than four years	DM5,923,562,391.14			
b) customers' drawings on other banks		41,536,150.59		
Liabilities to customers (customers' deposits)				
a) payable on demand		5,202,774,344.24		
b) with original periods or periods of notice of				
ba) less than three months	15,945,039,900.70			
bb) at least three months				
but less than four years	3,290,652,205.09			
bc) four years or more	2,730,677,336.87	22,956,363,462.56		
including due-in				
less than four years	DM2,353,256,589.36			
c) savings deposits				
ca) subject to legal period of notice	6,338,113,159.70			
cb) other	3,356,048,549.02	5,704,159,706.57		
Bonds and notes with a life of				
a) up to four years		2,113,794,660.00		
b) more than four years		1,682,260,829.00		
including maturing in				
less than four years	DM1,902,854,660.93			
Acceptances and promissory notes outstanding				
Loans on a trust basis at third party risk				
Provisions				
a) for pensions		945,582,000.00		
b) other		489,436,000.00		
Other liabilities				
Deferred items				
Share capital (unround conditional capital, additionally authorized for conversion rights: DM70,000,000.00)				
Disclosed reserves				
a) legal reserve		1,025,150,000.00		
b) other reserves, voluntary		694,000,000.00		
(Allocation from net income for the year: DM25,000,000.00)				
Commerzbank Foundation				
Profit				
Total				
Shareholders' Equity				
Own drawings in circulation (of which, discounted on bank's bills: DM1,050,000.00)				
Endorsement liabilities on rediscounted bills of exchange				
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements				
Commitments under repurchase agreements, not included in deposits				
Savings premiums under the Savings Premium Act				
Total Liabilities, together with contingent liabilities and other liabilities shown below the line, include liabilities to related companies in the amount of				

Balance Sheet as at December 31, 1982

Assets	DM	DM	DM	Dec 31, 1981 DM1,000
Cash on hand			212,688,583.32	192,036
Balance with Deutsche Bundesbank			2,479,691,754.26	2,447,304
Balances on postal cheque accounts			15,612,944.93	13,496
Cheques, matured bonds, interest and dividend coupons, items received for collection			301,492,069.71	362,539
Bills of exchange			2,028,016,318.55	1,546,756
including: a) rediscountable at Deutsche Bundesbank	1,074,201,026.99			
b) own drawings	117,065,218.17			
Claims on banks				
a) payable on demand		2,160,846,747.82		1,535,863
b) with original periods or periods of notice of				
ba) less than three months		3,371,984,425.65		4,161,954
bb) at least three months, but less than four years		6,991,481,498.93		6,772,705
bc) four years or more		3,435,207,867.33		3,866,614
			15,959,520,539.73	16,337,136
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder Governments		1,098,535,000.00		466,392
b) of other issuers		91,474,000.00		63,321
			1,190,009,000.00	529,713
Bonds and notes				
a) with a life of up to four years				
aa) of the Federal and Länder Governments	261,537,882.28			
ab) of banks	255,301,091.57			
ac) of other issuers	4,895,492.59	521,734,466.44		924,161
including: eligible as collateral for Deutsche Bundesbank advances DM514,934,605.03				
b) with a life of more than four years				
ba) of the Federal and Länder Governments	530,814,148.57			
bb) of banks	2,341,384,292.73			
bc) of other issuers	596,530,739.11	3,468,729,180.41		2,467,356
including: eligible as collateral for Deutsche Bundesbank advances DM2,721,988,999.11			3,990,463,646.85	3,391,517
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		628,427,714.36		524,951
b) other		200,767,228.04		143,176
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments	709,716,631.22		829,194,942.40	668,127
Claims on customers, with original periods or periods of notice of				
a) less than four years		21,775,646,086.62		20,012,221
b) four years or more		14,736,678,609.19		15,990,392
including: ba) secured by mortgages on real estate	2,790,319,033.21		36,512,324,695.81	36,002,613
bb) communal loans	2,585,031,137.60			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			53,824,625.15	57,376
Loans on a trust basis at third party risk			36,834,235.96	36,466
Subsidiaries, associated companies, and trade investments (investments)			1,522,042,000.00	1,491,828
including: investments in banks	988,968,000.00			
Land and buildings			513,512,000.00	716,521
Office furniture and equipment			195,971,000.00	197,439
Bonds and notes issued by Commerzbank nominal amount	35,699,000.00		37,177,071.79	14,367
Other assets			187,522,734.24	152,190
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act-AktG)		88,766,190.33		124,418
b) other		28,008,241.91		16,341
			116,774,432.24	140,759
Total Assets			66,182,672,594.94	64,298,183
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include				
a) claims on related companies			3,599,238,980.94	3,773,609
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			398,855,235.75	359,787

Liabilities and Shareholders' Equity

 Dec 31, 1981
 DM1,000

	DM	DM	DM
Liabilities to banks			
a) payable on demand		3,044,449,246.42	2,899,676
b) with original periods or periods of notice of			
ba) less than three months	1,731,144,768.75		
bb) at least three months, but less than four years	5,358,435,015.57		
bc) four years or more including: due in less than four years	6,849,011,608.62	13,938,591,392.94	15,894,163
	DM5,928,552,391.14		
c) customers' drawings on other banks		41,636,150.59	33,673
			17,024,676,789.95
			18,827,512
Liabilities to customers (customers' deposits)			
a) payable on demand		8,202,774,344.24	7,542,226
b) with original periods or periods of notice of			
ba) less than three months	15,845,033,900.70		
bb) at least three months, but less than four years	3,980,652,205.09		
bc) four years or more including: due in less than four years	2,730,677,336.87	22,556,363,442.66	21,092,974
	DM2,353,256,568.36		
c) savings deposits			
ca) subject to legal period of notice	6,338,113,156.70		9,101,447
cb) other	3,366,046,549.92	9,704,159,706.62	37,736,647
			40,463,297,493.52
			37,736,647
Bonds and notes with a life of			
a) up to four years		2,113,704,680.00	1,658,958
b) more than four years		1,682,200,833.60	1,823,933
			3,795,905,513.60
including: maturing in less than four years	DM1,502,954,680.93		3,482,891
Acceptances and promissory notes outstanding			863,744,464.66
Loans on a trust basis at third party risk			36,834,235.96
Provisions			
a) for pensions		630,582,000.00	576,046
b) other		450,498,000.00	290,558
			1,081,080,000.00
Other liabilities			50,247,490.05
Deferred items			322,206,925.07
Share capital (unissued conditional capital, additionally authorized for conversion rights: DM70,600,000.00)			843,400,000.00
Disclosed reserves			
a) legal reserve		1,025,190,000.00	1,025,190
b) other reserves, voluntary (Allocation from net income for the year: DM25,000,000.00)		634,000,000.00	609,000
			1,659,190,000.00
Commerzbank Foundation			5,719,682.13
Profit			36,370,000.00
			66,182,672,594.94
			64,298,183
Own drawings in circulation (of which: discounted on borrowers' account: DM31,426,120.00)			31,426,120.00
			47,284
Endorsement liabilities on rediscounted bills of exchange			2,705,074,001.47
			2,550,706
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			8,800,328,524.16
			8,788,871
Commitments under repurchase agreements, not included in liabilities			1,500,000,000.00
			1,500,000
Savings premiums under the Savings Premium Act			102,879,761.53
			102,858
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of			1,402,163,470.82
			1,682,112

Profit and Loss Account for the Year ended December 31, 1982

Expenses	DM	DM	1981 DM1,000
Interest and similar expenses		4,977,585,099.65	5,521,572
Commissions and similar service charges paid		17,975,200.68	17,876
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		603,168,104.86	191,595
Salaries and wages		862,672,091.10	817,714
Compulsory social security contributions		121,204,704.10	112,345
Expenses for pensions and other employee benefits		122,581,733.17	114,063
Other operating expenses		347,305,677.47	320,843
Depreciation on and adjustments to land and buildings, office furniture and equipment		71,682,790.18	72,723
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		13,733,206.43	1,465
Taxes			
a) on income and assets	96,204,167.23		39,410
b) other	1,746,253.67		1,191
		97,950,420.90	40,601
Charges for losses assumed under profit and loss transfer agreements		—	9,500
Other expenses		22,434,005.63	29,066
Net income for the year		61,370,000.00	—
	Total Expenses	7,319,663,034.17	7,249,363

	DM	DM	1981 DM1,000
Net income for the year		61,370,000.00	—
Allocation to disclosed reserves from net income for the year			
a) legal reserve	—		—
b) other reserves, voluntary	25,000,000.00		—
		25,000,000.00	—
Profit		36,370,000.00	—

Profit and Loss Account		Balance Sheet	
		pages 70 and 71	
		pages 72 and 73	
Interest expense on loans			17,878
Commissions and similar service charges paid			59,186
Write-downs of and adjustments to claims and securities, less than provisions for possible loan losses			14,774
Salaries and wages			112,345
Compulsory social security contributions			28,183
Expenses for pensions and other employee benefits			116,183
Other operating expenses			100,843
Depreciation on and adjustments to land and buildings, office furniture and equipment			5,723
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)			1,405
Taxes			
a) on income and assets	28,204,187.23		28,410
b) other	1,746,253.87		1,119
			40,607
Charges for losses assumed under profit and loss transfer agreements			8,500
Other expenses			20,000
Net income for the year			249,363
		Total Expenses	
			1,021,000
Net income for the year			
Allocation to disclosed reserves from net income for the year			
a) legal reserve			
b) other reserves, voluntary	28,204,187.23		
Profit			

Consolidated Annual Report for the Year 1982

Notes on the consolidated annual accounts

During the year under review, the Commerzbank Group achieved substantial growth of its operating result. The fact that its net income for the year is nonetheless shown at no more than DM107m, after DM31m a year earlier, reflects the extent, unprecedented in the Bank's post-war history, to which possible loan losses have been provided for. In order to do so, the Bank not only used major parts of the consolidated operating result but also the book gain from the sale of its head-office premises.

At end-1982, the Group's balance sheet total stood at DM108.2bn and its business volume—which, in addition, includes the Bank's own drawings in circulation and endorsement liabilities on rediscounted bills—at DM111.1bn. This represents increases of DM6.9bn, or 6.8%, and DM7.1bn, or likewise 6.8%, respectively. Most of the rise in the Group's business volume was accounted for by subsidiaries, with the 13.4% growth at Rheinische Hypothekenbank particularly noteworthy.

Commerzbank Aktiengesellschaft has the status of a related enterprise under Section 15 of the German Stock Corporation Act (AktG) in respect of the following subsidiaries and holdings (direct or indirect interest shown below in per cent). Additionally included in the consolidation in the year under review were the newly founded Commerzbank Finance Company B.V. and Europartners Bank (Netherlands) N.V., both of Amsterdam. Since, however, this resulted in an expansion of the Group's business volume of no more than approximately DM1bn, or 1%, comparability with the figures in the 1981 consolidated account was hardly affected.

1) Companies included in the consolidation

Companies transferring their results to Commerzbank AG under profit and loss transfer agreements:

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf	Share capital DM100,000	100.00
Commercium Vermögensverwaltungs-GmbH, Hamburg	Share capital DM50,000	100.00

Commerz- und Industrie-Leasing GmbH, Frankfurt	Share capital DM2,000,000	100.00
including six holding subsidiaries, each with a capital of DM20,000		
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt	Share capital DM20,000	95.00
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg	Share capital DM20,000	100.00
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg	Share capital DM50,000	100.00
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt	Share capital DM1,000,000	100.00
including ten property holding subsidiaries, each with a capital of DM20,000		
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg	Share capital DM20,000	100.00
Companies with which no profit and loss transfer agreements existed:		
Aussenhandel-Förderungs-gesellschaft mbH, Düsseldorf	Share capital DM100,000	100.00
Berliner Commerzbank Aktiengesellschaft, Berlin	Share capital DM62,500,000	100.00
Commerzbank Finance Company B.V., Amsterdam	Share capital Dfl1,000,000	100.00
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf	Share capital DM2,000,000	100.00
Commerzbank International S.A., Luxembourg	Share capital Lfr2,500,000,000	100.00

Commerzbank (South East Asia) Ltd., Singapore Share capital S\$25,000,000	100.00	Neuma Vermögensverwaltungs- gesellschaft mbH, Frankfurt Share capital DM20,000	100.00
Commerz- und Industrie- Leasing GmbH, Berlin Share capital DM100,000	100.00	<u>3) Related companies</u> <u>not under the Group's sole managerial control</u>	
Europartners Bank (Nederland) N.V., Amsterdam Share capital Dfl40,000,000	60.00	Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken Share capital DM14,000,000	60.00
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld Liable equity DM10,000,000	100.00	Flender Werft Aktiengesellschaft, Lübeck Share capital DM25,000,000	68.90
Ilseeder Bank, Sandow & Co., Peine Liable equity DM2,000,000	100.00	<u>Re 1): Companies included in the consolidation</u>	
C. Portmann, Frankfurt Liable equity DM1,500,000	100.00	The legal and business relations with consoli- dated companies are discussed below in the order of the latter's importance to the Group:	
Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt Share capital DM85,305,000	93.92	Rheinische Hypothekenbank, Aktiengesellschaft, Frankfurt	
Westboden-Bau- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM100,000	93.92	This leading German mortgage bank, in which Commerzbank rebuilt its stake to almost 94%, is substantially involved in the provision of mort- gage loans and in lending to government au- thorities, as also in borrowing to fund these op- erations. In all of this, cooperation with Com- merzbank is close.	
<u>2) Companies not included in the consolidation</u> <u>under Section 329</u> <u>of the German Stock Corporation Act (AktG)</u>			
Foreign companies:			
Atlas Participations-France S.A.R.L. en liquidation, Paris Share capital Ffr12,200,000	100.00	During the year under review, the bank's total assets reached DM24.1bn, after DM21.3bn in the preceding year. Following a capital increase to DM85.3m by a one-for-ten share issue in the year under review, the total amount of dividend payable will, with the dividend remaining un- changed at DM9, rise to DM15.4m. Subject to the consent of the AGM, the reserves will be raised by a total allocation of DM35m, as com- pared with DM25.0m the year before.	
Cisalgest S.A.R.L., Luxembourg Share capital DM35,000,000	100.00		
Handelsgest S.A.R.L., Luxembourg Share capital DM10,000,000	100.00	The progress of business of this and the follow- ing three banks is more fully discussed on pages 86 to 93.	
Indugest S.A.R.L., Luxembourg Share capital DM25,000,000	100.00		
Companies of minor significance:			
Gallus Vermögens- verwaltungsgesellschaft mbH, Frankfurt Share capital DM20,000	100.00	Commerzbank International S.A., Luxembourg	
		Commerzbank's Luxembourg subsidiary deals mainly in the Euromarket, where it coordinates its activities closely with the Parent Bank's do- mestic and foreign branch offices.	

Expressed in D-marks, Commerzbank International S.A. maintained its balance sheet total at the preceding year's level of DM14.7bn. Its liable equity remained unchanged at Lfr6,124m. Owing, however, to the depreciation of the Belgian—and thus also the Luxembourg—financial franc in 1982, the D-mark equivalent of the latter sum was down from DM329m in 1981 to DM301m. In December, the subsidiary repaid a DM100m subordinated loan earlier extended by the Parent Bank, while at the same time issuing US\$60m of subordinated certificates of deposit.

The bank's operating result improved markedly during the course of the year. Since it was used in full to provide for future risks, the bank presented a balanced account for 1982.

Berliner Commerzbank Aktiengesellschaft,
Berlin

The Berlin subsidiary achieved a much better operating result in 1982. Very high loan loss provisions notwithstanding, the bank will pay an unchanged 12% dividend on its share capital of DM62.5m, following a DM10m increase in 1982. The total amount to be distributed will thus rise from DM6.3m to DM7.5m.

During the year under review

Commerzbank (South East Asia) Ltd.,
Singapore,

raised its total assets by the equivalent of DM0.5bn to DM1.6bn. Net income for the year went up by nearly 60% to DM6.1m, of which DM5.6m will be used for the payment of a 20% dividend on the increased capital of S\$25m.

Europartners Bank (Nederland) N.V.,
Amsterdam,

has been included in the consolidation for the first time, so that Commerzbank's consolidated accounts now reflect the operations of all majority-held companies—no matter what their site—which are engaged in some kind of lending activity and whose business policy is largely determined by the Parent Bank.

Per end-1982, the Amsterdam bank's balance sheet total stood at Dfl1,115m, as against Dfl1,080m the previous year. Profit before risk

provision and taxes was boosted from Dfl2.4m to Dfl6.3m. Of this amount, Dfl3.8m was used to provide for such possible losses as especially occur in international business. The Dfl2.0m net income for the year remaining after taxes will be allocated to reserves, which will then amount to Dfl10.6m. And while the bank's share capital has been maintained at Dfl40m, its liable equity basis has been strengthened through a Dfl20m subordinated loan.

Commerzbank Finance Company B.V.,
Amsterdam,

was founded in 1982 and endowed with a capital of Dfl1m. The company issued a US\$100m bond, the equivalent of which was deposited with Commerzbank's London branch. In its first partial operating year, it achieved a small profit that was carried forward on new account.

The operations of the two limited partnerships

von der Heydt-Kersten & Söhne,
Wuppertal-Elberfeld,

and

Ilseeder Bank, Sandow & Co., Peine,

are technically fully integrated into the Commerzbank branch network, with the managing partners of both banks retaining their decision-making powers.

The bank of

C. Portmann, Frankfurt,

confines its activities to the administration of its own assets.

The business of

Commerz- und Industrie-Leasing GmbH,
Frankfurt,

which is engaged in the leasing of movable goods, was consolidated at a high level during the year under review. The profit achieved, all of which was transferred to the Parent Bank, remained virtually unchanged. The Berlin business of this leasing company is handled by Commerz- und Industrie-Leasing Berlin GmbH, Berlin.

L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt,

has no commercial activity as such but restricts its operations to administering its property holding companies. Together with GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt, it is managed under fiduciary agreements by Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf, a company in which Commerzbank has a 50% interest.

The two leasing companies last mentioned and their property holding subsidiaries rely on Commerzbank to meet their financing requirements. Real estate leasing is, however, also funded, to the extent permitted by law, by mortgage loans by Commerzbank's mortgage bank subsidiary.

Finally, mention must also be made of

Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo), Düsseldorf.

This is an investment company which, in addition to administering "Cofonds", a publicly offered open-ended fund, acts as a management company for 57 individual special-purpose investment funds with total assets of DM2.3bn.

The other consolidated companies listed but not separately reported on here are engaged in activities indicated by their company names, such as trust business or management of less important real estate.

Re 2): Companies
not included in the consolidation

In accordance with Section 329 of the German Stock Corporation Act (AktG)

Atlas Participations-France S.A.R.L.
en liquidation, Paris,

has, as a foreign company, not been included in the consolidation. Its share capital is jointly held by Commerzbank and its subsidiary, Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf.

The company used to have a 10% holding in Crédit Chimique S.A., Paris, the winding up of which has been initiated, following its nationalization. Whilst much of the liquidation proceeds has already been transferred to Commerzbank, several matters relating to tax rules and regula-

tions have yet to be decided on before the whole operation can be completed, in order to judge whether the Bank will be able to pull out of this venture without suffering a loss.

Commerzbank continues to hold stakes in three Luxembourg-based companies, namely 75% of the share capital of both Handelsgest S.A.R.L. and Indugest S.A.R.L., and 25% of that of Cisalgest S.A.R.L., the remaining shares being held by the Bank's Luxembourg subsidiary, Commerzbank International S.A. All three companies, which used to serve as financial holdings within the Commerzbank Group, are now restricting their activity to administering the capital they have been endowed with.

Re 3): Related companies
not under the Group's sole managerial control

Commerz-Credit-Bank
Aktiengesellschaft Europartner, Saarbrücken

The bank, which operates mainly in the Saarland, continued its fine performance in 1982 as well. Its total assets reached DM1.123bn at end-1982, compared with DM1.036bn at end-1981.

The earnings position was satisfactory in the year under review. After sufficient risk provision, the result achieved once again permits payment of a 10% dividend, on the increased share capital of DM14m.

Loans to customers were up from DM548m to DM691m, or by 26%. Even in lending to private clients, notable growth rates were achieved, in spite of the fact that consumers tend to be rather reluctant borrowers in times of economic uncertainty.

Although the bank in its loan loss provisions has taken into account the problems of the region's steel industry, it did not decline to be involved in the continued efforts to restructure that sector and hence participated in the government-backed, long-term loans that had to be extended to this end.

Without reference to the size of interest held by each of the bank's four shareholders, the principles of its business policy are jointly determined by them, i.e. by Crédit Lyonnais and Commerzbank upon agreement with the two other Europartner banks in Madrid and Rome. It is Commerzbank's aim to have its majority holding in the bank reflected by its inclusion in the number of companies that it consolidates.

At the closing date, DM1.5m nominal of the bank's share capital was held by Commerzbank in addition to its own 60% stake since, upon request of the Paris and Rome partner banks, it had provisionally subscribed to their quotas in the Saarbrücken bank's 1982 capital increase. In early 1983, Crédit Lyonnais took over its share of DM1.4m nominal, while the final placement of the part to which Banco di Roma is entitled is still being negotiated.

Flender Werft Aktiengesellschaft, Lübeck

The crisis of the shipbuilding industry notwithstanding, the company, thanks to both the construction of sophisticated new vessels equipped with the most up-to-date technology and to the building of floating docks, still managed to keep its shipyards well employed for the most part in 1982 as well. It can therefore anticipate a break-even result for the year.

Although by obtaining follow-up orders the company has succeeded in largely securing work for its labour force for the current year, too, future developments must as in the past be viewed with considerable scepticism. The worldwide imbalance between demand for vessels and available production capacity continues unabated, and the pressure on German shipbuilders from both their competitors in the Far East and in other countries rivalling each other in terms of subsidies is as strong as before. In the short run, therefore, the market situation can hardly be expected to become relaxed to any noticeable degree.

The company anticipates that its measures to step up productivity and cut overheads will substantially reduce costs in the financial year 1983.

Normal banking relations are maintained with Flender Werft. Those of the Bank's managing directors who serve on the company's supervisory board confine their activities to watching over Commerzbank's financial interests without seeking to influence the conduct of business.

Principles of consolidation

Commerzbank's consolidated annual accounts as at December 31, 1982, were drawn up in accordance with the format for the presentation of annual accounts of German banks as laid down by a regulation of December 20, 1967. The inclusion of a mortgage bank in the consolidation

made it necessary to adjust the standard format for the balance sheet so as to allow for the special nature of its business.

The financial years of the companies included in the consolidation coincide with the calendar year. The accounts of the foreign members of the Group in Amsterdam, Luxembourg, and Singapore, which are drawn up in local currency, have been converted at the official Frankfurt middle rates at the balance sheet date, their classification being in line with that required by German bank accounting regulations. Assets and liabilities throughout the Group have been valued on a uniform basis in accordance with the principles of the German Stock Corporation Act (AktG).

For the consolidation of the capital accounts, the book values of investments as shown in the balance sheet have been offset against the values of the related equity as shown in the books of the subsidiaries and affiliated companies concerned. Hence investments as shown in the consolidated balance sheet represent only the book values of holdings in non-consolidated companies.

Inter-company balances included in any of the asset and liability items have been eliminated in the consolidated balance sheet, as have similar income and expenses in the Group's profit and loss account. There were no inter-company book gains during the year under review.

Investment income from consolidated companies received in 1982 in respect of 1981, as well as profits carried forward by Group members, have been included in the profit brought forward, while tax credits received have been deducted from investment income and from the Group's tax liability. The profit brought forward was reduced due to the elimination of inter-company profits from the consolidation in previous years.

Consolidated balance sheet total

At DM108.234bn, the consolidated balance sheet total was DM6.898bn up on the preceding year's figure, exceeding the total assets of the Parent Bank, Commerzbank AG, by DM42.052bn (1981: DM37.038bn). The following changes occurred in individual balance sheet items during the year under review (see next page):

Assets		Liabilities	
in DM m		in DM m	
Cash reserves, cheques, and collection items	+ 17	Liabilities to banks	+ 519
Bills of exchange	+ 472	a) demand	(+ 589)
Claims on banks	- 420	b) time	(- 70)
Treasury bills	+ 726	Customers' deposits	+ 3,016
Bonds, notes, other securities	+ 687	a) demand	(+ 801)
Loans and advances to customers	+ 5,361	b) time	(+ 1,577)
Investments	- 13	c) savings deposits	(+ 638)
Land and buildings, office furniture and equipment, including leasing equipment	- 189	Bonds outstanding	+ 2,791
Bonds and notes issued by consolidated companies	+ 298	Acceptances outstanding	+ 354
Sundries (including loans on a trust basis)	- 41	Provisions	+ 142
		Special item with partial reserve character	+ 4
		Capital and reserves	+ 25
		Reserve arising from consolidation, in accordance with Section 331 (1) 3 of the German Stock Corporation Act-AktG	- 52
		Minority interests	+ 2
		Consolidated profit	+ 49
		Sundries (including loans on a trust basis)	+ 48
	+ 6,898		+ 6,898

Commerzbank Aktiengesellschaft accounts for 58.8% of the assets entering into the Group's balance sheet total before elimination of inter-company balances, as compared with 60.8% in the previous year. A further 40.4% relates to consolidated banks and 0.8% to other firms.

Assets

Liquidity

At the end of 1982, the Group's cash reserves—consisting of cash on hand and balances with the Deutsche Bundesbank and on postal cheque accounts—stood at DM2,926m, representing 4.0% of the consolidated sum total of liabilities to banks and other creditors at periods of less than four years, including all forms of savings deposits, and indebtedness from bonds and acceptances outstanding at similar maturities of an aggregate amount of DM73,592m. The Group's liquid funds—cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims

on banks with periods of less than three months, Treasury bills, discountable Treasury notes, and fixed-interest securities issued by Group members and others eligible as collateral for Deutsche Bundesbank advances—totalled DM15,736m, or 21.4% of the above-mentioned funds with a life of up to four years.

Treasury notes, other securities

Security holdings within the Group were raised by DM985m to DM5,843m. Anticipating a fall in interest rates, the overall volume of Treasury bills and discountable Treasury notes was expanded by DM726m to DM1,289m.

A DM848m net increase is shown for bonds and notes held by the Group, including those issued by consolidated companies, after accounting for a DM401m reduction in bonds with an original life of up to four years.

Holdings of other securities rose by DM137m to DM797m, following the retransfer to consolidated companies of such paper as had been placed with non-consolidated Group members in previous years.

Lending

The Group expanded its lending to other banks and to customers (excluding both loans on a trust basis and guarantees) by DM6,256m to DM81,694m in 1982. This represents a rise of 8.3%, as against a mere 3.2% in 1981. Growth was particularly pronounced at both the domestic mortgage bank subsidiary and the com-

mercial bank Group members based abroad and active in international business. The opposite was true for short-term credits to other banks, the total amount of which was reduced from DM16.9bn to DM16.2bn; such interbank transactions are not considered to be part of the Bank's lending operations.

The structure of our loan portfolio is illustrated in the table below:

Lending	Year-end, 1982		Year-end, 1981		change	
	DMm	%	DMm	%	DMm	%
Loans and advances to customers						
short and medium-term	26,449	32.4	22,871	30.3	+3,578	+15.6
long-term (four years or more)	19,544	23.9	20,170	26.7	- 626	- 3.1
Sub-total	45,993	56.3	43,041	57.0	+2,952	+ 6.9
Long-term mortgage and communal loans	22,146	27.1	19,666	26.1	+2,480	+12.6
Bills discounted	5,030	6.2	4,388	5.8	+ 642	+14.6
Claims on banks						
short and medium-term	5,140	6.3	4,425	5.9	+ 715	+16.2
long-term (four years or more)	3,385	4.1	3,918	5.2	- 533	-13.6
Sub-total	8,525	10.4	8,343	11.1	+ 182	+ 2.2
Total lending	81,694	100.0	75,438	100.0	+6,256	+ 8.3

For the Group as a whole, credits to customers rose 6.9% to DM46.0bn, with long-term ones down DM0.6bn, but advances at short and medium term up DM3.6bn, or 15.6%, demonstrating the determination of Commerzbank further to improve the structure of its loan portfolio. This strategy was also reflected in the expansion of DM0.6bn, or 14.6%, in the volume of bills discounted.

The only case of long-term lending being stepped up was at the mortgage bank subsidiary with its possibilities of raising matching funds at more favourable terms than the commercial banks within the Group.

The total amount of loans to other banks remained more or less unchanged, although here again Commerzbank set great store by a shift from long to short and medium-term advances.

Overall, the share of longer-term credits by the commercial banks within the Group in the latter's total lending came down from 31.9% at end-1981 to 28.0% at the balance sheet date. At the same time, the proportion of short and medium-term loans went up from 42.0% to 44.9%.

Fixed assets

After elimination of holdings in consolidated companies, the Group's fixed assets stand at DM2,187m (DM2,390m in 1981). These comprise: holdings in unconsolidated companies of DM790m (investments), land and buildings at DM614m, office furniture and equipment at DM211m, and leasing equipment at DM572m. Changes on the previous year's figures are minor, except for land and buildings which are shown DM201m lower, mainly because of the sale of the Parent Bank's head-office premises to an unrelated holding company engaged in the leasing business.

Liabilities and shareholders' equityTotal deposits and borrowed funds

In 1982, the Group's total deposits and borrowed funds increased by DM6,680m to DM103,603m. At year-end, they were made up as follows:

	Year-end, 1982		Year-end, 1981		change	
	DM m	%	DM m	%	DM m	%
Borrowed funds						
Liabilities to banks						
demand deposits	3,981	3.9	3,391	3.5	+ 590	+17.4
time deposits	28,305	27.3	28,383	29.3	- 78	- 0.3
liabilities for customers' drawings on other banks	12	-	5	-	+ 7	-
Sub-total	32,298	31.2	31,779	32.8	+ 519	+ 1.6
Customers' deposits						
demand deposits	8,805	8.5	8,004	8.3	+ 801	+10.0
time deposits	24,816	23.9	23,239	24.0	+1,577	+ 6.8
savings deposits	10,537	10.2	9,899	10.2	+ 638	+ 6.4
Sub-total	44,158	42.6	41,142	42.5	+3,016	+ 7.3
Acceptances outstanding	893	0.9	539	0.5	+ 354	+65.7
Bonds issued						
by commercial banks within Group	4,676	4.5	4,044	4.2	+ 632	+15.6
Bonds issued by mortgage bank subsidiary						
	21,578	20.8	19,419	20.0	+2,159	+11.1
Sub-total	26,254	25.3	23,463	24.2	+2,791	+11.9
Total deposits and borrowed funds	103,603	100.0	96,923	100.0	+6,680	+ 6.9

Borrowing from other banks could thus be reduced from 32.8% to 31.2% of the above total. Whilst the share of customer deposits remained almost unchanged, that of own bonds outstanding rose from 24.2% to 25.3%. Savings deposits, after stagnating in 1981, recorded a DM638m, or 6.4%, gain worthy of special mention. Total funds borrowed from customers were up by DM3.0bn, or 7.3%, to DM44.2bn.

The volume of bonds outstanding issued by members of the Group could be expanded by DM2.8bn to DM26.3bn, with DM21.6bn of this amount being accounted for by paper of the mortgage bank subsidiary, namely DM7.5bn of mortgage bonds and DM12.6bn of communal loans.

Other liabilities

After additions of DM142m, provisions were up at DM1,148m. Provisions for pensions amounted to DM707m, with the discounted book value of Group members' future pension fund obligations recalculated at the 6% interest rate applicable since January 1, 1982, according to Section 6a of the German Income Tax Act (EStG). Just as at the Parent Bank, the resultant excess provisions were used for covering such parts of Group members' pension fund commitments as had not yet fully been provided for. To the extent that following this there were still excess provisions requiring write-backs, these were, pursuant to Section 52 (5) of the German Income Tax Act (EStG), allocated to a special item with partial reserve character subject to future taxation, to be written back in eleven equal amounts over the next eleven years.

Provisions for other expenses, which are shown at DM440m, relate in the main to taxes, year-end bonuses, anticipated losses under executory contracts, other liabilities, and to those portions of the global allowances for recourse claims which are to cover risks attaching to guarantees not given accounting recognition, so that these allowances could not be set off against any of the asset items.

Share capital and reserves

Following a DM25m allocation to its reserves, the Parent Bank's total equity capital increased to DM2,503m.

The consolidation difference as defined in Section 331 (1)3 of the German Stock Corporation Act (AktG)—i.e. the excess of the book value of the consolidated subsidiaries' equity over the book value of the Parent Bank's investments therein—which is regarded as quasi-equity—declined by DM52m to DM186m in the year under review. About half of the decrease stems from a decline in the D-mark equivalent of the share capital of the Luxembourg subsidiary, caused by the sustained weakness of the Luxembourg franc, while the remaining part was accounted for by a reassessment which had to be effected in the consolidated balance sheet and which related to securities holdings retransferred to the Parent Bank in 1982 after having been sold to a foreign Group member in earlier years, producing book gains at the time. On the other hand, the DM31m aggregate allocation to the mortgage bank subsidiary's other reserves from its net income for 1981 and 1982, effected between both years' closing dates, resulted only in a minor change in the item, since the addition to reserves was made up for by an increase in Commerzbank's stake in this subsidiary.

Including a total of DM35m of further allocations to the Group's reserves—which are subject to approval by the AGMs of the Parent Bank and Rheinische Hypothekenbank—and also including minority shareholders' interests (the latter without the attributable share of profits), the Group's equity capital at year-end stood at DM2,770m, as against DM2,766m in 1981.

Contingent liabilities and commitments

Commitments for uncalled payments on shares in stock corporations (AG) and private limited liability companies (GmbH), issued but not fully

paid, amounted to DM16m at the balance sheet date, while similar liabilities for shares in cooperatives were DM1m. Group members may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), also be held responsible for possible defaults on such calls by other shareholders. The investment in Liquiditäts-Konsortialbank GmbH may attract a liability for the payment of assessments up to an amount of DM29m, the calling of which is, however, conditional on the passing of an appropriate resolution by the institution's shareholders. Moreover, some Group members are jointly and severally liable for the assessments payable by other members of their banking associations up to an amount of DM196m. In addition, pursuant to Section 5(10) of the statutes of the German banks' Deposit Insurance Fund, Commerzbank undertook to relieve the Federation of German Banks of any losses it might incur in respect of actions taken for the benefit of unconsolidated domestic banks in which Commerzbank holds a majority interest.

Consolidated profit and loss account

Net income

Interest and similar income from lending and from money market transactions and current income from securities, Government-inscribed debt, and investments as shown in the consolidated balance sheet decreased by DM187m to DM9,930m. Allowing for a markedly more pronounced decline in interest expenditure by DM654m to DM8,234m, the Group's net interest and dividend earnings amounted to DM1,696m. This was DM468m, or 38.1%, up on the previous year, thus DM89m, or 5.5%, higher than current personnel and other operating expenses. In 1981, only 82.9% of these costs had been covered by net interest and dividend income.

The excess of commissions earned over commissions paid in respect of services went up by DM55m, or 12.2%, to DM506m.

After balancing other income, the income from the writing back of provisions and of the special item with partial reserve character, as also write-downs of and adjustments to claims and securities (including those on investments as shown in the Group's balance sheet), there was a net shortfall of DM68m, compared with a net

gain of DM171m the year before. The 1982 figure includes DM190m (1981: DM164m) earnings of consolidated leasing companies.

Expenditure

The Group's overall personnel expenses were DM1,210m, while other operating expenses totalled DM397m. The increase in these costs thus amounted to DM125m, or 8.4%, as against DM58m, or 4.1%, in 1981.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM80m (1981: DM81m).

Group taxation totalled DM170m, as against DM103m in the preceding year. This amount includes DM167m for taxes on income and assets, compared with DM101m in 1981.

Consolidated net income for the year and consolidated profit

The Group's net income for the year rose from DM31m to DM107m, and the profit brought for-

ward from the previous year was DM12m. The former will be used to allocate DM25m to the reserves of the Parent Bank and DM26m to those of consolidated companies. The amount of the profit accruing to minority shareholders is DM2m. The remaining consolidated profit thus amounts to DM66m. Subject to approval by the AGMs of both the Parent Bank and Rheinische Hypothekbank, it is proposed that a further amount of altogether DM35m will be allocated to these companies' reserves from undistributed profits.

Commerzbank expects its own earnings position and that of the Group to keep improving during the current business year. Above all, this favourable assessment is based on the assumption of a continued high interest margin thanks to lower interest rate levels, and also on the earnings forecasts, made according to the latest data available, for the consolidated companies. On the other hand, given the widespread recession both in West Germany and in many parts of the world, the possibility of further growing risks in the Bank's domestic and international business cannot be excluded.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 1, 1983

The image shows a grid of handwritten signatures in cursive script. There are four rows and three columns of signatures. The signatures are:

Row 1: [Signature 1], [Signature 2], [Signature 3]

Row 2: [Signature 4], [Signature 5], [Signature 6]

Row 3: [Signature 7], [Signature 8], [Signature 9]

Row 4: [Signature 10], [Signature 11], [Signature 12]

Berliner Commerzbank AG, Berlin

General performance

The year under review saw the Berlin subsidiary regain a satisfying earning power while only moderately expanding its business.

The rise in total assets from the previous year's level to well over DM4bn was achieved through further growth in both its retail and wholesale activities. At the same time, the bank raised its holdings of fixed-interest securities, especially in the first year-half. The less profitable inter-bank business, however, was cut back, as were holdings of public-sector borrowers' notes.

The interest margin returned to a more normal level, and net interest and dividend income went up 45%, while net commission earnings showed an 11% advance. The operating result for the year was three times that of 1981.

In view of the enhanced risks attaching to lending, the dividend is to be left unchanged at 12%, although the increase in the bank's share capital to DM62.5m means that the amount actually to be distributed will be DM1.2m higher.

Serving the business customer

Berliner Commerzbank managed to forge important new business connections in 1982, thus recording an average corporate lending figure that was 17% higher than in the preceding year. With the economy flat and future prospects unexciting, though also in the expectation of a further fall in interest rates, companies tended to prefer borrowing at short or medium rather than at longer term. In all, corporate lending at year-end accounted for just under one-quarter of all credits extended by the bank.

Serving the private customer

Clearly, most of the bank's success in the year under review is attributable to stepping up its retail business.

The volume of savings deposits began to grow in the early summer and by year-end reached DM750m, a gain of 4.3%. Savings certificates met with considerable interest, particularly those with a life of six months which were issued for the first time. Bearer bonds were also in brisk demand. Private customer funds now account for 73% of overall non-bank borrowing used to finance lending.

Despite the cyclically determined reticence of customers, aggregate instalment credits outstanding rose 5%. Demand for home loans was substantially up on the previous year, with short and medium-term advance or bridging finance for house and apartment building or purchase, as also for tax-saving multi-owner building schemes, initially well to the fore. As interest rates fell, however, longer-term credits became increasingly sought after. Total home loans outstanding at year-end were 40% up on 1981.

Service business

The decline in interest levels made fixed-rate securities more attractive for investors trying to secure high returns, with dollar-denominated bonds playing a prominent part in this. On the share market, much of the pick-up related to foreign equities. The total volume of bonds and shares handled by the bank widened by 20%. Trust business also developed favourably and both the number of custody accounts and the overall amount involved doubled.

Operations with abroad were once again successful. Notable growth was achieved in spot and forward foreign exchange dealings, with hedging by customers who had invested in foreign paper a prime reason for this. The volume of both letters of credit handled and payments collected for exporters likewise registered above-average increases.

Staff and organization

The marked expansion in some fields of activity made it necessary to raise the staff total slightly to 1,075. The bank saw its way to hiring 129 new apprentices.

Good use was made by employees of the numerous opportunities for further training once again offered for all spheres of banking.

On the administrative side, special attention was again given to the modernization of older branch offices. The bank maintains three of the 18 eurocheque card-operated cash dispensers installed to date by Berlin banks and run as a joint venture. The management of the latter has been entrusted to Berliner Commerzbank for a further two years.

Annual Accounts 1982

Assets	DM1,000
Cash reserves	202,036
Cheques and collection items	52,357
Bills of exchange	57,448
Claims on banks	1,033,425
Discountable Treasury notes	98,758
Bonds and notes	356,834
Other securities	7,781
Loans and advances to customers at agreed periods of	2,176,082
a) less than four years	(1,221,647)
b) four years or more	(954,435)
Recovery claims on Federal and Länder authorities under post-war currency reform acts	11,129
Loans on a trust basis at third party risk	8,167
Investments (associated companies and trade investments)	1,097
Land and buildings	22,523
Office furniture and equipment	7,708
Own bonds	506
Other assets	2,801
Deferred items	12,329
Total Assets	4,050,981

Expenses	DM1,000
Interest and similar expenses	236,396
Commissions paid	541
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses	36,106
Personnel expenditure	59,983
Other operating expenses	20,669
Depreciation on fixed assets	3,979
Taxes	9,255
Allocation to special item with partial reserve character	2,557
Other expenses	874
Net income for the year	7,500
Total Expenses	377,860

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks	1,007,935
a) demand	(238,214)
b) time	(769,721)
Liabilities to customers (customers' deposits)	2,327,272
a) demand	(482,200)
b) time	(1,093,689)
c) savings deposits	(751,383)
Bonds outstanding	434,860
Acceptances outstanding	24,250
Loans on a trust basis at third party risk	8,167
Provisions	63,689
Other liabilities	962
Deferred items	18,789
Special item with partial reserve character	2,557
Share capital	62,500
Disclosed reserves	92,500
Distributable profit	7,500

Total Liabilities and Shareholders' Equity	4,050,981
Endorsement liabilities	138,023
Guarantees	280,095

Income	DM1,000
Interest and similar income	324,876
Current income from	
a) fixed-interest securities and Government-inscribed debt	27,651
b) other securities	116
c) investments	283
Commissions and other service charges received	23,049
Other income, including income from the writing back of provisions for possible loan losses	1,723
Income from profit-transfer agreements	23
Income from the writing back of provisions, unless it has to be shown under other income	139
Total Income	377,860

Commerzbank International S.A., Luxembourg

Business objectives

As a typical Euromarket institution, Commerzbank International S.A., Luxembourg, is chiefly engaged in worldwide short and medium-term money and credit transactions. It also deals in the international securities and precious metal markets on its own and on customers' behalf.

Vital to the smooth functioning of the Euromarkets is the freedom of movement for both long and short-term funds, which the Luxembourg authorities again strove persistently to maintain in 1982.

General performance

Whereas in 1981, it was the balance of payments problems of a number of East European countries which had unsettled the international financial markets, last year the increasingly critical debt problems of several less developed countries impaired Euro-lending.

In view of the markedly higher risks, the bank in 1982 as well decided against expanding its business volume. The rise in total assets of Lfr26.3bn is almost entirely due to the weakness of the Luxembourg franc which boosted the book value of the mainly D-mark and US dollar-denominated items on the bank's balance sheet. This explains why total assets, when expressed in D-marks, remained almost unchanged.

Lending

The bank, while continuing to cut back on its money market operations, stepped up its lending activity, applying rigorous standards of creditworthiness. The overall credit volume as expressed in Luxembourg francs was up by 30.7% to Lfr170.4bn (DM8.4bn); about 73% of all loans outstanding were to borrowers in the industrialized countries of Western Europe.

The persistent narrowing of spreads that had been a feature of the Eurocredit market for years came to a halt and, hand in hand with the general revision of credit risks, there has even been a tendency for them to widen again and to become more differentiated. This trend is likely to gain further momentum with the granting of new loans.

Serving the private sector

Once again, retail business developed well. Falling interest rates led to a marked shift away from time deposits and into securities. In the fourth quarter, investment in precious metals proved still more attractive than before, one reason for this probably being the weakening of the dollar.

Capital and reserves

At the end of 1982, the bank's capital and reserves, which include a profit of Lfr129m (DM6.3m) brought forward from 1981, stood at Lfr6.253m (DM307.4m). In December, the bank repaid the subordinated loan of Lfr2,034m (DM100m) extended by the Parent Bank in 1979 and at the same time issued US\$60m negotiable subordinated floating rate certificates of deposit. If these funds, which rank after all other liabilities, are taken into account, the ratio of equity to borrowed funds is well in excess of the 3% minimum required by Luxembourg banking regulations.

Earnings

Earnings showed a marked improvement in the course of 1982, the chief reason for the higher operating result being the sharp rise in net interest and dividend income. This in turn derived from both the earnings-oriented restructuring of the assets side of the bank's balance sheet and the fact that the gradual decline in interest rates—especially for those currencies its activities are concentrated in, namely the D-mark and the US dollar—considerably reduced fund raising costs.

In drawing up its 1982 accounts, increased international lending risks led the bank to give clear priority to providing for possible loan losses. Thus, after making full use of the possibilities allowed by law for general provisions, income achieved was entirely employed to effect individual credit adjustments on extraordinary account. The bank's 1982 profit and loss statement therefore shows a balanced result.

To eliminate in future distortions of its balance sheet stemming solely from exchange rate fluctuations of the Luxembourg franc, Commerzbank International has replaced the latter by the D-mark in drawing up its accounts since January 1, 1983.

Annual Accounts 1982

Assets	Lfr1,000
Claims on banks with agreed periods of	167,464,193
a) up to 30 days	(66,892,513)
b) more than 30 days	(100,571,680)
Bills of exchange	680,534
Loans and advances to customers	120,738,372
Securities	2,950,282
Fiduciary accounts	243,710
Investments (associated companies and trade investments)	719,691
Land and buildings	408,086
Office furniture and equipment	21,859
Deferred items	5,775,733
Other assets	452,389

Total Assets 299,454,849
= DM14,720m

Expenses	Lfr1,000
Interest and commissions paid	28,804,765
Personnel and other operating expenses	333,190
Taxes	107,790
Write-downs and adjustments	1,299,434
Depreciation	12,286
Other expenses	33,609
Net income for the year	—
Total Expenses	30,591,074

Liabilities and Shareholders' Equity	Lfr1,000
Liabilities to banks with agreed periods of	265,197,276
a) up to 30 days	(133,006,114)
b) more than 30 days	(132,191,162)
Liabilities to customers (customers' deposits) with agreed periods of	12,446,878
a) up to 30 days	(5,902,238)
b) more than 30 days	(6,544,640)
Bonds outstanding	4,068,620
Fiduciary accounts	243,710
Subordinated loan	2,900,723
Share capital	2,500,000
Reserves	3,624,000
a) legal reserve	(250,000)
b) free reserves	(1,506,500)
c) premia from capital increases	(1,867,500)
Provisions, write-downs and adjustments	2,390,605
Deferred items	5,916,824
Other liabilities	37,640
Distributable profit/profit brought forward	128,573
Total Liabilities and Shareholders' Equity	299,454,849

Income	Lfr1,000
Interest and commissions received	29,829,855
Other income	761,219
Total Income	30,591,074

The bank's 1982 annual accounts will be officially published in Mémorial, Journal officiel du Grand-Duché de Luxembourg, Recueil spécial des sociétés et associations.

**Commerzbank (South East Asia) Ltd.,
Singapore**

Business Objectives

Commerzbank (South East Asia) Ltd. is a wholly-owned merchant bank subsidiary of Commerzbank AG set up with registered offices in Singapore in 1978 in order to take advantage of the manifold opportunities of the Asian money and capital markets on behalf of both German and foreign companies and public authorities.

The prime purpose of the bank is to help Commerzbank customers in South-East Asia and the neighbouring regions—including Australia and New Zealand—cover their financing requirements. While this involves especially short, medium and long-term loan syndications, including project financing, it extends to actively participating in new issues as well. In accordance with its business objectives, the Singapore subsidiary also handles money market and foreign exchange dealings.

General performance

The whole area, not least thanks to unabated, vigorous growth in some of its parts, has attracted the international banking community more and more. The resulting keen competition meant that lending operations over the past twelve months were once again marked by very narrow margins, and only recently have there been signs of widening spreads and shortening maturities.

Balance sheet structure and earnings

During the year under review, total assets went up from S\$1,053m to S\$1,397m (DM1.6bn). With the continued expansion of its customer business, the bank's overall loan volume rose from S\$411m to S\$583m, most of the gain having been funded in the interbank market. The subsidiary's after-tax distributable profit for 1982 amounted to S\$5.4m, compared with S\$3.4m the previous year, permitting a 20% dividend to be paid.

Including reserves, the bank's liable equity now stands at S\$30.6m, following an increase in its paid-up capital by S\$5m to S\$30m as of March 1, 1983.

Outlook

We assess the business potential of our Singapore subsidiary as favourable both now and in future and we intend, by carefully deepening and further developing its business links, to keep strengthening our market position.

Annual Accounts 1982

<u>Assets</u>	<u>S\$1,000</u>	<u>Liabilities and Shareholders' Equity</u>	<u>S\$1,000</u>
Claims on banks	775,061	Liabilities to banks	1,285,699
with agreed periods of		with agreed periods of	
a) up to 30 days	(80,476)	a) up to 30 days	(346,598)
b) more than 30 days	(694,585)	b) more than 30 days	(939,101)
Loans and advances to customers	534,743	Liabilities to customers	
Securities	48,664	(customers' deposits)	50,722
Land and buildings	1,062	with agreed periods of	
Office furniture and equipment	206	a) up to 30 days	(2,034)
Deferred items	1,686	b) more than 30 days	(48,688)
Other assets	35,762	Share capital	25,000
		Reserves	595
		a) legal reserves	(175)
		b) free reserves	(420)
		Provisions,	
		write-downs and adjustments	924
		Deferred items	712
		Other liabilities	28,122
		Net income for the year	
		(distributable profit)	5,410
<u>Total Assets</u>	<u>1,397,184</u>	<u>Total Liabilities</u>	<u>1,397,184</u>
	= DM1,575m	<u>and Shareholders' Equity</u>	
<u>Expenses</u>	<u>S\$1,000</u>	<u>Income</u>	<u>S\$1,000</u>
Interest and commissions paid	150,057	Interest and commissions received	158,427
Personnel and		Other income	950
other operating expenses	2,968		
Taxes	763		
Depreciation	171		
Other expenses	8		
Net income for the year	5,410		
<u>Total Expenses</u>	<u>159,377</u>	<u>Total Income</u>	<u>159,377</u>

S\$100 = DM112.74

Rheinische Hypothekenbank AG, Frankfurt

General performance

For Rheinische Hypothekenbank, 1982 was a year of marked expansion. Total assets rose by 13.4%, from DM21.3bn to DM24.1bn, largely due to lively demand for the traditional form of mortgage bank lending, namely long-term, fixed-rate loans. With interest levels falling and many people seeking to refinance their borrowing, this type of financing once more came into its own.

Lending

Further records were achieved in the main areas of the bank's lending business. New mortgage loans at DM2,682m reached an all-time high, more than double the 1981 figure of DM1,274m. In addition, existing credit lines of DM1,320m (1981: DM400m) were renegotiated, while new advances to the public sector—chiefly to the Federal and Länder governments—were up from DM1,133m to DM1,601m.

62.6% of the increase in total lending was thus accounted for by the more profitable mortgage business and 37.4% by loans to the public sector, compared with 52.9% and 47.1%, respectively, in 1981.

The bank's mortgage commitments break down as DM744m (1981: DM475m) for new house-building and DM1,155m (DM640m) on older properties—mainly loans for modernization or purchase—as well as DM783m (DM159m) on commercial premises.

Mortgage lending to private customers became a sphere of particularly brisk activity, with the number of such loans rising from 6,300 to 12,000, not least as a result of the business generated in close cooperation with the Parent Bank. Mortgage loans to business customers benefitted from the introduction of a further credit scheme offered jointly by the Parent Bank and Rheinische Hypothekenbank.

Funds paid out in the form of mortgage financings and as loans to government authorities amounted to DM4,064m, as against DM2,636m in 1981. This brought the total of such credits outstanding up from DM20.0bn to DM22.6bn, with the share of mortgage-secured advances up from 43.2% to 46.2%.

Borrowing

To finance its new and renegotiated lending, the bank raised an overall amount of DM5.5bn (1981: DM3.0bn), most of it—DM4.8bn—through the sale of its own bonds. The share of registered securities, which in recent years had tended to decline, rose from 25.3% to 29.0%, with institutional investors especially continuing to show interest.—Redemptions, whether through the market or directly, for the purpose of providing price support to the bank's paper in circulation amounted to DM235.9m.

Total bonds outstanding, including those which do not require cover, reached DM21.4bn (1981: DM19.0bn) at year-end. Of this figure, 36.2% (33.7%) were mortgage bonds, 61.3% (63.5%) communal bonds, and 2.5% (2.8%) bonds not requiring cover.

Result and liable equity

Thanks to its encouragingly buoyant new business, the bank boosted its overall net interest and dividend income from DM117.3m in 1981 to DM151.7m. Net income for the year rose from DM39.0m to DM50.4m.

The annual general meeting on April 28, 1983 will be asked to approve a total dividend payment of DM15.4m (1981: DM14.0m) on the share capital of DM85.3m (increased in 1982 through a one-for-ten share issue), permitting an unchanged dividend of DM9 per DM50 nominal share to be distributed. It is also proposed that a total of DM35m (DM25m) be allocated to reserves, which will bring the bank's total liable equity to DM483.5m.

Annual Accounts 1982

Assets	DM1,000
Loans at agreed periods of four years or more	22,145,681
a) mortgage loans	(9,205,237)
b) communal loans	(12,903,129)
c) other	(37,315)
Recovery claims on Federal and Länder authorities under post-war currency reform acts	13,121
Bonds and notes	135,104
Other securities	12,046
Cash reserves and collection items	2,358
Claims on banks and on other debtors	1,441,996
Own bonds (nominal value DM256,458,000)	247,940
Loans on a trust basis at third party risk	67,717
Investments (associated companies and trade investments)	1,577
Land and buildings	45,162
Office furniture and equipment	3,980
Other assets	1,674
Total Assets	24,118,356

Expenses	DM1,000
Interest and similar expenses	1,602,262
Non-recurrent expenses on bonds issued and on loans granted	56,350
Personnel expenditure	26,502
Other operating expenses	11,993
Depreciation and other write-downs on fixed assets	2,260
Taxes	65,981
Allocations to special items with partial reserve character	1,054
Other expenses	1,149
Net income for the year	50,355
Total Expenses	1,817,906

Liabilities and Shareholders' Equity	DM1,000
Bonds issued	20,744,163
a) mortgage bonds	(7,464,717)
b) communal bonds	(12,592,792)
c) other bearer bonds	(450,165)
d) bonds drawn by lot and called for redemption	(236,489)
Bonds to be delivered	543,509
Loans taken up at long term	663,255
Liabilities to banks and other creditors	569,694
Accrued interest on bonds issued and on loans taken up	851,511
Loans on a trust basis at third party risk	67,717
Provisions	45,229
Foundation	1,146
Share capital	85,305
Disclosed reserves	388,215
a) legal reserve	(76,726)
b) other reserves (in accordance with Section 7 of the German Mortgage Bank Act-HBG)	(311,489)
Other liabilities	133,257
Distributable profit	25,355
Total Liabilities and Shareholders' Equity	24,118,356

Income	DM1,000
Interest and similar income	1,721,868
Non-recurrent income from bonds issued and from loans granted	88,410
Income from investments	47
Other income, including income from the writing back of provisions for possible loan losses	6,290
Income from the writing back of provisions, unless it has to be shown under other income	1,291
Total Income	1,817,906

Holdings by Commerzbank Aktiengesellschaft in Affiliated and Other Companies

Consolidated companies

Berliner Commerzbank Aktiengesellschaft, Berlin C: DM62.50m	100.0%	Commerzbank International S.A., Luxembourg C: Lfr2.50bn (100.0%*) DM125.00m since January 1, 1983.	Commerzbank (South East Asia) Ltd., Singapore C: S\$25.00m	100.0%
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo), Düsseldorf C: DM2.00m	100.0%	GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt C: DM0.02m	Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg C: DM0.02m	100.0%

Further holdings in German banks

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken C: DM14.00m	60.0%	Absatzkreditbank Aktiengesellschaft, Hamburg C: DM18.00m	40.0%	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt C: DM4.80m	27.1%
Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C: DM1.15m	25.0%	Liquidationskasse für Zeitgeschäfte AG, Munich C: DM0.75m	10.0%	Liquiditäts-Konsortialbank GmbH, Frankfurt C: DM250.00m	3.7%

Further holdings in German companies

Almüco Vermögensverwaltungsgesellschaft mbH, Munich a) C: DM39.00m	25.0%	AV America Grundbesitz-Verwaltungsgesellschaft mbH, Frankfurt C: DM0.10m	25.0%	CGT Canada Grundbesitz Treuhand GmbH, Frankfurt C: DM0.10m	20.0%
Flender Werft Aktiengesellschaft, Lübeck C: DM25.00m	68.9%	Francommerz Vermögensverwaltungsgesellschaft mbH, Frankfurt c) C: DM50.00m	40.0%	GADES Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf C: DM0.10m	49.0%
Stella Automobil-Beteiligungsgesellschaft mbH, Frankfurt h) C: DM96.43m	25.0%	Treuhand- und Holdinggesellschaft mbH, Frankfurt C: DM0.14m	50.0%	Vermietungsgesellschaft SÜD für SEL-Kommunikationsanlagen mbH, Stuttgart C: DM0.05m	50.0%

Further holdings in foreign financial institutions and in other companies abroad

EuroPartners Securities Corporation, New York C: US\$6.81m	40.0%	International Commercial Bank PLC, London C: £24.00m	12.0%	Adela Investment Company S.A., Luxembourg/New York C: US\$92.15m	1.9%
Finatourinvest S.A., Luxembourg C: Lfr130.00m	0.6%	P.T. Finconesia Financial Corporation of Indonesia, Jakarta C: IRp2.5bn	5.0%	Handelsgest S.A.R.L., Luxembourg C: DM10.00m	100.0%*)
The Pakistan Industrial Credit & Investment Corporation Ltd., Karachi C: PR109.96m	0.4%	Private Investment Company for Asia (PICA) S.A., Panama City/Singapore C: US\$49.25m	0.5%	Rifbank S.A.L., Beirut C: L£7.00m	31.8%
UBAE Arab German Bank S.A., Luxembourg/Frankfurt C: DM30.00m	25.1%	Unibanco-Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C: Cr\$7.5bn	5.0%		

*) held in part indirectly;
**) held wholly indirectly.

Besides, the Bank holds interests in regional security depository banks, credit guarantee associations, and housing companies, and in addition there are further holdings of minor importance.

Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt C: DM85.31m 93.9%	Europartners Bank (Nederland) N.V., Amsterdam C: Dfl40.00m 60.0%	Commerz- und Industrie-Leasing GmbH, Frankfurt C: DM2.00m 100.0%	Atlas-Vermögensverwaltungs- Gesellschaft m.b.H., Düsseldorf C: DM0.10m 100.0%
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld C: DM10.00m 100.0%	Ilseder Bank, Sandow & Co., Peine C: DM2.00m 100.0%	Immobilien- und Wohnungs- Gesellschaft mbH, Hamburg C: DM0.05m 100.0%	L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt C: DM1.00m 100.0%*)
AKA Ausfuhrkredit- Gesellschaft mbH, Frankfurt C: DM40.00m 12.6%	Allianz Kapitalanlagegesellschaft mbH, Stuttgart C: DM3.00m 8.0%	Deutsche Grundbesitz- Investmentgesellschaft mbH, Cologne C: DM6.00m 25.0%	Deutsche Schifffahrtsbank Aktiengesellschaft, Bremen C: DM35.00m 9.1%
Lombardkasse AG, Berlin/Frankfurt C: DM6.00m 9.4%	Lübecker Hypothekenbank Aktiengesellschaft, Lübeck C: DM22.00m 25.0%	Münchener Hypothekenbank eG, Munich C: DM9.43m 1.1%	Privatdiskont-Aktiengesellschaft, Frankfurt C: DM10.00m 9.0%
Deutsche Canada-Grundbesitz- verwaltungsgesellschaft mbH, Frankfurt C: DM0.10m 20.0%	Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung, Frankfurt b) C: DM150.00m 25.0%	Deutsche Gesellschaft für Immobilienanlagen „America“ mbH, Bad Homburg v. d. H. C: DM0.10m 25.0%	Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf C: DM45.00m 50.0%
Gesellschaft für Kreditsicherung mbH, Cologne C: DM0.30m 26.7%	Gesellschaft für Zahlungssysteme mbH, Frankfurt C: DM50.00m 6.1%	Hostra Beteiligungsgesellschaft mbH, Düsseldorf d) C: DM51.16m 33.3%	Kistra Beteiligungsgesellschaft mbH, Frankfurt e) C: DM24.20m 25.0%
Banco Urquijo S.A., Madrid C: Ptas9,741.73m 0.9%	Banque Marocaine du Commerce Extérieur, Casablanca C: dirham110.00m 2.2%	Banque Nationale pour le Développement Economique, Rabat C: dirham140.00m 0.4%	Cisalgest S.A.R.L., Luxembourg C: DM35.00m 100.0%*)
Indugest S.A.R.L., Luxembourg C: DM25.00m 100.0%*)	The Industrial Finance Corporation of Thailand (IFCT), Bangkok C: baht700.00m 1.1%	The International Investment Corporation for Yugoslavia S.A., Luxembourg C: US\$13.50m 1.2%	Korea International Merchant Bank, Seoul C: won10.00bn 20.0%
The Saudi Investment Banking Corporation, Riyadh C: SR90.00m 5.0%	SIFIDA Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg C: US\$18.05m 0.6%	Société de Gestion du Rominvest International Fund S.A., Luxembourg C: Lfr40.00m 10.0%	Société Européenne d'Édition et de Diffusion S.A., Luxembourg C: Ffr0.82m 6.1%

C = Capital

Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf C: DM0.10m 100.0%	Commercium Vermögensverwaltungs-GmbH, Hamburg C: DM0.05m 100.0%	Commerzbank Finance Company B.V., Amsterdam C: Dfl1.00m 100.0%
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Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg C: DM0.02m 100.0%**)	C. Portmann, Frankfurt C: DM1.50m 100.0%
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Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg C: DM30.00m 28.5%	Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt C: DM1.00m 12.6%	Handelsbank in Lübeck Aktiengesellschaft, Lübeck C: DM20.00m 25.3%
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Deutsche Grundbesitz-Anlagegesellschaft m.b.H., Cologne C: DM1.00m 25.0%	Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt C: DM30.00m 10.0%
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Regina Verwaltungsgesellschaft mbH, Munich C: DM37.50m 25.0%	Rossmas Beteiligungsgesellschaft mbH, Frankfurt C: DM33.00m 40.0%
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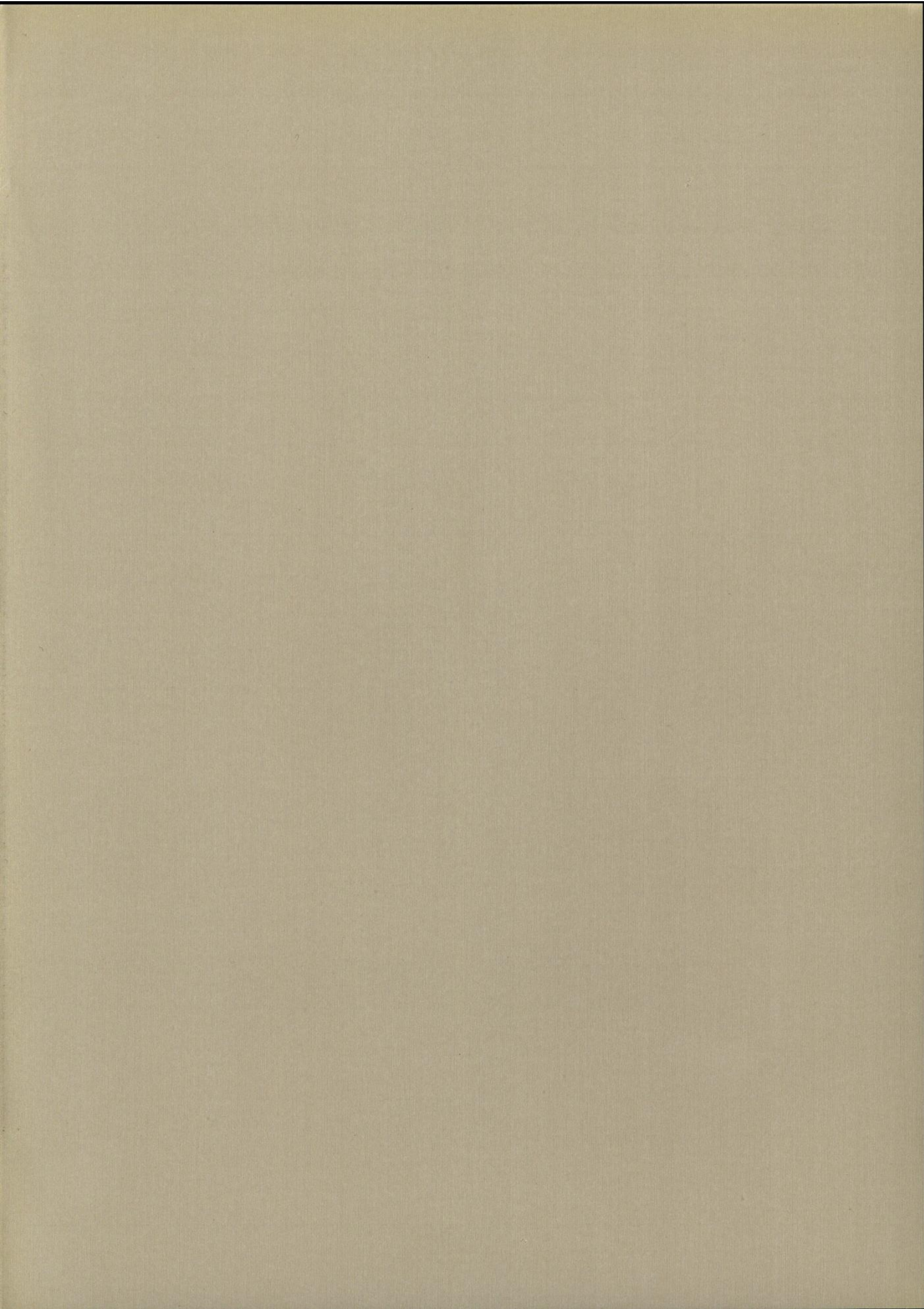
- a) has holdings^{°)} in Francommerz Vermögensverwaltungsgesellschaft mbH and Heidelberger Druckmaschinen AG;
- b) has holding^{°)} in Horten AG;
- c) has holding^{°)} in Hochtief AG vorm. Gebr. Helfmann;
- d) has holding^{°)} in Industrielreditbank AG – Deutsche Industriebank;
- e) has holding^{°)} in Hutschenreuther AG;
- f) has holding^{°)} in Gutehoffnungshütte Aktienverein AG;
- g) has holdings^{°)} in Bavaria Filmkunst GmbH and in Didier-Werke AG;
- h) has holding^{°)} in Mercedes-Automobil-Holding AG.

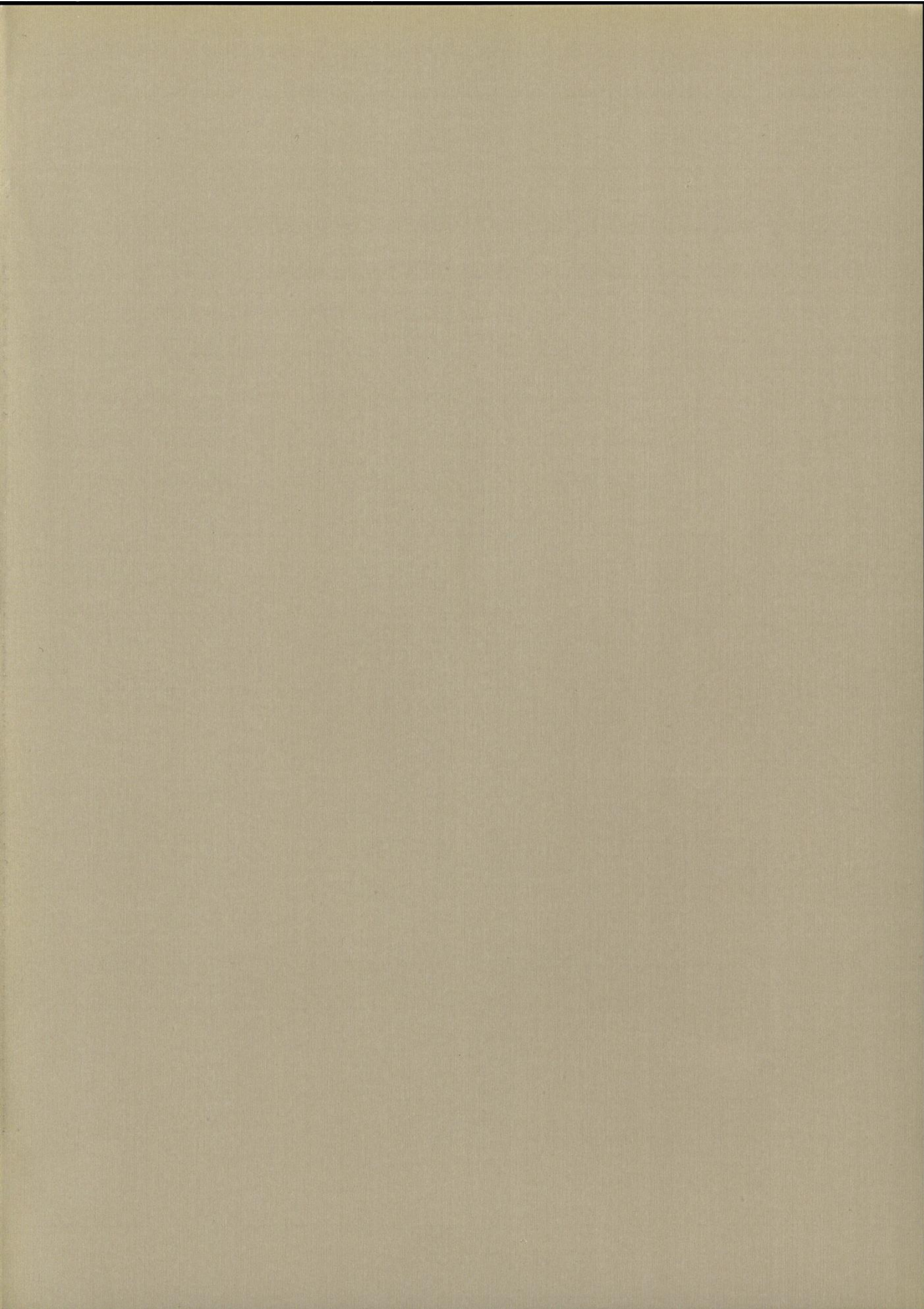
^{°)} of at least 25%, entitling to inter-company tax privileges.

The Development Bank of Singapore Ltd., Singapore C: S\$228.52m 0.5%	Europartners Holding S.A., Luxembourg C: Lfr10.00m 25.0%*)	Finance Company VIKING, Zurich C: Sfr30.00m 12.0%
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Misr International Bank S.A.E., Cairo C: US\$15.00m 2.6%**)	Mithai Europartners Finance and Securities Company Ltd., Bangkok C: baht40.00m 9.8%	Nippon European Bank S.A., Brussels C: Bfr400.00m 10.0%
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Société Financière de Développement-SOFIDE-, Kinshasa C: zaires12.00m 0.9%	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication s.c., Brussels C: Bfr125.07m 1.6%	Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki C: Fmk100.00m 0.7%
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Consolidated Annual Accounts as at December 31, 1982

Consolidated Balance Sheet pages 100 and 101

Consolidated Profit and Loss Account pages 102 and 103

Consolidated Balance Sheet as at December 31, 1982

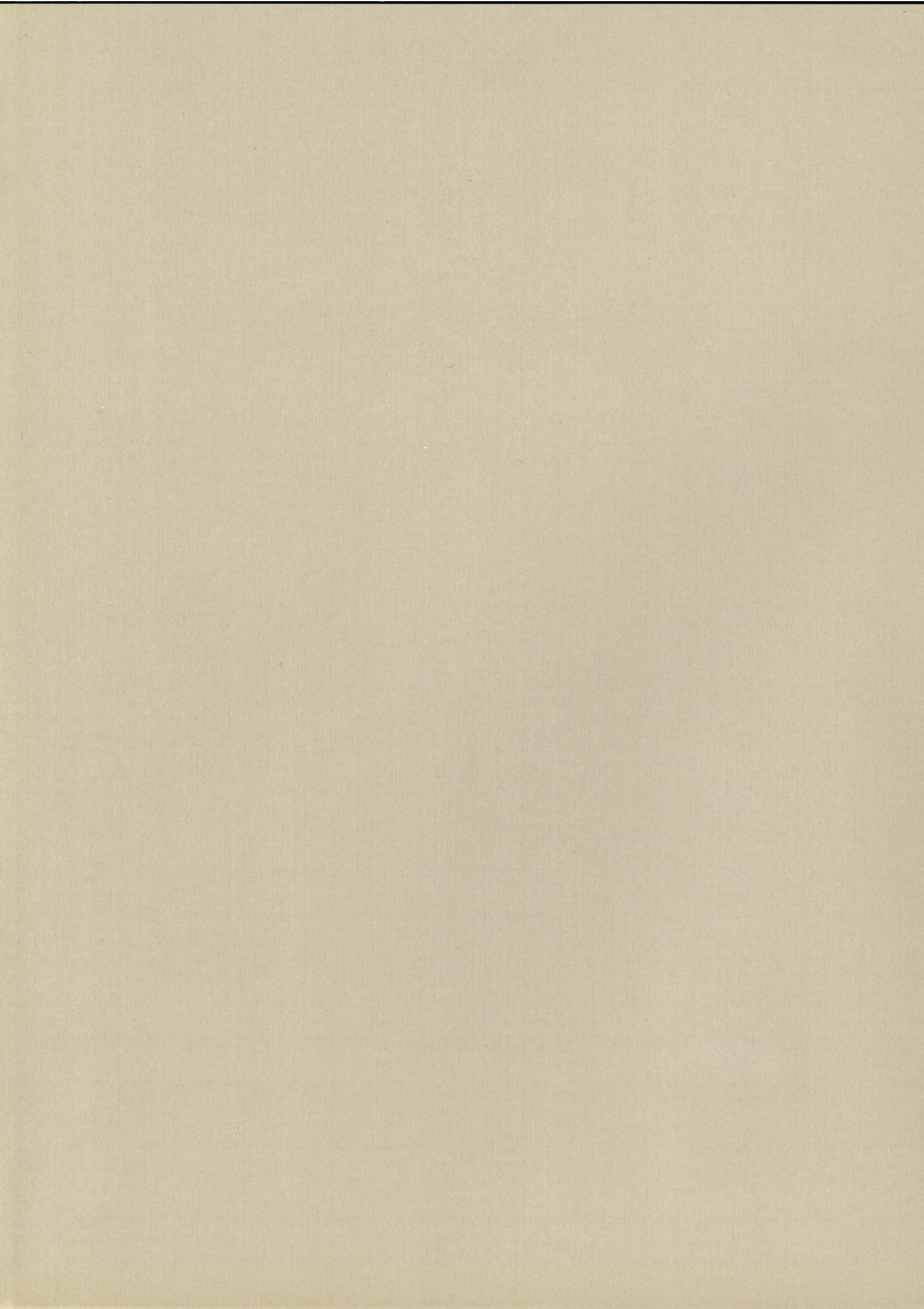
Assets	DM	DM	DM	Dec 31, 1981 DM1,000
Cash on hand			247,673,481.97	226,338
Balance with Deutsche Bundesbank			2,659,948,201.44	2,636,598
Balances on postal cheque accounts			18,049,808.10	14,408
Cheques, matured bonds, interest and dividend coupons, items received for collection			355,928,899.03	387,506
Bills of exchange			2,139,365,780.36	1,667,018
including: a) rediscountable at Deutsche Bundesbank	1,101,075,806.40			
b) own drawings	141,109,537.36			
Claims on banks				
a) payable on demand		2,196,470,727.72		1,468,986
b) with original periods or periods of notice of				
ba) less than three months		3,985,726,261.55		4,803,913
bb) at least three months, but less than four years		10,357,158,336.14		9,301,316
bc) four years or more		10,316,420,015.24		11,701,640
			26,855,775,340.65	27,275,855
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder Governments		1,197,292,819.46		499,763
b) of other issuers		91,474,000.00		63,321
			1,288,766,819.46	563,084
Bonds and notes				
a) with a life of up to four years				
aa) of the Federal and Länder Governments	341,454,036.42			
ab) of banks	273,754,328.46			
ac) of other issuers	10,013,781.48	625,222,146.36		1,025,999
including: eligible as collateral for Deutsche Bundesbank advances DM503,474,695.58				
b) with a life of more than four years				
ba) of the Federal and Länder Governments	682,130,591.54			
bb) of banks	1,388,058,982.90			
bc) of other issuers	773,150,524.96	2,843,340,099.40		1,892,115
including: eligible as collateral for Deutsche Bundesbank advances DM1,847,779,175.95			3,468,562,245.76	2,918,114
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		607,338,011.81		528,595
b) other		189,477,757.29		131,886
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments		709,716,631.22	796,815,769.10	660,481
Claims on customers, with original periods or periods of notice of				
a) less than four years		26,448,905,544.36		22,871,379
b) four years or more		39,602,752,769.80		37,818,807
including: ba) secured by mortgages on real estate	11,841,854,927.25		66,051,658,314.16	60,690,186
bb) communal loans	15,157,165,123.65			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			78,991,271.56	84,255
Loans granted and shares held on a trust basis at third party risk			128,843,592.48	131,279
Subsidiaries, associated companies, and trade investments (investments)			789,850,039.96	802,996
including: investments in banks		216,230,722.97		
Land and buildings			614,259,215.77	815,778
Office furniture and equipment			210,796,325.12	211,881
Leasing equipment			572,561,441.82	558,739
Own shares held (nominal amount: DM70,500.00)			187,486.29	—
Bonds and notes issued by consolidated companies			1,577,890,246.76	1,280,317
nominal amount	1,545,710,017.50			
including: eligible as collateral for Deutsche Bundesbank advances	1,531,482,675.69			
Other assets			225,901,390.75	249,189
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act—AktG)		100,968,241.97		131,786
b) other		51,442,984.14		30,654
			152,411,226.11	162,440
		Total Assets	108,234,236,896.65	101,336,462
Total Assets and the recourse claims from the contingent liabilities shown below the line on the liabilities side include				
a) claims on related companies			1,051,836,334.42	1,283,683
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			478,012,155.02	423,432

Liabilities and Shareholders' Equity	DM	DM	DM	Dec 31, 1981 DM1,000
Liabilities to banks				
a) payable on demand		3,980,423,823.34		3,390,708
b) with original periods or periods of notice of				
ba) less than three months	8,587,560,569.77			
bb) at least three months, but less than four years	12,175,882,469.84			
bc) four years or more	7,541,809,355.02	28,305,252,394.63		28,383,025
including: due in				
less than four years	DM6,186,052,091.65			
c) customers' drawings on other banks		12,128,374.61		4,731
			32,297,804,592.58	31,778,464
Liabilities to customers (customers' deposits)				
a) payable on demand		8,805,318,756.20		8,003,832
b) with original periods or periods of notice of				
ba) less than three months	17,234,375,367.39			
bb) at least three months, but less than four years	4,569,301,810.72			
bc) four years or more	3,011,421,539.20	24,815,098,717.31		23,238,972
including: due in				
less than four years	DM2,621,285,295.22			
c) savings deposits				
ca) subject to legal period of notice	6,948,908,946.03			
cb) other	3,588,311,615.07	10,537,220,561.10		9,899,312
			44,157,638,034.61	41,142,116
Bonds and notes with a life of				
a) up to four years		6,797,652,244.63		4,021,160
b) more than four years		19,456,893,241.50		19,442,196
			26,254,545,486.13	23,463,356
including: maturing in				
less than four years	DM9,734,175,703.43			
Registered bonds issued by mortgage bank subsidiary	DM6,757,092,744.07			
Acceptances and promissory notes outstanding			892,613,468.66	538,657
Loans granted and shares held on a trust basis at third party risk			128,843,592.48	131,279
Provisions				
a) for pensions		707,472,274.64		649,705
b) other		440,163,262.58		356,701
			1,147,635,537.22	1,006,406
Other liabilities			67,403,721.91	60,210
Deferred items				
a) in accordance with Section 25 of the Mortgage Bank Act-HBG		125,583,507.42		110,755
b) other		348,277,220.75		319,261
			473,860,728.17	430,016
Special item with partial reserve character				
subject to future taxation (in accordance with Section 52(5) of the German Income Tax Act-EStG and Section 31(3) of the Berlin Promotion Act-BerlinFG)			3,673,618.00	—
Share capital (unissued conditional capital additionally authorized for conversion rights: DM70,600,000.00)			843,400,000.00	843,400
Disclosed reserves				
a) legal reserve		1,025,190,000.00		1,025,190
b) reserve covering own shares held		187,486.29		—
c) other reserves, voluntary		634,000,000.00		609,000
			1,659,377,486.29	1,634,190
Reserve arising from consolidation in accordance with Section 331(1)3 of the German Stock Corporation Act-AktG (excess of book value of consolidated subsidiaries' equity over book value in corresponding investments in Parent Bank's accounts)			185,900,618.83	238,141
Minority interests			48,440,531.22	46,433
including: from profit	DM2,276,942.62			
Foundations			6,865,413.79	6,825
Consolidated profit			66,234,066.76	16,969
Total Liabilities and Shareholders' Equity			108,234,236,896.65	101,336,462
Own drawings in circulation (of which: discounted on borrowers' account: DM31,426,120.00)			31,426,120.00	47,284
Endorsement liabilities on rediscounted bills of exchange			2,859,506,981.24	2,674,140
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			9,250,658,255.01	9,128,641
Commitments under repurchase agreements, not included in liabilities			700,000,000.00	700,000
Savings premiums under the Savings Premium Act			112,614,972.84	112,991
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of			803,971,159.28	797,827

Consolidated Profit and Loss Account for the year ended December

Expenses	DM	DM	1981 DM1,000
Interest and similar expenses		8,234,287,700.07	8,888,611
Commissions and similar service charges paid		22,173,621.62	20,799
Write-downs of and adjustments to claims and securities, transfers to provisions for possible loan losses		706,433,207.00	215,565
Salaries and wages		943,425,073.16	887,388
Compulsory social security contributions		132,259,071.79	121,574
Expenses for pensions and other employee benefits		134,775,814.86	125,667
Other operating expenses		396,733,751.32	346,929
Depreciation on and adjustments to land and buildings, office furniture and equipment		79,555,893.91	81,252
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		14,743,320.15	10,304
Taxes			
a) on income and assets	166,985,114.35		101,045
b) other	2,687,219.45		1,496
		169,672,333.80	102,541
Charges for losses assumed under profit and loss transfer agreements		76,079.21	—
Allocations to special item with partial reserve character		3,673,618.00	—
Other expenses		166,625,938.53	155,500
Consolidated net income for the year		106,658,331.91	31,193
	Total Expenses	11,111,093,755.33	10,987,323

	DM	DM	1981 DM1,000
Consolidated net income for the year		106,658,331.91	31,193
Profit brought forward from the previous year		12,502,525.90	7,602
		119,160,857.81	38,795
Allocations to disclosed reserves from consolidated net income for the year:			
to other reserves			
a) Parent Bank	25,000,000.00		—
b) consolidated subsidiaries	25,649,848.43		19,721
		50,649,848.43	19,721
Profit attributable to minority interests		68,511,009.38	19,074
		2,276,942.62	2,105
Consolidated profit		66,234,066.76	16,969



Appendices

Issues and Syndicate Transactions, Capital Increases, and Stock Exchange Introductions

Domestic public entities' bonds

State of Baden-Wuerttemberg
Free State of Bavaria
Federal Republic of Germany
German Federal Post Office
German Federal Railways
The Free and Hanseatic City of Hamburg
Kreditanstalt für Wiederaufbau
(Reconstruction Loan Corporation)
State of Lower Saxony

Other domestic bonds, including mortgage and communal bonds

Deutsche Hypothekenbank (Actien-Gesellschaft)
Deutsche Schiffsbeleihungs-Bank
Aktien-Gesellschaft

DM bonds of foreign issuers (including convertible bonds and bonds with warrants or currency option)

Aéroport de Paris
Air Canada
Aktiebolaget Svensk Exportkredit
(Swedish Export Credit Corporation)
Akzo N.V.
Asian Development Bank
Republic of Austria
Azienda Autonoma delle Ferrovie dello Stato
Banco Nacional de Crédito Rural S.A.
Bank of Tokyo (Curaçao) Holding N.V.
Banque Française du Commerce Extérieur
(B.F.C.E.)
Barclays Overseas Investment Company B.V.
Bass Continental Finance N.V.
Bayer Capital Corporation N.V.
Beecham Financiering B.V.
Beneficial Overseas Finance N.V.
Black & Decker Finance International B.V.
and Black & Decker Finance N.V.
Bowater International Finance B.V.
Caisse Nationale de l'Énergie (CNE)
Caisse Nationale des Télécommunications
(CNT)
Canada
Comisión Federal de Electricidad (CFE)
Commonwealth of Australia
Compañía Telefónica Nacional de España, S.A.
City of Copenhagen
The Council of Europe Resettlement Fund
for National Refugees
and Over-Population in Europe

Crédit Foncier de France
Kingdom of Denmark
Electricité de France (E.D.F.)
Electricity Supply Commission (ESCOM)
Emhart Overseas Capital N.V.
Ente Nazionale per l'Energia Elettrica (ENEL)
EUROFIMA European Company
for the Financing of Railway Rolling Stock
European Coal and Steel Community (ECSC)
European Economic Community (EEC)
European Investment Bank (EIB)
Republic of Finland
Finnish Municipalities Bonds
GMAC Overseas Finance Corporation N.V.
Gould International Finance N.V.
Guest, Keen & Nettlefolds Finance B.V.
City of Helsinki
Inter-American Development Bank
International Bank for Reconstruction
and Development (World Bank)
Republic of Iceland
Republic of Ireland
ITT Antilles N.V.
Japan Synthetic Rubber Co., Ltd.
City of Johannesburg
Konishiroku Photo Industry Co., Ltd.
McDonald's Finance Company N.V.
Philip Morris International Capital N.V.
Mitsubishi Heavy Industries, Ltd.
Nacional Financiera, S.A. (Nafinsa)
New Zealand
Nippon Sheet Glass Company Limited
Norsk Hydro a.s
Österreichische Kontrollbank AG
Petroleos Mexicanos (PEMEX)
Philips Gloeilampenfabrieken N.V.
Province de Québec
Red Nacional de los Ferrocarriles Españoles
(RENFE)
Renault Acceptance B.V.
SHV Holdings N.V.
Société Nationale des Chemins de fer Français
South African Transport Services
Sumitomo Realty & Development Co., Ltd.
Kingdom of Sweden
Tenneco International N.V.
United Technologies Finance
(Netherlands Antilles) N.V.
City of Vienna

Foreign currency bonds of foreign issuers (including convertible bonds and bonds with warrants or currency option)

Aluminum Company of Canada Limited
Amax International Finance Corporation
American Express
Overseas Finance Company N.V.

American Telephone & Telegraph Overseas Finance N.V.	Forsmarks Kraftgrupp Aktiebolaget
ANR Finance N.V. and ANR Finance B.V.	Gaz de France
A/S Eksportfinans	Gaz Metropolitan, Inc.
Atlantic Richfield Overseas Finance N.V.	Getty Oil International (Caribbean) N.V.
Australian Industry Development Corporation	GFC International Finance N.V.
Australian Resources Development Bank Limited	Gillette Overseas Finance Corporation N.V.
Banco Nacional	Girozentrale und Bank der österreichischen Sparkassen AG
de Obras y Servicios Publicos, S.A.	GMAC Overseas Finance Corporation N.V.
Bank of Tokyo (Curaçao) Holding N.V.	W. R. Grace N.V.
Banque Indosuez	GTE Finance N.V.
BASF Finance Europe N.V.	Gulf Canada Limited
BASF Overzee N.V.	Gulf Oil Finance N.V.
Bayer International Finance N.V.	Gulf States Overseas Finance N.V.
Bell Canada	Hiram Walker Holdings N.V.
Beneficial Overseas Finance N.V.	Honda Motor Co., Ltd.
BHP Finance Limited	Hydro-Québec
Boston International Finance Corporation N.V.	IBM World Trade Corporation
British Columbia Hydro and Power Authority	International Bank for Reconstruction and Development (World Bank)
British Columbia Telephone Company	C. Itoh & Co., Ltd.
Burroughs International Finance N.V.	ITT Antilles N.V.
Caisse Centrale de Coopération Economique (C.C.C.E.)	Japan Air Lines Company, Ltd.
Caisse Nationale des Télécommunications (CNT)	Kajima Corporation
Canadair Limited	The Long-Term Credit Bank of Japan Finance N.V.
Canadian Imperial Bank of Commerce	Province of Manitoba
Canadian Pacific Limited	Manufacturers Hanover Overseas Capital Corporation
Canadian Pacific Securities Limited	Mitel Corporation (Nederland) International Finance B.V.
Canadian Utilities Limited	Mitsubishi Chemical Industries Limited
The Canadian Wheat Board	Mitsui Engineering & Shipbuilding Co., Ltd.
CIBC Mortgage Corporation	Mitsui Finance Asia Limited
Citicorp Overseas Finance Corporation N.V.	Mobil Exploration and Producing Finance Netherlands B.V.
Coca-Cola International Finance N.V.	Montana Power International Finance N.V.
Commerzbank Finance Company B.V.	Mortgage Bank of Finland Ltd.
Compagnie Financière de Paribas	National Bank of Canada
The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe	New Zealand
Creditanstalt-Bankverein	New Zealand Steel Development Limited
Crédit Lyonnais	Nichimen Co., Ltd.
Crédit National	Nippon Electric Co., Ltd.
Credit Suisse (Bahamas) Limited	Nordic Investment Bank
CSR Limited	Norsk Hydro a.s
Kingdom of Denmark	Northern Telecom International Finance B.V.
Development Bank of Singapore	Northwest Natural Gas Finance N.V.
Development Finance Corporation of New Zealand	Province of Nova Scotia
Du Pont Overseas Capital N.V.	Occidental International Finance N.V.
Electricité de France (E.D.F.)	Ohio Edison Finance N.V.
Ente Nazionale per l'Energia Elettrica (ENEL)	Olympus Optical Co., Ltd.
Die Erste österreichische Spar-Casse	Ontario Hydro
Export Development Corporation	Orient Finance Co., Ltd.
European Investment Bank (EIB)	Phillips Petroleum International Finance N.V.
Finance for Industry International B.V.	Prudential Overseas Funding Corporation N.V.
Financiering Maatschappij d'Oranjeboom BV	Provinz Quebec
Republic of Finland	Province of Saskatchewan
Finnish Export Credit Ltd.	Sears Overseas Finance N.V.
Ford Credit Canada Limited	The Seiyu Stores Ltd.
	Simpsons-Sears Acceptance Company Limited

Société Nationale Elf Aquitaine
 Sociétés de Développement Régional
 South Carolina Electric & Gas Finance N.V.
 Sperry Curaçao N.V.
 The St. Paul Overseas Finance N.V. and
 The St. Paul Overseas Finance B.V.
 Sumitomo Electric Industries Ltd.
 Superior Overseas Finance N.V.
 Swiss Bank Corporation (Overseas) Ltd.
 Tenneco International N.V.
 Texas Eastern Finance N.V.
 Thomson-Brandt International B.V.
 Toray Industries, Inc.
 Union Bank of Switzerland Finance N.V.
 Union Camp Overseas Finance N.V.
 Union Carbide
 Overseas Finance Corporation N.V.
 United Technologies Finance (Netherlands
 Antilles) N.V.
 Wells Fargo International Financing
 Corporation N.V.

German shares

Allianz Lebensversicherungs-AG
 Bavaria-St. Pauli-Brauerei AG
 Bayerische Motoren Werke AG
 Bilfinger + Berger Bauaktiengesellschaft
 CEAG Industrie-Aktien und Anlagen AG
 Didier-Werke AG
 Gelsenwasser AG
 Gerling-Konzern
 Allgemeine Versicherungs-AG
 Gutehoffnungshütte Aktienverein AG
 Heidelberger Druckmaschinen AG
 Herlitz AG
 Hochtief AG vorm. Gebr. Helfmann
 Hoechst AG
 Mannesmann AG
 M.A.N. Maschinenfabrik
 Augsburg-Nürnberg AG
 H. Meinecke AG
 Mineralbrunnen Überkingen-Teinach AG
 Münchener Rückversicherungs-Gesellschaft AG
 in München
 Oelmühle Hamburg AG
 Orenstein & Koppel AG
 Philips Kommunikations Industrie AG
 Preussag AG
 Rheinische Hypothekenbank AG
 Süddeutsche Bodencreditbank AG
 Vereinigte Elektrizitätswerke Westfalen AG
 Zahnradfabrik Renk AG

Foreign shares

ARICO American Realestate
 Investment Company
 Careless, Capel & Leonard PLC
 Dart & Kraft, Inc.
 Davy Corporation Limited
 Inco Limited
 Metropolitan Estate Property Limited
 Norsk Hydro a.s
 Vickers Public Limited Company

Other syndicate transactions

Brauerei Feldschlößchen AG
 Chemie-Verwaltungs-AG
 Holsten-Brauerei AG
 Krupp Stahl AG
 Krupp Südwestfalen AG
 Philips Kommunikations Industrie AG
 Sibra-Verwaltungs-GmbH
 Sinalco AG
 VEBA AG

Headquarters

<u>Düsseldorf</u>	25 Breite Strasse, D-4000 Düsseldorf, Telephone (02 11) 82 71, Telex 8 581 381
<u>Frankfurt</u>	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone (06 11) 1 36 21, Telex 4 152 530
<u>Hamburg</u>	7-9 Ness, D-2000 Hamburg, Telephone (040) 36 13 21, Telex 2 12 391

All International Departments are in Frankfurt.

Domestic Branches

Year given indicates either opening of branch by Commerzbank or by one of the three regional banks which became part of it (Mitteldeutsche Privat-Bank in 1920, Mitteldeutsche Creditbank in 1929, and Barmer Bank-Verein in 1932), or takeover of other institutions.

Year given in parentheses indicates opening of branch by bank later taken over by Commerzbank.

Aachen 1920 (1874) with sub-branches Adalbertstrasse Burtscheid Markt and paying office Autobahn-Nord	Augsburg 1919 with sub-branches Donauwörther Strasse Göggingen Lechhausen	Bad Pyrmont 1979 Bad Salzuflen 1963 Bad Soden (Taunus) 1968 Bad Vilbel 1968 Balingen (Württ.) 1958 Bamberg 1968 Bayreuth 1967 Beckum (Münster district) 1960 Bensheim 1969 Bergheim (Erft) 1975 Bergisch Gladbach 1968 Bergneustadt 1959 Biberach (Riss) 1968 Bielefeld 1905 (1867) with sub-branches Bethelack Brackwede Heeper Strasse Herforder Strasse Sennestadt Sieker Stapenhorststrasse	Bietigheim-Bissingen 1975 Bingen 1968 Bocholt 1920 Bochum 1920 with sub-branches Altenbochum Ehrenfeld Hamme Linden Stiepel Weitmar Bochum-Wattenscheid 1918 (1906) with sub-branch Höntrop Böblingen 1968 Bonn 1908 (1885) with sub-branches Bundeskanzlerplatz Markt Tannenbusch Liaison Office: see page 114 Bonn-Bad Godesberg 1959 with sub-branch Römerplatz Bonn-Beuel 1961 Bonn-Duisdorf 1960 Borken (Westphalia) 1960
Aalen 1969	Backnang 1961		
Achim 1973	Bad Bramstedt 1973		
Ahlen (Westphalia) 1961	Baden-Baden 1914 (1878)		
Ahrensburg (Holstein) 1958	Bad Driburg 1975		
Albstadt-Ebingen 1969	Bad Harzburg 1974		
Albstadt-Tailfingen 1975	Bad Hersfeld 1962		
Alfeld (Leine) 1962	Bad Homburg v. d. H. 1967		
Alsfeld 1969	Bad Honnef 1966		
Altena (Westphalia) 1912 (1880)	Bad Kissingen 1976		
Amberg 1980	Bad Kreuznach 1929 (1907)		
Andernach 1954	Bad Nauheim 1968		
Arnsberg-Neheim 1968	Bad Neuenahr 1966 with sub-branch Ahrweiler		
Aschaffenburg 1962	Bad Oeynhausen 1965		
Attendorn 1981	Bad Oldesloe 1961		

Bottrop 1959	Coesfeld 1961	Am Hauptbahnhof Brehmplatz Eller	Emmendingen 1978
Brake 1976	Cologne: see Köln	Friedrichstrasse Garath	Emmerich 1965 (1951) with paying office Elten
Braunschweig 1929 (1853) with sub-branches Am Hauptbahnhof Celler Strasse Dankwardstrasse Jasperallee Radeklint	Constance: see Konstanz	Gerresheim Golzheim Grafenberger Allee Heerd Heinrichstrasse Holthausen Kaiserswerth Karolingerplatz Königsallee Nordstrasse Oberbilk Oberkassel Rath Reisholzer Strasse Schadowstrasse Unterrath Wersten Worringer Platz	Emsdetten 1970 Enger 1967 Ennepetal 1965 Erkelenz 1967 Erkrath 1967 Erlangen 1972 Eschborn 1975 Eschwege 1908 (1830) Eschweiler 1968 Essen 1907 (1898) with sub-branches Altenessen Borbeck Bredeney Essen-Süd Essen-West Holsterhausen Kray Kupferdreh Rüttenscheid Steele Viehofer Platz Wasserturm
Bremen 1920 with sub-branches Dobben Findorff Gröpelingen Hemelingen Neustadt Schwachhausen Steintor West Woltmershausen	Dachau 1968	Duisburg 1909 (1883) with sub-branches Hochfeld Lutherplatz Marxloh Meiderich Wanheimerort	Esslingen 1965 Ettlingen 1967 Euskirchen 1960
Bremen-Vegesack 1954	Darmstadt 1957 with sub-branches Arheilgen Karlstrasse	Duisburg-Hamborn 1958	Fellbach (Württ.) 1960
Bremerhaven 1956 with sub-branches Geestemünde Lehe	Delmenhorst 1954	Duisburg-Homberg 1969	Flensburg 1955 with sub-branches Industriegebiet (<i>industrial estate</i>) Mürwik Südermarkt
Bremervörde 1961	Detmold 1961	Duisburg-Rheinhausen 1961	Frankenthal (Palatinate) 1963
Bruchsal 1968	Diepholz 1968	Duisburg-Ruhrort 1960	
Brühl (Cologne district) 1969	Diez (Lahn) 1967	Duisburg-Walsum 1965 (1954)	
Brunsbüttel 1962	Dillenburg 1961	Eckernförde 1960	
Bückeberg 1954 (1856)	Dinslaken 1965 (1921)	Ehingen (Danube) 1980	
Bünde 1961	Dissen (Teutob. Forest) 1975	Einbeck 1969	
Burgdorf 1970	Dormagen 1967	Eislingen 1975	
Butzbach 1967	Dorsten 1964	Elmshorn 1953	
Buxtehude 1972	Dortmund 1904 (1878) with sub-branches Aplerbeck Brackel Hörde Hohe Strasse Hombruch Kaiserstrasse Königswall Mengede Münsterstrasse Ruhrallee	Emden 1920 with sub-branch Rathausplatz	
	Dreieich 1968		
Celle 1961	Dülmen 1968		
Cloppenburg 1961	Düren 1959		
Coburg 1971	Düsseldorf 1903 (1889) with sub-branches Am Hafen		

Domestic Branches

Frankfurt 1856 with sub-branches Adickesallee Alt-Bornheim Am Eschenheimer Tor Am Opernplatz Bockenheim Bornheim Dornbusch Flughafen (<i>airport</i>) Galluswarte Hanauer Landstrasse Hauptwache Kaiserstrasse Oederweg Platz der Republik Rödelheim Sachsenhausen Schwanheim Wächtersbacher Strasse Zeil	Gelsenkirchen 1918 (1906) with sub-branches Am Stern Erle Horst Neustadt Gelsenkirchen-Buer 1920 Gevelsberg 1912 with sub-branch Zentrum (<i>downtown</i>) Giessen 1906 Gifhorn 1961 Gladbeck 1960 Glinde 1970 Glückstadt 1968 Goch 1967 Göppingen 1959 Göttingen 1923 (1850) with sub-branches Eichendorffplatz Weende Goslar 1929 (1907) Greven (Westphalia) 1961 Grevenbroich 1960 Gross Gerau 1968 Gütersloh 1965 Gummersbach 1919 (1870) Haan (Rhineland) 1967 Hagen 1900 (1858) with sub-branches Haspe Mittelstrasse Wehringhausen Haltern (Westphalia) 1974	Halver 1959 Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen (<i>free port</i>) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Grossneumarkt Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg Neugraben Osdorf Osterstrasse Othmarschen Rahlstedt Rothenburgsort St. Georg St. Pauli Schnelsen Uhlenhorst Volksdorf Wandsbek Wilhelmsburg Winterhude Hamburg-Altona 1910 (1872) Hamburg-Bergedorf 1953 Hamburg-Harburg 1922 Hameln 1960 Hamm (Westphalia) 1904 with sub-branch Marktplatz Hanau 1909 with sub-branch Grossauheim	Hannover (<i>Hanover</i>) 1907 (1826) with sub-branches Am Klagesmarkt Am Kröpcke Am Küchengarten Am Steintor Buchholz Herrenhausen Hildesheimer Strasse Lister Meile Misburg Sallstrasse Südstadt Vahrenwald Vier Grenzen Wülfel Heide (Holstein) 1961 Heidelberg 1963 with sub-branches Innenstadt Neuenheim Heidenheim (Brenz) 1954 Heilbronn 1965 Heiligenhaus 1959 Helmstedt 1951 with sub-branch Gröpern Hemer 1968 Hemmingen 1965 Hennef (Sieg) 1966 Herford 1920 (1873) with sub-branch Alter Markt Herne 1958 Herne-Wanne 1918 (1906) with sub-branch Eickel Herten 1961 Herten-Westerholt 1968 Herzberg 1965 Herzogenrath 1975
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Hilden 1919	Kaltenkirchen 1970	Hohe Strasse Kalk	Lemgo 1954
Hildesheim 1929 with sub-branches Dammstrasse Marienburger Platz Zingel	Kamen 1962 Kamp-Lintfort 1967 Karlsruhe 1953 with sub-branches Am Mühlburger Tor Durlach Mühlburg	Lindenthal Neumarkt Neusser Strasse Rodenkirchen Sülz Weidenpesch Zollstock	Lennebstadt 1960 Leonberg 1965 Leverkusen 1958 Limburg (Lahn) 1957 Lingen (Ems) 1960 Lippstadt 1961 Lörrach (Baden) 1962 Lohne 1973 Ludwigsburg 1958 Ludwigshafen (Rhine) 1960 Lübbecke 1966 Lübeck 1918 (1862) with sub-branches Am Schlachthof Fackenburger Allee Geniner Strasse Marli Lübeck-Travemünde 1961 with paying office Skandinavienkai Lüchow 1968 (1870) Lüdenscheid 1905 (1869) with paying office Brüninghausen Lüdinghausen 1968 Lüneburg 1959 Lünen 1958
Hockenheim 1973	Kassel 1908 (1881) with sub-branches Bettenhausen Friedrich-Ebert-Strasse	Köln-Mülheim 1962 Königstein (Taunus) 1974 Konstanz (<i>Constance</i>) 1961 with sub-branch Petershausen	
Hof (Saale) 1968	Kaufbeuren 1967 with sub-branch Neugablonz	Korbach 1967 Krefeld 1905 (1859) with sub-branches Hochstrasse Ostwall	
Hofheim (Taunus) 1967	Kelkheim (Taunus) 1968 Kempen (Lower Rhine) 1961 Kempten 1973 Kettwig 1974 Kiel 1905 with sub-branches Arndtplatz Gaarden Holtener Strasse Nord Holtener Strasse Süd Kirchhofallee Wellingdorf and paying office Schlachthof (<i>slaughter-house</i>)	Krefeld-Hüls 1968 Krefeld-Uerdingen 1959 Kreuztal 1959 Kulmbach 1974 Laatzen (Han.) 1965 Lahr 1968 Landau (Palatinate) 1968 Landshut 1967 Langen (Hesse) 1967 Langenfeld (Rhineland) 1962 Langenhagen 1965 Lauf 1976 Leer (East Friesland) 1962 Lehrte (Han.) 1961 Leichlingen 1969	
Hohenlimburg 1954 with sub-branch Elsey	Kirchheim (Teck) 1968 Kirn (Nahe) 1968 Kleve 1918 (1889) Koblenz 1961 with sub-branch Bahnhofsplatz		
Holzminden 1923 (1884)	Köln (<i>Cologne</i>) 1907 (1869) with sub-branches Barbarossaplatz Braunsfeld Chlodwigplatz Ehrenfeld Hohenzollernring		
Hoya (Weser) 1954 (1927)			
Husum 1959			
Ibbenbüren 1971			
Idar-Oberstein 1963 with sub-branch Edelsteinbörse (<i>jewelry exchange</i>)			
Idstein (Taunus) 1975			
Ingelheim 1973			
Ingolstadt 1963 with sub-branch Hindenburgstrasse			
Iserlohn 1905 (1838) with sub-branch Schillerplatz			
Iserlohn-Letmathe 1969			
Itzehoe 1966			
Jülich 1971			
Kaarst 1980			
Kaiserslautern 1961			

Mainz-Kastel 1929 (1920)	Mülheim (Ruhr) 1918 (1889) with sub-branch Speldorf	Neustadt (Weinstrasse) 1961	Olpe 1968
Mannheim 1921 with sub-branches Käfertal Kaiserring Lindenhof Neckarau Neckarstadt Sandhofen Waldhof	München (<i>Munich</i>) 1910 (1876) with sub-branches Baldeplatz Berg-am-Laim Fraunhoferstrasse Grosshadern Hauptbahnhof (<i>main station</i>) Marsstrasse Herkomerplatz Hohenzollernstrasse Ingolstädter Strasse Laim Leopoldstrasse Lerchenauer Strasse Lindwurmstrasse MAN-Allach Moosach Nymphenburger Strasse Pasing Reichenbachplatz Riesenfeldstrasse Rosenheimer Platz Rotkreuzplatz Schleissheimer Strasse Schwanthalerstrasse Thalkirchner Strasse Thomasiusplatz	Neu-Ulm 1967 Neuwied 1960 Niebüll 1966 Nienburg (Weser) 1954 (1938) Norden 1966 Nordenham 1921 (1907) Norderstedt 1962 Nordhorn 1953 Northeim (Han.) 1960 Nürnberg (<i>Nuremberg</i>) 1899 (1872) with sub-branches Friedrich-Ebert-Platz Gibitzenhof Königstrasse Kopernikusplatz Langwasser Plärrer Schweinau Stresemannplatz	Olsberg 1965 Opladen 1961 Osnabrück 1906 with sub-branches Bramscher Strasse Johannisstrasse Lotter Strasse Schützenstrasse Osterholz-Scharmbeck 1966 Osterode (Harz) 1929 (1872) Ottobrunn 1979 Paderborn 1909 (1881) with sub-branch Schloss Neuhaus Papenburg 1967 Passau 1968 Peine 1921 (1900) Pforzheim 1960 Pfungstadt 1969 Pinneberg 1957 Pirmasens 1955 (1908) Plettenberg 1921 Pulheim 1980 Pullach 1969
Marburg (Lahn) 1906	Münster (Westphalia) 1919 with sub-branches Hammer Strasse Hansaring Warendorfer Strasse	Oberhausen 1918 (1896) with sub-branch Buschhausen Oberhausen-Sterkrade 1960 Obertshausen 1967 Oberursel (Taunus) 1968 Oelde 1976 Oer-Erkenschwick 1969 Offenbach (Main) 1904 with sub-branches Sprendlinger Landstrasse Waldstrasse Offenburg 1968 Oldenburg (Oldb.) 1920 with paying office Grossmarkt	
Marl-Hüls 1955			
Mayen 1954			
Meerbusch-Büderich 1968			
Meerbusch-Osterath 1969			
Memmingen 1969			
Menden 1972			
Meppen 1961			
Meschede 1971			
Mettmann 1962			
Metzingen 1974			
Minden 1968			
Mölln 1982	Nettetal-Lobberich 1960		
Mönchengladbach 1898 (1871) with sub-branches Hauptbahnhof (<i>main station</i>) Headquarters Rheindahlen	Neuburg (Danube) 1976 Neuenkirchen (near Rheine) 1968 Neuenrade 1967 Neu-Isenburg 1919 Neumünster 1907 Neuss 1952 with sub-branch Dreikönigenstrasse		
Mönchengladbach-Rheydt 1905 with sub-branches Friedrich-Ebert-Strasse Odenkirchen			
Moers 1959			
Monschau 1969			
Mühdorf (Inn) 1968	Neustadt (Holstein) 1974		
Mühlheim (Main) 1967			

Ratingen-Lintorf 1974	St. Georgen 1976	Stade 1954 (1920)	Velbert-Langenberg 1953
Ravensburg 1971	Sarstedt 1962	Stadtallendorf 1967	Verden (Aller) 1970
Recklinghausen 1919 (1904) with sub-branch Recklinghausen-Süd	Schleswig 1962	Steinhagen 1965	Versmold 1962
Rees 1965 (1962)	Schneverdingen 1970	Stolberg 1920	Viernheim 1973
Regensburg 1965	Schöningen 1960	Straubing 1966	Viersen 1954
Reinbek (near Hamburg) 1959	Schorndorf 1977	Stuttgart 1919 (1885) with sub-branches Degerloch Feuerbach Hauptstätterstrasse Marienplatz Ostendplatz Rosenbergplatz Rotebühlplatz Schloss-Strasse Untertürkheim Vaihingen a.F. Wangen Weilimdorf Zuffenhausen	Viersen-Dülken 1968 VS-Schwenningen 1969 VS-Villingen 1969 Vlotho 1969 Voerde-Friedrichsfeld 1965 (1959)
Remscheid 1903 (1898) with sub-branches Alleestrasse Handweiser Hasten	Schwabach 1967	Stuttgart-Bad Cannstatt 1956	Wahlstedt 1973
Remscheid-Lennep 1961	Schwäbisch Gmünd 1968		Waldbröl 1968
Remscheid-Lüttringhausen 1961	Schwalbach (Taunus) 1974		Waldkraiburg 1971
Rendsburg 1960	Schweinfurt 1963	Trier 1959	Walsrode 1961
Reutlingen 1954 (1930)	Schwelm 1951	Troisdorf 1965	Warburg 1917 (1896)
Rheda-Wiedenbrück 1959 with sub-branch Berliner Strasse	Schwerte (Ruhr) 1959 (1928)	Tübingen 1958	Wedel (Holstein) 1955
Rhede (near Bocholt) 1968	Schwetzingen 1969	Tuttlingen 1975	Wegberg 1974
Rheine 1921	Siegburg 1960	Uelzen 1919	Weiden (Upper Palatinate) 1969
Rheinfelden 1975	Siegen 1919 with sub-branches Eiserfeld Kaan-Marienborn Weidenau	Uetersen (Holstein) 1961	Weil (Rhine) 1970
Rietberg 1968	Simmerath 1982	Ulm (Danube) 1963	Weinheim (Bergstrasse) 1961
Rosenheim 1972	Sindelfingen 1962	Unna 1959	Werdohl 1923
Rotenburg (Wümme) 1976	Singen (Hohentwiel) 1967	Unterföhring (near Munich) 1967	Wermelskirchen 1909 (1893)
Rottweil 1974	Sinsheim 1969	Varel (Oldenburg) 1961	Wertheim 1979
Rüdesheim 1968	Soest 1961	Vechta 1961	Wesel 1965 (1920)
Rüsselsheim 1965	Solingen 1903 (1900) with sub-branch Höhscheid	Velbert 1919 (1880)	Wesseling 1967
Saarburg (near Trier) 1967	Solingen-Ohligs 1903 (1899)		Westerland (Sylt) 1961
Salzgitter-Lebenstedt 1958	Solingen-Wald 1960		
	Speyer 1975		
	Sprockhövel 1967		

Domestic Branches

Wetter (Ruhr) 1970	Wolfsburg 1958 with sub-branches
Wetter-Wengern (Ruhr) 1970	Detmerode Kästorf
Wetzlar 1906	Tiergartenbreite
Weyhe-Kirchweyhe 1954 (1923)	Worms 1928
Weyhe-Leeste 1954 (1928)	Würselen 1969
Wiehl (Cologne district) 1962	Würzburg 1961
Wiesbaden 1898 (1860) with sub-branches	Wunstorf 1961
Biebrich	Wuppertal 1911 (1754) with sub-branches
Bismarckring	Cronenberg
Bleichstrasse	Friedrich-Ebert-Strasse
Kirchgasse	Langerfeld
Rheinstrasse	Oberbarmen
Wilhelmstrasse	Ronsdorf
Wildeshausen 1974	Unterbarmen
Wilhelmshaven 1954 with sub-branch	Vohwinkel
Gökerstrasse	Wichlinghausen
Winsen (Luhe) 1970	Wuppertal-Barmen 1867 (1810) with sub-branch
Wipperfürth 1975	Werth
Wissen (Sieg) 1967	Xanten 1965
Witten 1921 with sub-branch	Zirndorf 1970
Annen	
Wolfenbüttel 1967	<hr/> Bonn Liaison Office: 124-132 Reuterstrasse (Bonn Centre) D-5300 Bonn

Foreign BranchesBelgium

Commerzbank Aktiengesellschaft
Succursale de Bruxelles
19 H Avenue des Arts
B-1040 Brussels (Belgium)

Commerzbank Aktiengesellschaft
Bijhuis Antwerpen
65 Frankrijklei
B-2000 Antwerp (Belgium)

France

Commerzbank Aktiengesellschaft
Succursale de Paris
3 Place de l'Opéra
F-75002 Paris (France)

Hong Kong

Commerzbank Aktiengesellschaft
Hong Kong Branch
Connaught Centre
Connaught Road
Hong Kong

Japan

Commerzbank Aktiengesellschaft
Tokyo Branch
Nippon Press Centre
2-2-1 Uchisaiwaicho, Chiyoda-ku
Tokyo 100-91 (Japan)

Spain

Commerzbank Aktiengesellschaft
Sucursal en España
141 Paseo de la Castellana
Edificio Cuzco IV
Madrid-16 (Spain)

Commerzbank Aktiengesellschaft
Sucursal en España
Oficina de Barcelona
357/359 Consejo de Ciento
Barcelona-7 (Spain)

United Kingdom

Commerzbank Aktiengesellschaft
London Branch
10-11 Austin Friars
London EC2N2HE (England)

USA

Commerzbank Aktiengesellschaft
New York Branch
55 Broad Street
New York, NY 10004 (USA)

Commerzbank Aktiengesellschaft
Chicago Branch
55 East Monroe Street, Suite 4640
Chicago, IL 60603 (USA)

Commerzbank Aktiengesellschaft
Atlanta Agency
2 Peachtree Street, N.W., Suite 1010
Atlanta, GA 30303 (USA)

Subsidiaries and Related Banks

(Majority holdings)

Domestic Holdings

BERLINER COMMERZBANK AG

Head Office and Main Branch:
125 Potsdamer Strasse
D-1000 Berlin 30

Sub-branches:

Charlottenburg	Spandau
Amtsgerichtsplatz	Nonnendammallee
Charlottenburg	Pichelsdorfer Strasse
Gedächtniskirche	Spandau
with paying office	Steglitz
Kaufhaus	Albrechtstrasse
Wertheim	Lankwitz
Kurfürstendamm	Lichterfelde
Maison de France	Lichterfelde Ost
Otto-Suhr-Allee	Steglitz
Reichsstrasse	Tempelhof
Savignyplatz	Am Flughafen
Kreuzberg	Tempelhof
Kochstrasse	Lichtenrade
Kottbusser Tor	Mariendorf
Mehringdamm	Marienfelde
Mehringplatz	Tempelhof
Neukölln	Tiergarten
Buckow	Budapester Strasse
Grüner Weg	Kurfürstenstrasse
Hermannplatz	Moabit
Hermannstrasse	Turmstrasse
Karl-Marx-Platz	Wedding
Neukölln	Badstrasse
Reinickendorf	Müllerstrasse
Hermsdorf	Wedding
Kurt-Schumacher-Platz	Wilmerdorf
Reinickendorf	Berliner Strasse
Residenzstrasse	Halensee
Tegel	Hohenzollerndamm
Wittenau	Roseneck
Schöneberg	Schlangenbader
Friedenau	Strasse
Hauptgeschäft	Schmargendorf
Martin-Luther-Strasse	Wilmerdorf
Schöneberg	Zehlendorf
Wittenbergplatz	Schlachtensee
	Wannsee
	Zehlendorf

RHEINISCHE HYPOTHEKENBANK AG

Frankfurt · Cologne · Mannheim
Head Office:
3 Taunustor, D-6000 Frankfurt

COMMERZ-CREDIT-BANK

AKTIENGESELLSCHAFT EUROPARTNER
4 Faktoreistrasse, D-6600 Saarbrücken,
with 8 branch offices in Saarland.

VON DER HEYDT-KERSTEN & SÖHNE
Wuppertal-Elberfeld

ILSEDER BANK, SANDOW & CO.
Peine

COMMERZ- UND INDUSTRIE-LEASING GMBH
Frankfurt

COMMERZBANK FONDS-VERWALTUNGS-
GESELLSCHAFT MBH (COFO)
Düsseldorf

Foreign Holdings

COMMERZBANK INTERNATIONAL S.A.

11 Rue Notre-Dame, Luxembourg

COMMERZBANK (SOUTH EAST ASIA) LTD.

Tower 3902, DBS Building
6 Shenton Way
Singapore 0106

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Amsterdam (Netherlands),
with branch office at
6 Westblaak, Rotterdam (Netherlands).

Representative Offices AbroadArgentina, Paraguay, Uruguay

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 Representante del Commerzbank AG
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 Buenos Aires (Argentina)

Australia, New Zealand

Representative Office Sydney
 Werner Menges
 Citicorp House, 54-62 Carrington Street
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Brazil

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 Alexander Gregor
 254 Rua Boa Vista, 7º andar
 Caixa Postal 7441
 01000 São Paulo-SP (Brazil)

Commerzbank Rio de Janeiro Serviços Ltda.
 Werner Tuttlies
 123 Av. Rio Branco, conj. 706/707
 Caixa Postal 910-ZC-00
 20040 Rio de Janeiro-RJ (Brazil)

Canada

Representative Office for Canada
 Helmuth Martin
 Royal Bank Plaza, Suite 2585
 P.O. Box 191
 Toronto, Ontario M5J 2J4 (Canada)

China (People's Republic)

Representative Office Beijing/Peking
 Michael Zuberbier
 Jianguo Hotel, Room 134
 Jianguo Men Wai Da Jie
 Beijing (People's Republic of China)

Denmark, Norway, Sweden, Finland, Iceland

Representative Office
 for the Nordic Countries
 Wilfried A. Reschke
 4 Rådhuspladsen
 DK-1550 Copenhagen V (Denmark)

Egypt, Sudan, Ethiopia

Representative Office Cairo
 Alfred W. Neuhaus
 2 Aly Labib Gabr Street (ex: Behler)
 P.O. Box 1944
 Cairo (A.R.E./Egypt)

Indonesia

Representative Office for Indonesia
 Hartmut-Peter Riese
 Nusantara Building, 23rd Floor
 59 Jalan M.H. Thamrin
 Jakarta (Indonesia)

Iran, Pakistan

Representative Office Tehran
 13 Avenue Karim Khan Zand
 Tehran (Iran)

Japan

Representative Office Tokyo
 Eduard von Reden
 Nippon Press Centre
 2-2-1 Uchisaiwaicho, Chiyoda-ku
 Central P.O. Box 939
 Tokyo 100-91 (Japan)

Mexico, Central America, Caribbean Islands

Representación en México
 Joachim N. Soszna
 Paseo de la Reforma 390-1304
 06600 Mexico City (Mexico)

Middle East

Representative Office Bahrain
 Norbert Enste
 Salahuddin Building, Suite 301
 P.O. Box 5400
 Manama (Bahrain)

Peru, Bolivia, Chile, Ecuador

Representación del Commerzbank AG
 en el Perú
 Wilhelm Zeise
 266 Av. Emancipación, 7º Piso
 Casilla 1127
 Lima (Peru)

Southern Africa

Representative Office Johannesburg
 Jürgen Maus
 Standard Bank Centre, 78 Fox Street
 P.O. Box 61219,
 Marshalltown 2107 Transvaal
 Johannesburg
 (Republic of South Africa)

Windhoek Agency:
 Keller & Neuhaus
 Trust Co. (Pty.) Limited
 Kaiserstreet, P.O. Box 156
 Windhoek (South West Africa/Namibia)

Spain, Portugal

Representación
para España y Portugal
Günter Schönberner
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Edificio Cuzco IV
Madrid-16 (Spain)

USSR

Representative Office Moscow
Heinrich Schembecker
4 Per. Sadovskikh
4th Floor, Office No. 9
Moscow 103 001 (USSR)

Venezuela, Colombia

Rainer Goischke
Representante del Commerzbank AG
Edificio Plaza el Venezolano
25/27 Chorro a Dr. Paul, Piso 5, Oficina C
Apartado de Correos 5074
Caracas 101 (Venezuela)

**Holdings
in Foreign Financial Institutions
and in Other Companies Abroad**

Belgium

Nippon European Bank S.A., Brussels
S.W.I.F.T.
Society for Worldwide Interbank
Financial Telecommunication s.c.,
Brussels

Brazil

Unibanco—
Banco de Investimento do Brasil S.A. (B.I.B.),
Rio de Janeiro

Egypt

Misr International Bank S.A.E., Cairo

Finland

Teollistamisrahasto Oy—
Industrialization Fund of Finland Ltd., Helsinki

Indonesia

P.T. Finconesia Financial Corporation
of Indonesia, Jakarta

South Korea

Korea International Merchant Bank, Seoul

Lebanon

Rifbank S.A.L., Beirut

Luxembourg

Adela Investment Company S.A.,
Luxembourg/New York
Cisalgest S.A.R.L., Luxembourg
Commerzbank International S.A.,
Luxembourg
Europartners Holding S.A., Luxembourg
Finatourinvest S.A., Luxembourg
Handelsgest S.A.R.L., Luxembourg
Indugest S.A.R.L., Luxembourg
The International Investment Corporation
for Yugoslavia S.A., Luxembourg
SIFIDA Société Internationale Financière
pour les Investissements
et le Développement en Afrique, Luxembourg
Société de Gestion du Rominvest
International Fund S.A., Luxembourg

Société Européenne d'Édition
et de Diffusion S.A., Luxembourg
UBAE Arab German Bank S.A.,
Luxembourg/Frankfurt

USA

EuroPartners Securities Corporation,
New York

Morocco

Banque Marocaine du Commerce Extérieur,
Casablanca

Banque Nationale pour le Développement
Economique, Rabat

Zaire

Société Financière de Développement
–SOFIDE–, Kinshasa

Netherlands

Commerzbank Finance Company B.V.,
Amsterdam

Europartners Bank (Nederland) N.V.,
Amsterdam

Pakistan

The Pakistan Industrial Credit & Investment
Corporation Ltd., Karachi

Saudi Arabia

The Saudi Investment Banking Corporation,
Riyadh

Singapore

Commerzbank (South East Asia) Ltd.,
Singapore

The Development Bank of Singapore Ltd.,
Singapore

Private Investment Company
for Asia (PICA) S.A., Panama City/Singapore

Spain

Banco Urquijo S.A., Madrid

Switzerland

Finance Company VIKING, Zürich

Thailand
















The Industrial Finance Corporation
of Thailand (IFCT), Bangkok

Mithai EuroPartners
Finance and Securities Company Ltd.,
Bangkok

United Kingdom

International Commercial Bank PLC, London

The International Presence of the Europartners

	Foreign branches and subsidiaries	Representative offices abroad	Bank affiliations and other holdings abroad
Commerzbank			
Banco di Roma			
Banco Hispano Americano			
Crédit Lyonnais			
Joint foreign footholds*)			

*) of Banco di Roma, Commerzbank, and Crédit Lyonnais (and, as regards the Europartners' joint subsidiary at Saarbrücken, their joint holding at Cairo, and their joint representative office at Copenhagen, also of Banco Hispano Americano).

The Europartners in Europe

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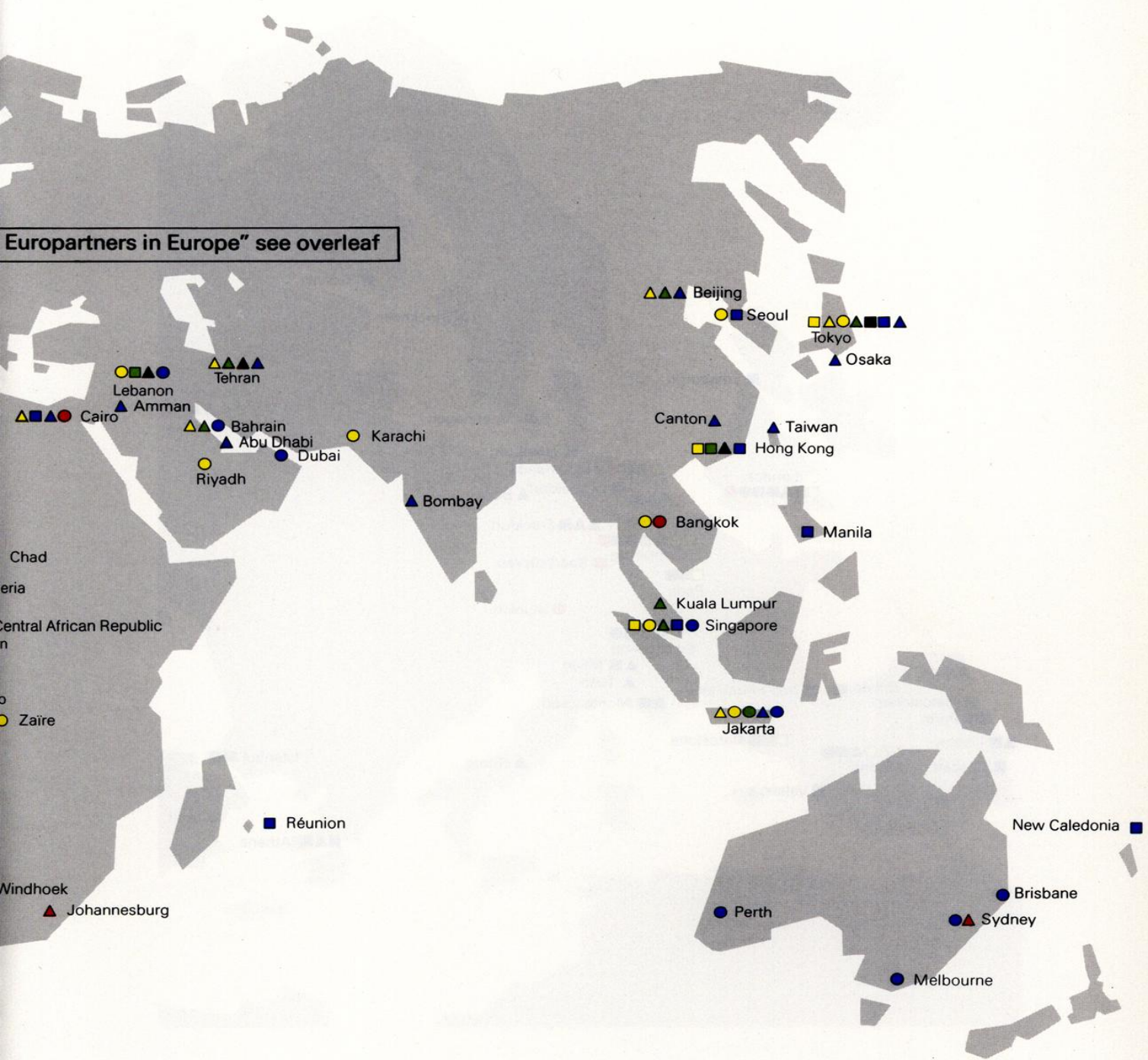
The Europartners Overseas

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The Europartners Overseas



Europartners in Europe" see overleaf



The Europartners in Europe



Europartners Highlights¹⁾

BANCO DI ROMA

	Mid-1982	Mid-1981	Change
Balance Sheet Total	Lire 40,548 billion	Lire 34,853 billion	+ 16.3%
Deposits	Lire 24,554 billion	Lire 20,945 billion	+ 17.2%
Capital and Reserves	Lire 813 billion	Lire 505 billion	+ 61.0%
Branches	323	312	+ 3.5%
Number of Accounts	1,183,300	1,264,900	- 6.5%
Staff	14,523	14,021	+ 3.6%

BANCO HISPANO AMERICANO

	Year-end, 1982 ²⁾	Year-end, 1981	Change
Balance Sheet Total	Ptas 1,747,361 million	Ptas 1,395,937 million	+ 25.2%
Deposits	Ptas 1,606,612 million	Ptas 1,261,672 million	+ 27.3%
Capital and Reserves ³⁾	Ptas 76,803 million	Ptas 71,485 million	+ 7.4%
Branches	1,373	1,330	+ 3.2%
Number of Accounts	3,353,400	3,401,900	- 1.4%
Staff	17,196	17,708	- 2.9%

COMMERZBANK

	Year-end, 1982	Year-end, 1981	Change
Balance Sheet Total	DM 66,183 million	DM 64,298 million	+ 2.9%
Deposits	DM 62,148 million	DM 60,570 million	+ 2.6%
Capital and Reserves	DM 2,528 million ⁴⁾	DM 2,478 million	+ 2.0%
Branches	798	802	- 0.5%
Customers	2,247,100	2,224,200	+ 1.0%
Staff	19,738	19,633	+ 0.5%

CREDIT LYONNAIS

	Year-end, 1982	Year-end, 1981	Change
Balance Sheet Total	Ffr 587,909 million	Ffr 479,751 million	+ 22.5%
Deposits	Ffr 533,622 million	Ffr 444,102 million	+ 20.2%
Capital and Reserves ³⁾	Ffr 5,183 million	Ffr 4,522 million	+ 14.6%
Branches	2,273	2,272	-
Customers	3,787,800	3,591,800	+ 5.5%
Staff	45,471	45,386	+ 0.2%

The Group⁵⁾

	Year-end, 1982 ⁶⁾	Year-end, 1981 ⁶⁾	Change
Balance Sheets Sum Total	DM 371,967 million	DM 320,400 million	+ 16.1%
Deposits	DM 323,384 million	DM 277,439 million	+ 16.6%
Capital and Reserves ³⁾	DM 7,220 million ⁴⁾	DM 6,301 million	+ 14.6%
Branches	4,767	4,716	+ 1.1%
Staff	96,928	96,748	+ 0.2%

¹⁾ parent banks only;

²⁾ preliminary;

³⁾ Banco Hispano Americano and Crédit Lyonnais: before appropriation of profit;

⁴⁾ Commerzbank: subject to AGM approval;

⁵⁾ conversion made according to the official Frankfurt middle rates of Dec 31, 1982:

Ffr1 = DM0.3528; Lire100 = DM0.1734; Ptas100 = DM1.892;

⁶⁾ Banco di Roma: mid-year figures.

