

Annual Report
1975



EUROPARTNERS

BANCO DI ROMA
BANCO HISPANO AMERICANO
COMMERZBANK
CREDIT LYONNAIS

COMMERZBANK

AKTIENGESELLSCHAFT

COMMERZBANK Highlights

Parent Bank

	1975	1974
Total assets	DM 38,535.7 m	DM 31,436.1 m
Total lending	DM 22,278.1 m	DM 20,135.4 m
Capital and reserves at year-end	DM 1,547.7 m	DM 1,364.3 m
Dividend paid per DM 50 nominal share	DM 9.00	DM 8.50
Year's earnings	DM 145.5 m	DM 109.6 m

Group^{*)}

in DM m, at year-end			in DM m, at year-end		
Assets	1975	1974	Liabilities	1975	1974
Cash	2,673	2,793	Liabilities to credit institutions	17,402	11,685
Cheques, collection items	310	265	Liabilities to customers	27,475	22,872
Bills of exchange	4,659	3,698	of which:		
Claims on credit institutions	17,331	10,417	sight deposits	(6,741)	(5,536)
Treasury bills	556	—	time deposits	(12,284)	(10,375)
Bonds and notes	1,398	1,249	savings deposits	(8,450)	(6,961)
Shares	657	665	Bonds outstanding	8,786	7,181
Claims on customers	27,226	23,525	Other liabilities	1,037	886
of which:			Capital and reserves	1,638	1,432
for agreed periods of less than four years	(11,325)	(11,826)	of which:		
for agreed periods of four years or more	(15,901)	(11,699)	share capital	(570)	(517)
Participations	365	345	published reserves	(978)	(847)
Land and buildings	577	518	so-called "difference"***)	(67)	(45)
Other assets	720	685	interests held by third parties***)	(23)	(23)
Total Assets	56,472	44,160	Consolidated profit	134	104
Branches	855	834	Total Liabilities	56,472	44,160
Customers	2,287,600	2,295,100	Endorsement liabilities	311	794
Staff	18,749	17,950	Business volume	56,783	44,954
			Guarantees	6,033	5,343

*) for complete Consolidated Annual Accounts see pages 90 to 93

**) pursuant to Article 331, paragraph 1, item 3, of the Companies Law (AktG)

***) excluding attributable share of profits

Annual Accounts and Report
for the Year 1975

COMMERZBANK



Contents

	Page
Agenda of the Annual General Meeting	6/7
Supervisory Board and Advisory Board	8-10
Board of Managing Directors	11
Assistant General Managers and Chief Legal Adviser	12
<hr/>	
Report of the Board of Managing Directors	
The economic scene	13
World economy stabilizing	13
West Germany recovering from recession	15
First-ever drop in German exports	17
Bundesbank's easy money policy	19
Savings at highest level ever	23
Steering the economy through budget policy	25
Searching for a new international monetary order	26
European integration consolidated	26
The Bank's progress	33
General performance of Commerzbank	33
Servicing our business customers	35
Servicing our private customers	39
Issue and stock market business	40
Foreign business and international activities	41
Staff and welfare report	42
Marketing of bank services centres on private customers	46
Outlook	55
Notes on the Parent Bank's Annual Accounts	56
<hr/>	
Report of the Supervisory Board	63

	Page
<hr/>	
Parent Bank's 1975 Annual Accounts	
Business progress from Jan 1, 1952, to Dec 31, 1975	64
Balance Sheet as at Dec 31, 1975	66/67
Profit and Loss Account for the financial year 1975	68/69
<hr/>	
Consolidated Annual Report and Accounts for the financial year 1975	
Notes on the Consolidated Annual Accounts	72
Affiliated banks:	
Berliner Commerzbank AG, Berlin	78
Commerzbank International S.A., Luxembourg	80
Rheinische Hypothekbank, Frankfurt	82
Associated companies (chart)	85/86
Consolidated Balance Sheet as at Dec 31, 1975	90/91
Consolidated Profit and Loss Account for the financial year 1975	92/93
<hr/>	
Appendices	
Syndicate transactions in 1975	95
Head offices and domestic branches	98
Foreign branches, domestic and foreign subsidiaries and affiliated banks	103
Representative offices abroad	103
Holdings in foreign financial institutions	104
The international presence of the Europartners	106-109

As in previous years, our Annual Report is available in German, English, and French. Responsible for English edition: L. Launhardt.

Translation from the German original by AFInternational Translation Services Ltd., London.

Dear shareholders,

This is the first time that we are inviting you to attend the Commerzbank Annual General Meeting at our new headquarters building in Frankfurt. Besides asking you to vote on the recurring items we are again putting before you a proposal to raise the authorized capital so as to enable the Bank to continue its solidly based growth. As before, the new shares will be offered both to you and to the holders of the Bank's convertible bonds, with sales on the market to be restricted to any small amounts required to round up the share capital. Another item on the agenda, as every five years, will be the election in toto of those members of the Supervisory Board who are delegated by the shareholders.

Despite the difficult economic situation we made substantial headway in 1975, as is witnessed to by our Annual Report and Accounts. We consider the result, to which all major sectors of our business contributed, to be completely satisfactory.

Among the positive achievements during the year under review, we would mention particularly the very favourable response to the two subscription rights offered to our shareholders at the beginning of 1975 and again in the late autumn, when the great majority took advantage of the opportunity to increase their number of Commerzbank shares. Another source of gratification to us is the fact that the number of our shareholders increased by some 4,000 in 1975 to a total of 120,000.

A representative survey gave us a breakdown of our shareholders. In terms of the amount of share capital held, wage and salary earners—representing 26 per cent of the total—rank first at Commerzbank. Second are investment funds, insurance companies, and other institutional investors with a combined holding of 25 per cent. Next come entrepreneurs and professional people as well as foreign shareholders, each accounting for about 14 per cent. Housewives are in fifth position with 13 per cent, and pensioners in sixth with 5 per cent. The remaining shares are mainly held by foundations and communities of heirs and by pupils and students. At least half of the Bank's share capital is in the hands of people with less than 1,000 shares.

The largest foreign holdings are probably in those countries on whose stock exchanges Commerzbank's shares are quoted. As you will be aware, we began to have our shares listed on important foreign stock exchanges some considerable time ago, and they are today officially quoted in Britain, France, the three Benelux countries, Switzerland, and Austria.

Having now offered employees' shares to our staff on advantageous terms no less than ten times, we regard it as especially gratifying that about two-thirds of our personnel are also shareholders of the Bank.

During a period of economic uncertainty, the importance of having an adequate reserve of liable capital cannot be overrated. At Commerzbank, the parent company has about trebled its liable funds over the last ten years, and with the Group's capital and reserves today amounting to DM 1.65 billion, we rank among the 30 largest banks in the world.

We have entered the new financial year in a mood of confidence. While during the past two years the major growth incentives have come from abroad, the revival in the West German economy now causes us chiefly to look forward to greater activities in domestic business.

March 1976



*Chairman
of the Supervisory Board*



*Spokesman
of the Board of Managing Directors*

24th Annual General Meeting

24th Annual General Meeting
of Shareholders

**at 10 a. m.
on Tuesday, May 11, 1976,**

at the large conference hall of
Commerzbank AG,
32-36 Neue Mainzer Strasse, Frankfurt.

Agenda

**1
To receive the
established Annual Statement of Accounts,
the Report of the Board of Managing Directors,
and the Report of the Supervisory Board,
as also the Consolidated Annual Accounts
and the Group Report
for the financial year 1975.**

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

The Board of Managing Directors
and the Supervisory Board propose
that the Net Profit of DM 95,458,500. –
for the financial year 1975
be used to pay a dividend of
DM 9.– per share of DM 50.– nominal,
with the new shares
from the capital increase of October 1975
ranking for dividend as to one quarter.

**3
To approve the acts
of the Board of Managing Directors
and of the Supervisory Board
during the financial year 1975.**

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

**4
To authorize the Board of Managing Directors
to increase the share capital
and to amend the By-laws.**

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 May 3, 1979, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM 103,300,000.– nominal, if necessary with exclusion of shareholders' subscription rights; the Supervisory Board shall be authorized to amend Article 4 of the By-laws appropriately whenever a share issue is made within the authorized capital increase.
- b) Having regard to the existing authorized capital of DM 46,700,000.– and the resolution under a) above, Article 4, paragraph 5, of the By-laws shall read as follows:
"The Board of Managing Directors is authorized to increase the share capital of the Company by May 3, 1979, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM 150,000,000.– nominal and to decide, in so doing, on the exclusion of shareholders' subscription rights."

**5
To elect the Members
of the Supervisory Board.**

Pursuant to Article 96, paragraph 1,
and Article 101, paragraph 1,
of the Companies Law
and Article 76, paragraph 1, of the
Law on the Constitution of Enterprises of 1952
in conjunction with Article 129 of the
Law on the Constitution of Enterprises of 1972,
and Article 9 of the By-laws,
the Supervisory Board is made up of 14 Members
elected by the Annual General Meeting
and by 7 Members elected by the employees.

The Supervisory Board proposes
that the following
be elected by the Annual General Meeting:

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. Dr. h. c. mult.
Dr. E. h. mult. Otto Bayer
Leverkusen
Honorary Chairman of the Supervisory Board
of Bayer AG

Dr. Karl-Heinz Kürten
Oberhausen
Member of the Board of Managing Directors
of August Thyssen-Hütte AG, and
Chairman of the Board of Managing Directors
of Thyssen Niederrhein AG
Hütten- und Walzwerke

Paul Lichtenberg
Frankfurt/Düsseldorf
currently Spokesman
of the Board of Managing Directors
of Commerzbank AG

Helmut Lorenz-Meyer
Hamburg
General Partner in Theodor Wille

Professor Dr.-Ing.
Dr. Dr.-Ing. E. h. Heinrich Mandel
Essen
Member of the Board of Managing Directors
of Rheinisch-Westfälisches
Elektrizitätswerk AG

Dr. Dietrich Wilhelm von Menges
Oberhausen
Member of the Supervisory Board
of Gutehoffnungshütte Aktienverein

Rudolf August Oetker
Bielefeld
Owner, Dr. August Oetker

Günter Max Paefgen
Düsseldorf
General Partner in Friedrich Flick KG

Hans Reintges
Frankfurt-Höchst
Member of the Board of Managing Directors
of Hoechst AG

Honorary Senator Hugo Rupf
Heidenheim (Brenz)
Chairman of the Supervisory Board
of J. M. Voith GmbH, and Managing Director
of Voith-Beteiligungen GmbH

Toni Schmücker
Wolfsburg
Chairman of the Board of Managing Directors
of Volkswagenwerk AG

Heribert Werhahn
Neuss
Partner in Wilh. Werhahn

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

Proposals for election are not binding
on the Annual General Meeting.

6
To elect the Auditors
for the financial year 1976.

The Supervisory Board proposes that
Treuarbeit Aktiengesellschaft,
Wirtschaftsprüfungsgesellschaft,
Steuerberatungsgesellschaft, Düsseldorf,
be elected.

Supervisory Board

(Aufsichtsrat)



DR. HANNS DEUSS
Düsseldorf
Chairman

HELMUT LORENZ-MEYER
Hamburg
General Partner in Theodor Wille
Deputy Chairman

DR. DIETRICH WILHELM VON MENGES
Oberhausen
Member of the Supervisory Board
of Gutehoffnungshütte Aktienverein
since Feb. 19, 1975
Deputy Chairman since March 24, 1975

CONSUL-GENERAL PROFESSOR
DR. DR. h. c. PHILIPP MÖHRING
Karlsruhe
Lawyer
Deputy Chairman
deceased Nov. 16, 1975

PROFESSOR DR. DR. h. c. mult.
DR. E. h. mult. OTTO BAYER
Leverkusen
Honorary Chairman
of the Supervisory Board
of Bayer AG

ROLF BECKMANN
Düsseldorf
Commerzbank AG

KARIN BEHRENS
Berlin
Berliner Commerzbank AG

EWALD FAJKUS
Frankfurt
Commerzbank AG

URSULA FAMERS
Essen
Commerzbank AG

DR. KARL-HEINZ KÜRTE
Oberhausen
Member of the Board of Managing Directors
of August Thyssen-Hütte AG, and
Chairman of the Board of Managing Directors
of Thyssen Niederrhein AG
Hütten- und Walzwerke

PROFESSOR DR.-ING.
DR. DR.-ING. E. h. HEINRICH MANDEL
Essen
Member of the Board of Managing Directors
of Rheinisch-Westfälisches
Elektrizitätswerk AG
since May 16, 1975

RUDOLF AUGUST OETKER
Bielefeld
Owner, Dr. August Oetker

GÜNTER MAX PAEFGEN
Düsseldorf
General Partner
in Friedrich Flick KG

ERNST RIECHE
Königstein (Taunus)

HONORARY SENATOR HUGO RUPF
Heidenheim (Brenz)
Chairman of the Supervisory Board
of J. M. Voith GmbH, and Managing Director
of Voith-Beteiligungen GmbH

TONI SCHMÜCKER
Wolfsburg
Chairman of the Board of Managing Directors
of Volkswagenwerk AG

ERNST VOSSEN
Düsseldorf
Commerzbank AG

HELMUT WEINERT
Frankfurt
Commerzbank AG

HERIBERT WERHAHN
Neuss
Partner in Wilh. Werhahn

LISELOTTE WÖHRLE
Stuttgart
Commerzbank AG

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

Advisory Board

(Verwaltungsbeirat)

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

DR.-ING. WALTER BARTELS
Hanover
Chief Executive
of Gewerkschaften Brigitta und Elwerath
Betriebsführungsgesellschaft mbH

DR. FRIEDWART BRUCKHAUS
Wetzlar
Deputy Chairman
of the Board of Managing Directors
of Buderus'sche Eisenwerke

DR.-ING. DR. RER. POL. KARLHEINZ BUND
Essen
Chairman of the Board of Managing Directors
of Ruhrkohle AG

DR.-ING. E. h. HELMUTH BURCKHARDT
Herzogenrath
Chairman of the Supervisory Board
of Eschweiler Bergwerks-Verein

DR. MAX GÜNTHER
Munich
Member of the Board of Managing Directors
of Siemens AG

DR. OSKAR JANSON
Oberhausen
Member of the Board of Managing Directors
of Thyssen Niederrhein AG
Hütten- und Walzwerke

MAX KÜPPERS
Wesel
Managing Partner
in Gerhard Hülskens & Co.

PROFESSOR DR.-ING.
DR. DR.-ING. E. h. HEINRICH MANDEL
Essen
Member of the Board of Managing Directors
of Rheinisch-Westfälisches
Elektrizitätswerk AG
until May 16, 1975

KARLHEINZ MANGELSEN
Cologne
Member of the Board of Managing Directors
of Kaufhof AG,
and Chairman of the Supervisory Board
of Kaufhalle GmbH

DR. KARL MÖNKEMEYER
Marl
Chairman of the Board of Managing Directors
of Chemische Werke Hüls AG

HONORARY SENATOR
DR. h. c. HERBERT SCHELBERGER
Essen
Chairman of the Board of Managing Directors
of Ruhrgas AG

HEINZ SCHMITZ
Essen
Member of the Board of Managing Directors
of Karstadt AG

DR.-ING. ALBRECHT SCHUMANN
Frankfurt
Chairman of the Board of Managing Directors
of Hochtief AG für Hoch- und Tiefbauten
vorm. Gebr. Helfmann

FRITZ SEYDAACK
Düsseldorf
Spokesman of the Board of Managing Directors
of Horten AG

DR. GÜNTER WINKELMANN
Mülheim (Ruhr)
Chairman of the Board of Managing Directors
of Hugo Stinnes AG, and
Member of the Board of Managing Directors
of VEBA AG

Board of Managing Directors

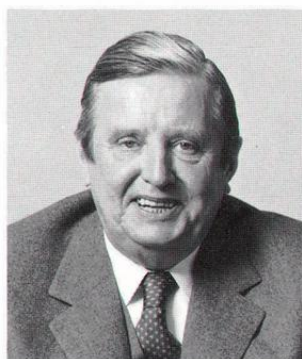
(Vorstand)



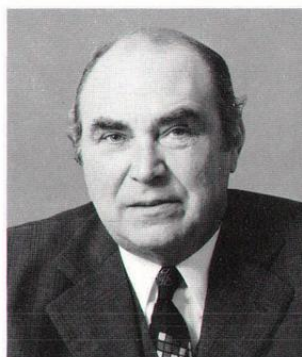
DR. RUDOLF BEHRENBECK
Frankfurt



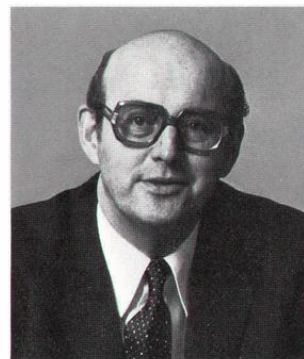
ENGELBERT DICKEN
Frankfurt



PAUL LICHTENBERG
Frankfurt and Düsseldorf



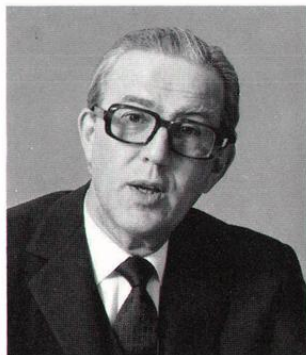
HEINZ NIEDERSTE-OSTHOLT
Düsseldorf



DR. RABAN FRHR. v. SPIEGEL
Frankfurt



DR. PETER DEUSS
Hamburg



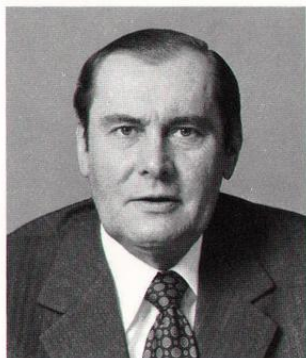
DR. WOLFGANG JAHN
Düsseldorf



ARMIN RECKEL
Düsseldorf



DR. JÜRGEN TERRAHE
Frankfurt



ROBERT DHOM
Frankfurt



GÖTZ KNAPPERTSBUSCH
Düsseldorf



JÜRGEN REIMNITZ
Frankfurt



DR. FRIEDRICH GRUNDMANN
Hamburg
Deputy Member

Assistant General Managers and Chief Legal Adviser

(Generalbevollmächtigte und Chefjustitiar)

Assistant General Managers:

SIEGFRIED ERNST
Munich

DR. PETER GÖTZ
Frankfurt

KLAAS-PETER JACOBS
New York

DR. HANS-VIKTOR KURZROCK
Düsseldorf
since Jan. 1, 1976

WOLFGANG OTTO
Frankfurt
since Jan. 1, 1976

DR. REMBERT VON REHREN
Hamburg

HANS VOLLBACH
Frankfurt

HERBERT WOLF
Frankfurt

Chief Legal Adviser:

DR. HELMUT BECKER
Frankfurt

Report of the Board of Managing Directors

World economy stabilizing

The world is looking back on 1975 with disappointment. Instead of the hoped-for economic recovery there occurred a severe recession, and longer-term growth prospects are now being viewed with more reserve than previously. It is, however, encouraging that there is in general a growing understanding of interrelated economic phenomena since this is essential if we are to avoid a repetition of past mistakes.

We see the crisis that has persisted since late 1973 as having dealt the world economy a blow from which it will not easily recover. Although there are increasing signs of stabilization, many countries are still treading the tightrope between inflation and unemployment.

Inflation-generated recession

Unlike the events of the early thirties, the recent recession was not the offspring of a "great deflation" but of world-wide inflation fed by excess liquidity. Comprehensive social security provision and increased Government activity have spared the world the deep slide into depression. Greater state investment in the economy combined with the stronger position gained by workers over the past twenty years or so has, however, inevitably impaired cost flexibility and hence also the economy's powers of recovery, with the result that more and more hope was pinned on the expansionary effects of an aggressive fiscal policy. This is reflected everywhere in huge budget deficits which, with the exception of the extreme case of New York, have so far been financed without too much difficulty because of the abundance of available funds.

On all sides, relaxations in the monetary sphere, a continued reluctance on the part of industry to invest, and a high propensity to save put pressure on interest rates, even though the latter did not reach the low levels of the sixties.

Parallel developments world-wide

Throughout the free world, economic events followed parallel courses in 1975. Thus everywhere there was initially an acceleration in the downward trend, but subsequently even those countries which had been particularly hard hit by inflation once again moved back toward balanced external trade positions. In the main, the battle against rising prices was waged with distinct success, although this was achieved at the expense of higher unemployment, with young people especially affected.

Severe slump in the USA

During the first half of 1975 the world-wide recession continued to deepen as the effects of national anti-inflation policies were enhanced by the collapse of over-inflated demand. As a result, economic performance as measured in terms of real GNP showed a further decline in the OECD states over 1975 as a whole, with the US figure down 4 per cent on 1973, West Germany suffering a setback of more than 3 per cent and Japan, which had come to take growth for granted, recording a 1 per cent fall. Of the larger industrialized countries, only France and Canada still managed to maintain a somewhat higher rate of growth than two years before.

Contraction in world trade

World trade likewise shrank in 1975, showing a decrease of some 7 per cent in real terms after a 5 per cent expansion in volume in 1974. There are hopes that 1976 will see last year's decline turned into growth of the same order of magnitude—assuming, of course, that the major trading nations will resist the temptation to introduce protectionist measures.

With the current account balances of both the industrial countries of the west and the OPEC states generally lower, there was in 1975 less concern with the recycling of funds than in the previous year. Tensions in the international money and capital markets decreased further and events in the commodity markets were also less turbulent than in 1974.

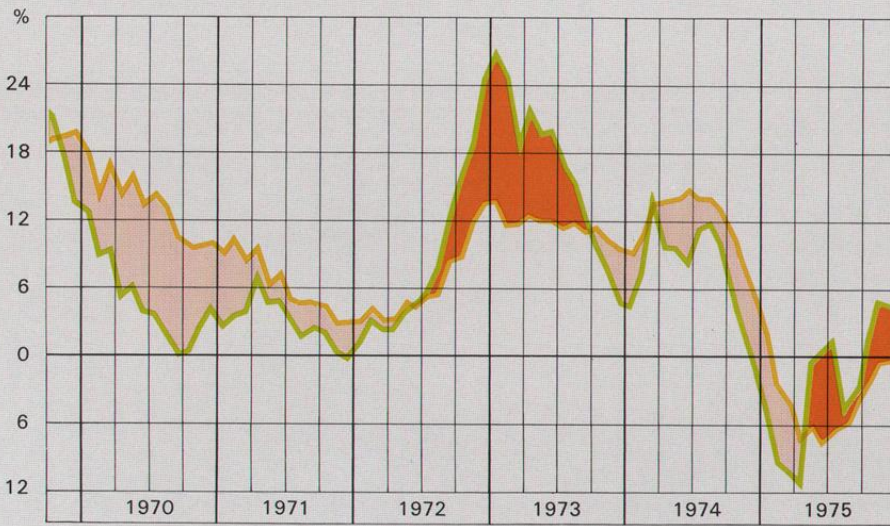
Euromarkets: preference for bond issues

The Euro-finance markets also made some return towards normality. Whereas syndicated revolving credits clearly predominated in 1974, the climate for bonds improved again last year and both dollar and D-mark issues produced record sales in 1975, although terms were shorter and interest rates still relatively high. Owing to overall economic conditions, public authorities were very active borrowers. There is much concern at the sharp increase in the indebtedness of certain nations that were unable to have recourse to the bond market, with the result that their only means of financing their deficits internationally was through loans involving high risk surcharges.

Stimulus from OPEC countries and state-controlled economies

Countries with state-controlled economies managed to continue expanding, although at the expense of a further rise in their foreign indebted-

West German industry: recovery finally in sight

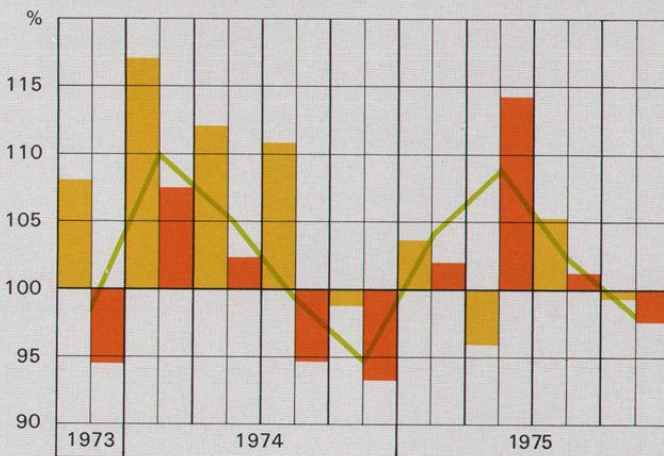


New orders and sales

New orders booked tended to show a more steady pattern once the West German economy had ascended from the recession low. Manufacturers of plant and equipment benefitted from the investment premium owing to which their order backlogs were swelled around mid-year.

manufacturing industry:
(change on year, seasonally adjusted)

- new orders
- sales
- orders on hand, growing
- orders on hand, shrinking

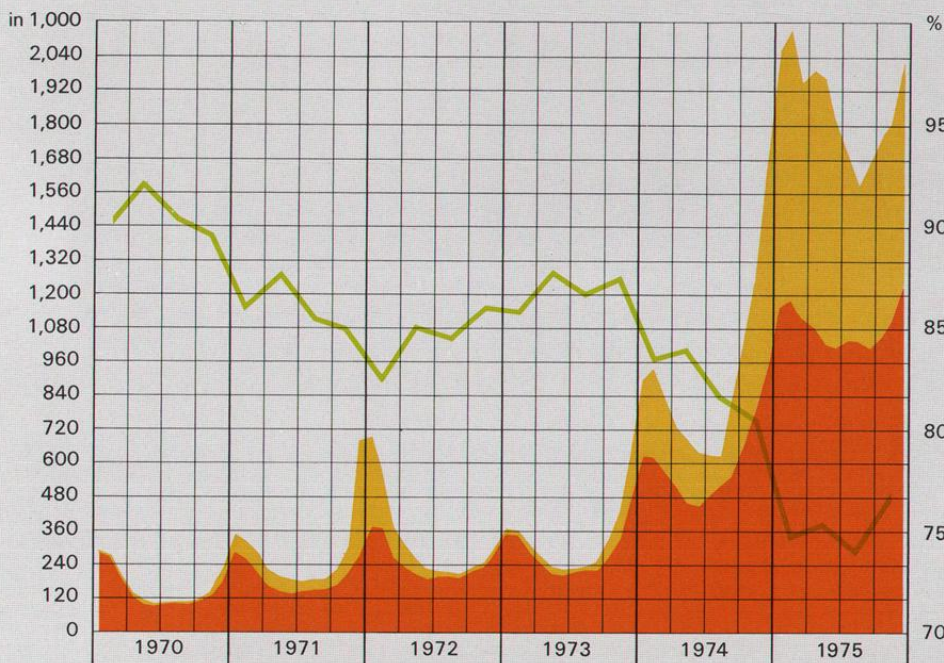


New orders as percentage of sales

Increased domestic demand, especially for tax-privileged capital goods, partly made up for the steep slump in West German exports.

quarterly figures:

- domestic orders
- foreign orders
- total orders



Labour market

The labour market fully reflected the severe recession of the West German economy, although short-time working which was taken to more than ever before proved a buffer.

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

ness. The current account surpluses of most of the OPEC states shrank more rapidly than had been expected and in some cases they even took up Euro-credits to enable them to continue with major development projects. Greater purchases of capital goods by both these groups of countries had a stabilizing effect on the world economy.

There is now little doubt that in a few years' time most OPEC states will no longer have trade surpluses, the exception being those Arab nations particularly rich in oil but with only a small population. It is our impression that the latter are becoming increasingly aware of the international responsibility which they have acquired with their new wealth.

Good prospects of balanced growth ...

Provided that inflation can be kept under control, the prospects of balanced economic expansion in the western world over the next few years are in our view not unfavourable. The substantial surplus production capacity will, however, initially prevent any swift revival in investment with growth rates as high as those achieved in the fifties and sixties.

... with development faster in the Third World

In the longer term, the world economy faces the difficult but possibly rewarding task of enabling those developing countries which are poor in raw materials to enjoy a greater share of progress and prosperity. However, so far no quick solution to the problems of unemployment and hunger in these regions is in sight. And yet the present period of low growth should leave much greater scope both technically and financially for advancing the development of the infrastructure in and the delivery of production plants to these countries.

West Germany recovering from recession

In 1975, the West German economy experienced its most troublesome year since well back in the period of post-war reconstruction. The further decline in the willingness of German industry to invest, which in 1974 had been concealed by booming exports, hit the economy with full force as demand for German goods from abroad dropped sharply.

Underlying causes of the crisis

The causes of this aggravation of the crisis, which gave rise to a hitherto unprecedented level of unemployment, go back many years.

- Excessive demands which, in the expectation of virtually unlimited growth, had generally been made on available resources led both to a rapid expansion in Government spending on consumption and to sharper competition for market shares in the manufacturing and service industries. As a result, and in addition to increases in the prices of raw materials and energy, taxes and levies and especially wage costs rose very steeply. This in turn impaired both the willingness of German industry to invest and its ability to compete on world markets.
- Unrealistic exchange rates made German industry over-dependent on export business from the early sixties onwards, and the substantial rise in the value of the D-mark that took place between end-1971 and end-1974 (21 per cent against all other currencies and as much as 32 per cent against the US dollar) further weakened its competitive position.
- The flight from money into property caused by inflation resulted inter alia in unwise investments and excess capacities, especially in the housing sector.

Negative economic performance in 1975

Thus for the first time in the history of the Federal Republic the national economy in 1975 produced a

Performance of the German economy

Change on year, in %	1972	1973	1974	1975 ¹⁾
Gross national product, nominal	+ 9.5	+11.2	+ 7.2	+ 4.4
Gross national product, real	+ 3.4	+ 5.1	+ 0.4	– 3.6
Capital spending, nominal	+ 7.0	+ 5.1	– 2.1	– 2.4
Mass income, net	+10.2	+ 9.7	+10.0	+10.0
Cost of living ²⁾	+ 5.5	+ 6.9	+ 7.0	+ 6.0

¹⁾ provisional; ²⁾ index for all private households, yearly averages

clearly negative result. Gross national product fell over the first six months by 5 per cent in real terms from its level in the corresponding period of the previous year, and by 3.6 per cent on the whole year. Despite this, nominal GNP rose from DM 994 bn to DM 1,038 bn because inflation eased only slowly.

By early 1976, however, the price situation showed some improvement over the previous year, with annual rates of increase down to 2 per cent for industrial producer prices and to 5.3 per cent in the case of the cost of living.

Sectors suffering considerable declines in activity were the building and capital goods industries. By contrast, car producers whose output touched bottom in 1974, made a comeback thanks to the backlog in demand which had built up in the meantime. Hardest hit by the collapse in demand were the steel and chemical sectors. Overall, utilization of industrial capacity in the summer was 15 per cent below what is considered normal; some betterment has since occurred and industry's use of capacity is now running at about 10 per cent below normal level.

Rationalization and consolidation

1975 was a year of rationalization that went hand in hand with a much greater cost-awareness. Labour, which had become very expensive, was in particular used much more economically. At the same time, the cutback in capital spending combined with a reduction in stocks facilitated re-financing of short by long-term funds.

The other side of the rationalization coin was the sharp rise in unemployment. Although foreign workers kept returning to their own countries, the statistics showed an average of over one million unemployed for the year. Moreover, a large number of people were temporarily on short time.

Falling profits—higher wages

With demand stagnating, keener competition from imports, and a growing price-awareness on

the part of consumers it became more and more difficult to pass on increased costs. Companies were thus faced with a basically new situation. Earnings were once again down with net profits (after deduction of entrepreneurs' remuneration and after allowing for inflationary profits) one-tenth below the already very low level of the previous year.

On the other hand, despite the critical employment situation workers succeeded in gaining another rise in their net income which more than covered the increase in the cost of living. The new regulations governing children's allowances and income tax which came into force on January 1, 1975, were an important factor here, but the principal cause of the new leap upward in real per capita income was in fact the collective wage agreements of the spring of 1975 which did not adequately allow for the drop in output and the resultant fall in productivity.

Slow investment means less efficient plant

In West German industry, expenditure on new plant started declining in real terms as early as 1970, and this continuing slowness to invest represents a serious problem. Apart from the low rate of capacity utilization and the uncertainty of sales prospects, this reluctance was chiefly caused by the considerable pressure put on profit margins. The fall in investment in both the manufacturing and building industries has not so far been made up for by the higher expenditure on infrastructure, as would have been in line with counter-cyclical policies. On the contrary, public spending was also curtailed since the authorities had over-extended themselves with current payment commitments, especially those relating to staff.

Whereas in the fifties and sixties West German industry had enjoyed a competitive advantage because of its modern production technology, certain sectors now have to face the fact that installations are becoming out of date. Approximately one half of all plant in the processing industries is by now more than ten years old; in 1965 this was true of only a third of the machinery used.

Performance of German industry

Change on year, in %	1972	1973	1974	1975 ¹⁾
Output	+ 4.3	+ 6.8	- 1.4	- 7.0
Employees	- 2.3	+ 0.3	- 2.5	- 6.7
Wages and salaries	+ 9.7	+11.2	+11.6	+ 8.1
Productivity ²⁾	+ 6.8	+ 6.5	+ 3.4	+ 1.6

¹⁾ provisional; ²⁾ output per man-hour

Recession the acid test

All in all, the 1974/75 recession was for German companies the most rigorous test to which they have been put in thirty years and the soaring number of bankruptcies evidences the severity of what we might term the process of natural selection. However, the phase of consolidation which is now under way will improve the prospects of carefully managed and soundly financed enterprises. We are convinced that any firm that is able to draw on its creative reserves so as to pave the way for innovation will continue to have good chances of growth.

First-ever drop in West German exports

While the Federal Republic was the only industrialized country of the free world to record a slight rise in the volume of imports in 1975, its exports were down for the first time ever. Since the decline in real terms was one of 10 per cent, this means in fact that the volume of exports dropped more sharply than did world trade. The sector to suffer most from this trend was that of basic materials for which demand had been particularly strong the previous year. On the other hand, sales of capital goods held up well, with a shift in export emphasis towards the east and south east. As a result, West Germany's bilateral trade with countries with state-controlled economies produced even greater export surpluses while that with the OPEC nations was at times nearly balanced, despite the steep rise in oil prices.

If we disregard the exceptional export boom of 1974, a comparison of the 1975 and 1973 foreign trade figures shows that both exports and imports went up by about 25 per cent; this is, however, almost entirely accounted for by price increases.

Terms of trade worsen again

The West German export surplus for 1975 swung back to three-quarters of the previous year's record result, with the terms of trade improving early in the year. The latter tended to worsen again from mid-year onwards as import prices moved upwards with the firming of the US dollar whilst export prices hardly rose at all. In the beginning of 1976, both import and export prices were slightly up on the previous year's levels.

The return to what must be regarded as a more normal trade surplus was fully reflected in the balance on current account, the other components of which went even deeper into the red. However, a further increase in the deficit on tourism was to some extent offset by the reduction in the amounts remitted home by foreign workers.

Conflicting capital movements

There were extremely conflicting trends in the flow of capital. In the long-term sector, bank loans to borrowers abroad and the sale of German securities in foreign hands produced very high net exports of capital, whereas in short-term transactions the predominant factor was the taking up of trade loans and financial credits by German companies.

For the first time since 1970, direct investments resulted in a net export of funds, with foreign companies rather reluctant to spend capital in this country while German companies were increasing their investments abroad.

Overall there was a deficit on capital transactions which exceeded the surplus on current account. Nonetheless the Bundesbank saw its monetary

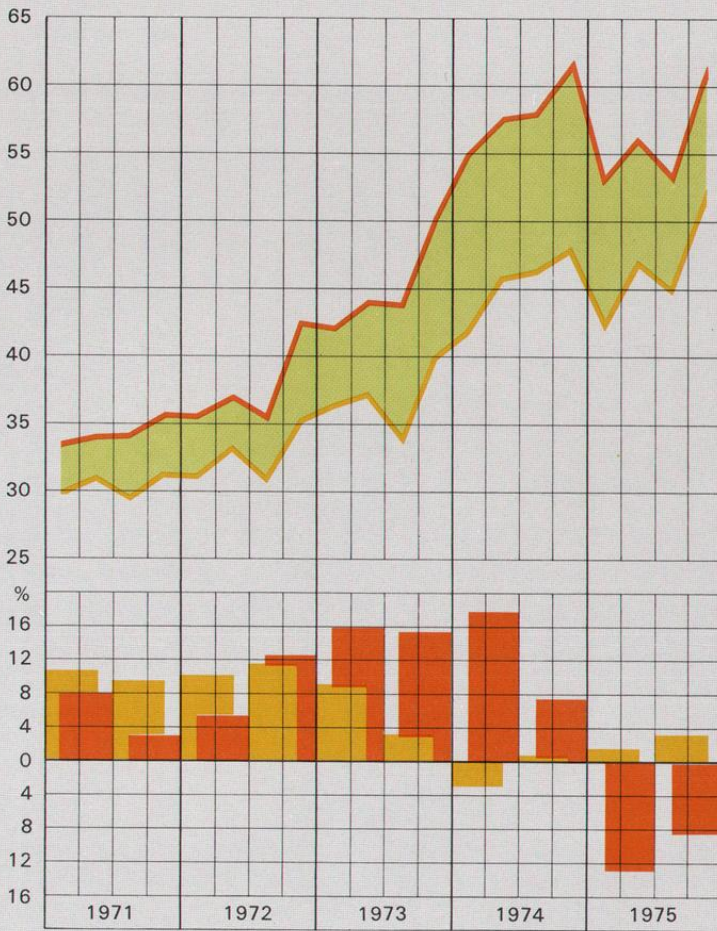
Increase in unit wage costs¹⁾ in major industrialized countries

Increase on year, in %	basis: national currencies			basis: SDR's ²⁾		
	1973	1974	1975 ³⁾	1973	1974	1975 ³⁾
Federal Republic of Germany	8	9	8.5	20	12	10.5
France	9	15	15	13	8	25.5
UK	8	20	28.5	- 2	16	18
Italy	13	20	24.5	2.5	9	22.5
Netherlands	9	12	15.5	17	16	19
Total EEC	9	14	16.5	12	13	18
USA	5	11	9.5	- 4.5	11	8.5
Japan	13	28	13.5	16	19	10

¹⁾ ratio of gross wage income to price-adjusted GNP, all figures rounded to 0.5 percentage points; ²⁾ special drawing rights (1 SDR being equal to parity of US dollar prior to December 1971 parity realignment); ³⁾ estimates

Source: Deutsches Institut für Wirtschaftsforschung (DIW), Berlin

West German foreign trade: export surplus one-fourth smaller



Exports and imports

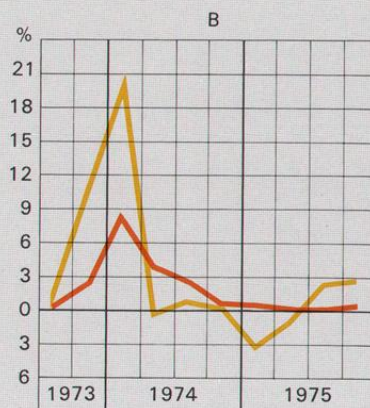
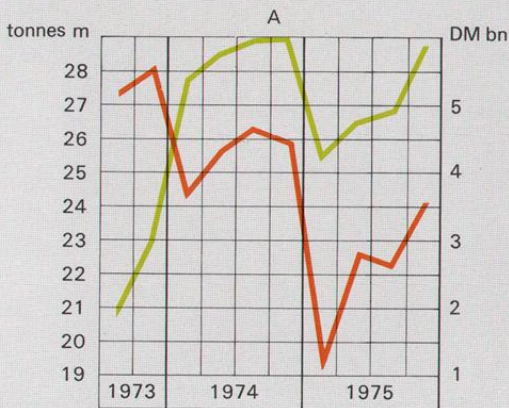
The volume of West Germany's exports shrank by 10% in 1975 whereas imports, even on a price-adjusted basis, were slightly up by 3%.

quarterly figures:

- exports (in DM bn)
- imports (in DM bn)
- export surplus (in DM bn)

change on year, in %:

- volume of exports
- volume of imports



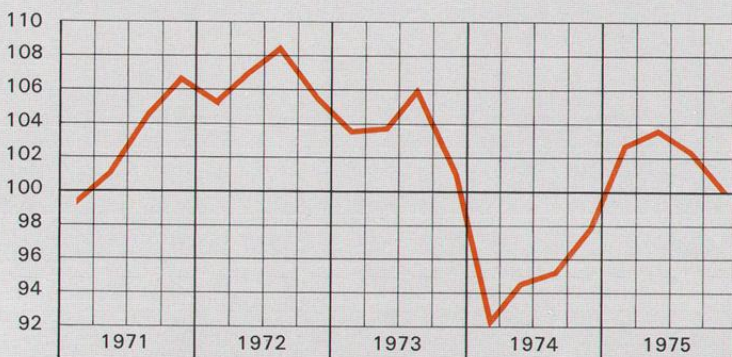
A: Crude oil imports

- value (in DM bn)
- volume (in tonnes m)

B: Prices of exports and imports

change on quarter, in %:

- export prices
- import prices



Terms of trade

West Germany's terms of trade improved until the summer of 1975, whereas in the second half of the year import prices rose more than export prices, meaning that imports had to be paid for by higher exports.

- average export values as percentage of average import values (1970 = 100)

reserves rise, since the 8 per cent appreciation of the US dollar against the D-mark in 1975 produced a DM 5.5 bn increment in the value of the Bundesbank's foreign exchange holdings, thus making up at least in part for the heavy losses that had resulted from previous D-mark revaluations.

Bundesbank's easy money policy

The Bundesbank continued its policy of reflating the economy by means of a generous supply of liquidity and by encouraging a steady fall in interest rates. The discount rate was lowered in several stages to 3.5 per cent and, given the high level of unemployment and the persistently large savings rate, as also a decline in borrowing by companies for the first time ever, it would certainly have been possible to make a case for cutting the bank rate both faster and more. However, besides having to take into account the elevated level of interest rates abroad, the Bundesbank no doubt considered it advisable to provide some influence to counter the very expansionary effects of public sector borrowing and spending. Local authorities did in fact resort to the credit market to a hitherto unparalleled extent while the Federal Government, in full accord with its counter-cyclical fiscal policy, had recourse to over DM 7 bn of the special deposits "frozen" at the Bundesbank during the preceding boom phase.

Monetary policy: tendency to disregard interest rates

Even in previous years there was a definite reluctance to use the discount rate as an instrument of monetary policy. As long ago as 1973 we expressed regret that the discount rate had not been allowed to rise above 7 per cent, whilst market rates had been moved up much more. Again, as early as 1974, when cost-push replaced demand-

pull inflation, we regarded the bank rate cuts as over-cautious. In general, we see this strategy as influenced both by external considerations and by monetarist policies seeking to achieve their results through the money supply alone.

Large-scale open-market operations

The Bundesbank fuelled the market both by repeated reductions in its minimum reserve requirements and by engaging in large-scale open-market operations which developed from the policy of supporting Federal bonds started at mid-year. This method of injecting liquidity was attractive because at the same time it contributed to stabilizing long-term interest rates which, in contrast to the general economic trend, had tended to move upwards again too early. Overall, DM 7.5 bn were introduced into the market in this way within a mere four months.

Lending business: return to longer terms

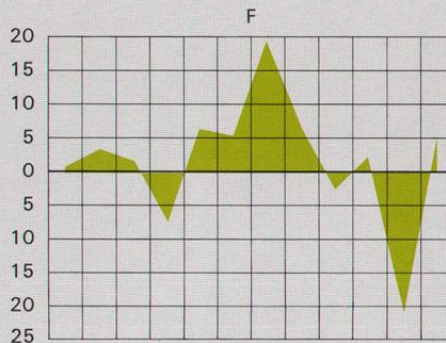
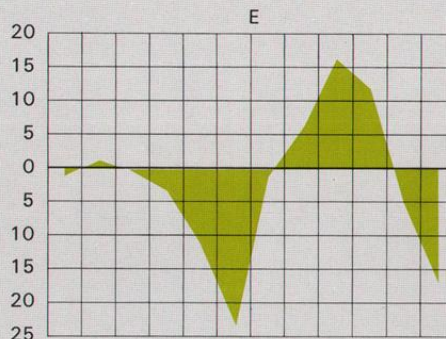
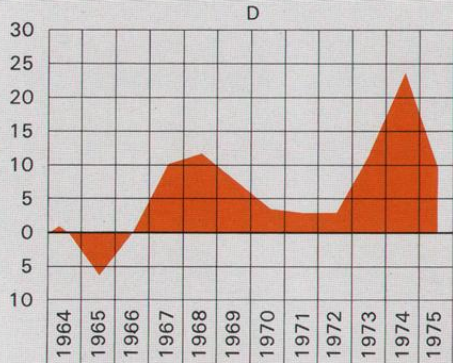
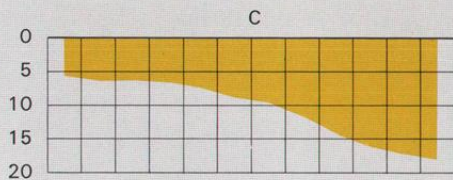
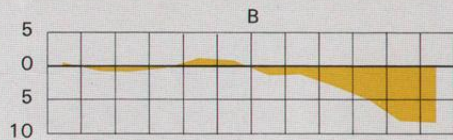
Throughout 1975, lending to companies and professional people rose by only 3 per cent although industry had virtually no recourse to the capital market through bond issues. The sharp reduction in lending rates made possible by the rapid fall in time deposit rates merely had the effect of encouraging credit demand from private households while bank loans to the manufacturing industry dropped by as much as 5 per cent. This was to some extent made up for by higher lending to the energy sector. The total amount borrowed from banks by private individuals was up 13 per cent whilst public authorities increased their indebtedness by as much as 37 per cent. The housing sector—hitherto the biggest borrower—contented itself with a rise of only 6 per cent.

Breakdown of West Germany's balance of payments

in DM m	1972	1973	1974	1975
Current account ¹⁾	+ 2,474	+ 11,496	+ 24,851	+ 9,440
Capital account ²⁾	+ 13,636	+ 20,081	- 17,024	- 8,768
Overall balance of monetary movements	+ 16,110	+ 31,577	+ 7,827	+ 672
Short-term capital movements of banking sector ³⁾	- 420	- 5,149	- 9,733	- 2,891
Special factors ⁴⁾	- 496	- 10,279	- 7,231	+ 5,480
Official foreign exchange balance ⁵⁾	+ 15,194	+ 16,149	- 9,137	+ 3,261

¹⁾ balances of trade, services, and transfer payments taken together; ²⁾ excluding short-term capital movements of banking sector, but including unclassifiable transactions; ³⁾ change on previous year; minus signs symbolize increases in net foreign assets; ⁴⁾ allocations of special drawing rights (DM 490 m in 1972) as well as compensatory amounts for revaluation losses and depreciation gains resulting from reassessment of monetary reserves; ⁵⁾ changes in net external assets of the Bundesbank

West Germany's balance of payments gradually becoming better balanced



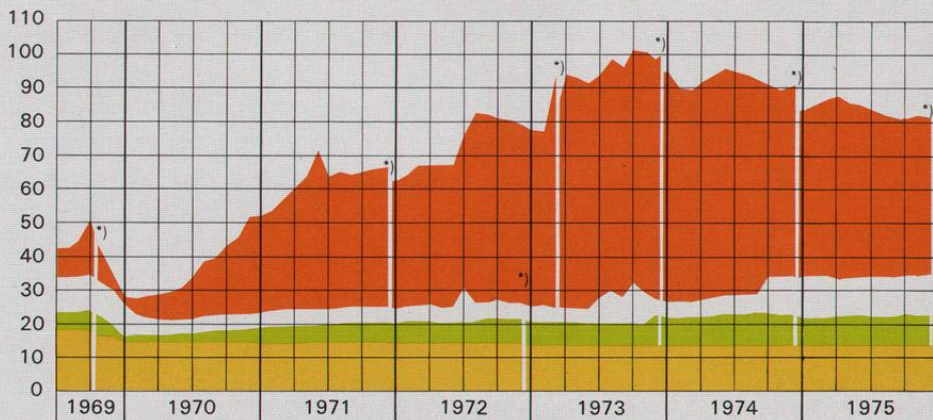
Breakdown of West Germany's balance of payments (in DM bn)

- A: visible trade
- B: services
- C: transfer payments
- D: current account (total, A to C)
- E: long-term capital transactions (incl. direct investments)
- F: short-term capital transactions (incl. unclassifiable transactions)



Direct investments (in DM bn)

- West German investments abroad
- Foreign investments in West Germany



West German monetary reserves

(foreign position as shown by the Bundesbank, gross figures in DM bn):

- dollar reserves
- other foreign exchange reserves
- special drawing rights and reserve position in IMF
- gold
- *) reassessment of monetary reserves

Never before have there been such marked shifts in the credit business, and this also applies to maturities. We see the clear trend towards longer terms firstly as a result of the running down of stocks by trade and industry combined with depressed sales and secondly as the consequence of a desirable effort to switch to longer-term loans the substantial capital investments initially financed through short-term funds which had been comparatively cheaper during the preceding period of high interest rates.

Amendment to banking law and deposit insurance scheme

The year under review saw lively discussion of the amendment to the banking law which, with effect from May 1, 1976, will considerably change the scope of banks' lending business in West Germany. The chief topic was the establishing of a ceiling for major loans and it is our opinion that a sensible compromise has now been devised to take into account both the requirements of the banking industry and the need to give better protection to creditors. We welcome the fact that the day on which the amended banking law comes into force will also see the introduction of the voluntary deposit insurance scheme of the Federation of German Banks which provides for a generous joint guaranty by the private banking sector. Henceforth, individual customer deposits of up to 30 per cent of the respective bank's liable funds will be safeguarded.

More flexible public debt management desirable

By and large, the money market remained calm in 1975 with the exception of some temporary strain resulting from Government borrowing. This derived from the public authorities' obligation under Article 17 of the Bundesbank Law to deposit their cash funds with the central bank, which subjects the market to hot and cold showers as large amounts of credit are suddenly taken up, and may

be compared with what happens after major tax payment dates. More flexible forms of public debt management would seem to us desirable, and the US system of tax credit accounts held with the commercial banks which has been proven for some decades might well serve as a model here.

Effort to control the money supply

In December 1975, the Bundesbank for the second time announced an annual target figure for the money supply, namely an increase of 8 per cent in what is known as the central bank money stock. However, whereas in 1975 this figure was the one to be adhered to throughout the year, the 1976 target is based on the average for the year, which is in line with the methods used in compiling the national accounts. This means that because of the very rapid expansion in the money supply in the late autumn of the year under review, there is substantially less room for manoeuvre in 1976 than in 1975. This does not necessarily constitute an obstacle to economic growth since experience suggests that as business revives, money will begin to circulate at a faster rate so that the economy can manage with a correspondingly smaller increase in the money supply. Moreover, it would seem that the Bundesbank's concept of controlling the money stock, which has also received the approval of the Federal Government, should not be regarded as a rigid rule to be adhered to at any price; this view is supported by the careful wording the Central Bank Committee chose when announcing its decision.

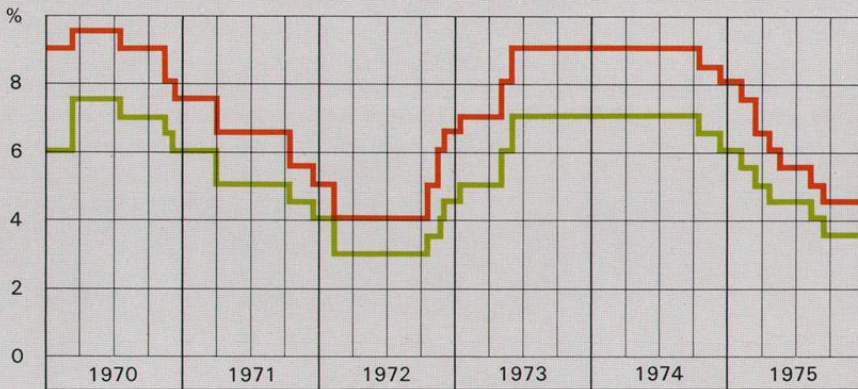
Nevertheless, the setting of a target for monetary growth can easily be misinterpreted, particularly since it is not possible to give an incontestable definition of the money stock itself. None of the usual indicators, whether the central bank money stock or other statistical variables, is fully convincing, quite apart from the fact that the rate of expansion can only be assessed after the event. Another even more important reason for doubt

German domestic bank lending

Change on year, in DM billion	at short and medium term			at long term (4 years or more)		
	1973	1974	1975	1973	1974	1975
Bank lending ¹⁾ to:						
Business ²⁾ and self-employed persons	+12.4	+15.4	-14.4	+17.0	+10.3	+25.3
Persons without independent means	+ 3.5	- 1.0	+ 4.1	+ 3.5	+ 2.0	+ 5.1
House-building	+ 0.3	+ 0.2	- 0.3	+22.9	+13.1	+12.3
Public authorities ³⁾	- 0.2	+ 4.4	+14.4	+11.2	+ 8.7	+26.7
Domestic non-banks, total	+16.0	+19.0	+ 3.8	+54.6	+34.1	+69.4

¹⁾ excluding purchases of securities; ²⁾ including Federal Railways, Federal Post Office, and other public enterprises; ³⁾ excluding purchases of Treasury bills and of equalization and covering claims

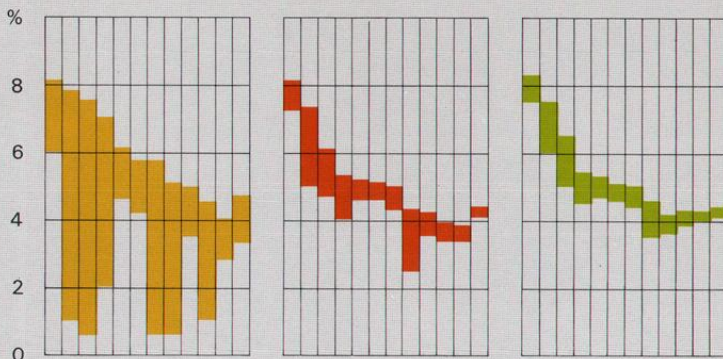
German financial markets: abundant liquidity resulted in easier conditions



Discount and lombard rates

In 1975, the Bundesbank through further cuts in the discount rate from 6 to 3½% moved in step with the market trend for lower interest rates.

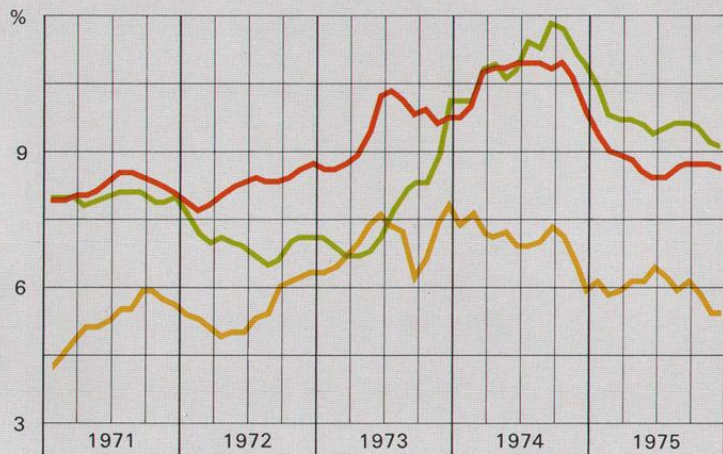
— discount rate
— lombard rate



Money markets in 1975

The call money rate was at times down to less than 2%.

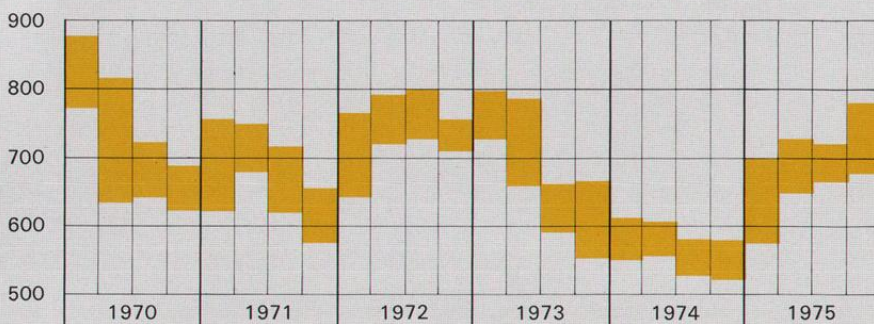
highs and lows, rates in %:
— call money
— one-month deposits
— three-month deposits



Bond yields (as compared with cost of living)

With interest rates at times rapidly declining, bond sales recorded a new high in West Germany. Investors still received 2 to 3% in real terms.

current yields:
— domestic bonds
— foreign DM bonds
— cost of living



Stock markets

After several disappointing years, German shares fared magnificently again in 1975. To many companies, the bullish market offered a welcome opportunity for increasing their capital.

— Commerzbank index, quarterly highs and lows (Dec 1953 = 100)

is that it appears completely impossible to measure such essential factors as liquidity and interest rate expectations. Precise control of the money supply therefore seems to us hardly practicable, even though we find any attempt to create a more objective monetary climate most understandable.

Central bank autonomy indispensable

A glance back at the frequent and momentous changes in economic tendencies over the last few years produces a mixture of disappointment at serious forecasting errors combined with the relative ineffectiveness of Government counter-measures and of respect for the policy which the Bundesbank has systematically followed in an attempt to achieve more balanced overall economic development. In so doing it benefited from not being obliged to adjust to political trends or to what are assumed to be the wishes of the electorate. The Bundesbank thus once again demonstrated the advantages of its independence.

The Federal Government was well advised in resisting all attempts by its political supporters to impose some limits on the often inconvenient autonomy of the Bundesbank, and we have been glad to see how smoothly the Government and central bank have cooperated during what has been the most critical period ever for economic

and monetary policymaking. The results, whilst perhaps modest by comparison with what it was hoped to achieve, have proved them right.

Savings at highest level ever

Although savings of private households reached their peak in the first half of 1975, they subsequently continued to run at a high level so that the savings rate, measured as the proportion of disposable income saved, went up from an average of 14.8 per cent in 1974 to nearly 16 per cent in 1975. At the same time, however, private indebtedness—or the negative component in calculating net savings—was also again well up.

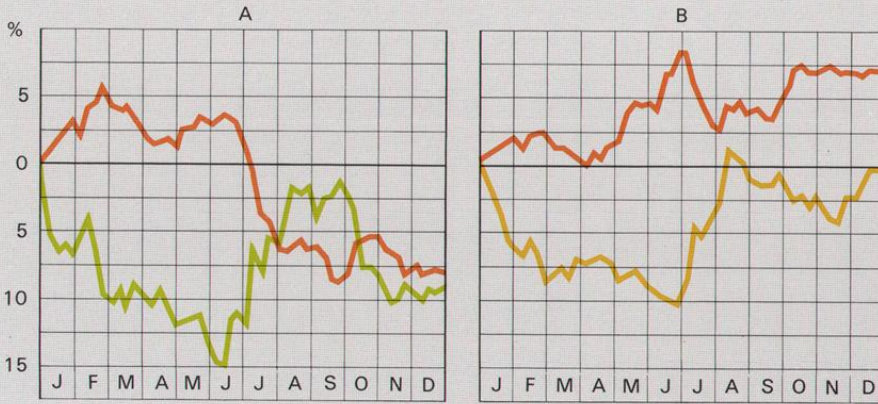
In 1975, people displayed a preference for forms of investment which left their money more readily available, with the result that savings accounts benefited most. The banks thus saw a greater degree of switching from longer to shorter-term funds, but at the same time they also actively encouraged consolidation both by direct lending and by considerably building up their own securities holdings. In addition they may be assumed to have participated to a greater extent than ever before in borrower's note operations which are not shown separately in the statistics on bank lending.

Saving activity in the Federal Republic of Germany

	change on year, in DM bn			variation in change	
	1973	1974	1975	1974 on 1973	1975 on 1974
Yearly savings volume					
Savings deposits ¹⁾	+14.0	+30.0	+64.7	+114%	+116%
Savings certificates	+ 5.5	+ 4.8	+ 8.9	- 13%	+ 85%
Savings for building	+ 7.4	+ 5.8	+ 9.2	- 22%	+ 59%
Life assurance premiums ²⁾	+ 9.9	+10.7	+ 9.0 ⁷⁾	+ 8%	+ 12% ⁸⁾
Bond purchases (net) ³⁾					
domestic bonds	+19.0	+27.7	+43.8	+ 46%	+ 58%
foreign bonds	- 0.2	+ 0.7	+ 1.4	—	+100%
Share purchases on stock exchange					
domestic shares ⁴⁾	+ 2.2	+ 1.0	+ 1.6	- 54%	+ 60%
foreign shares ⁵⁾	- 0.1	+ 0.4	+ 1.2	—	+200%
Investment saving					
securities funds ⁶⁾	+ 1.7	- 0.1	+ 1.5	—	—
open-end property funds	+ 0.2	- 0.1	+ 0.2	—	—

¹⁾ institutions reporting monthly; including interest credited; ²⁾ increase in assets of life assurance companies and pensions funds; ³⁾ at market prices; excluding open-market transactions of the Bundesbank; ⁴⁾ cash proceeds, according to Commerzbank issue statistics, less portfolio investments by foreigners; ⁵⁾ portfolio investments only; ⁶⁾ investment funds for small investors only; ⁷⁾ Jan 1 to Sept 30, 1975; ⁸⁾ end of Sept, 12-month comparison

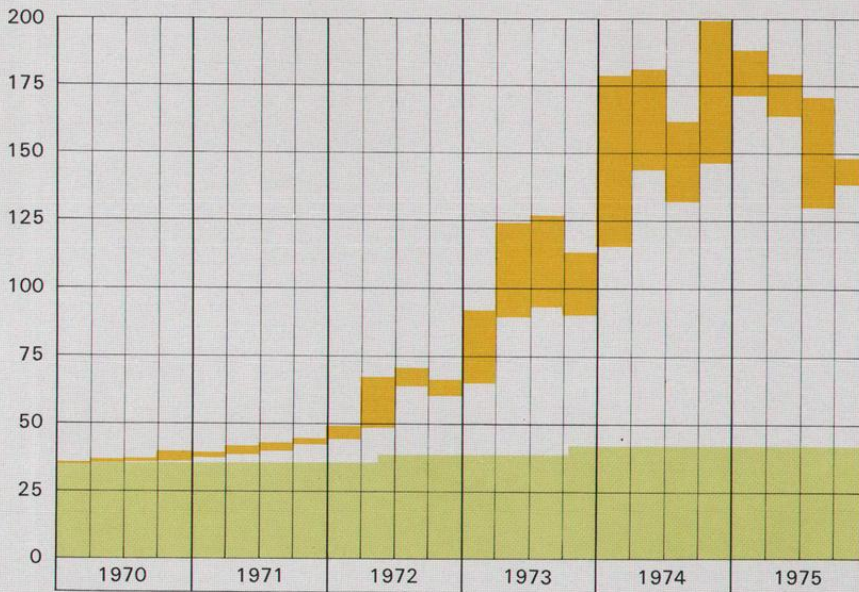
International markets: world-wide recession leaves its mark



Commodity prices and DM exchange rates in 1975

A: New York
 — Moody's index
 — DM/US \$ exchange rate

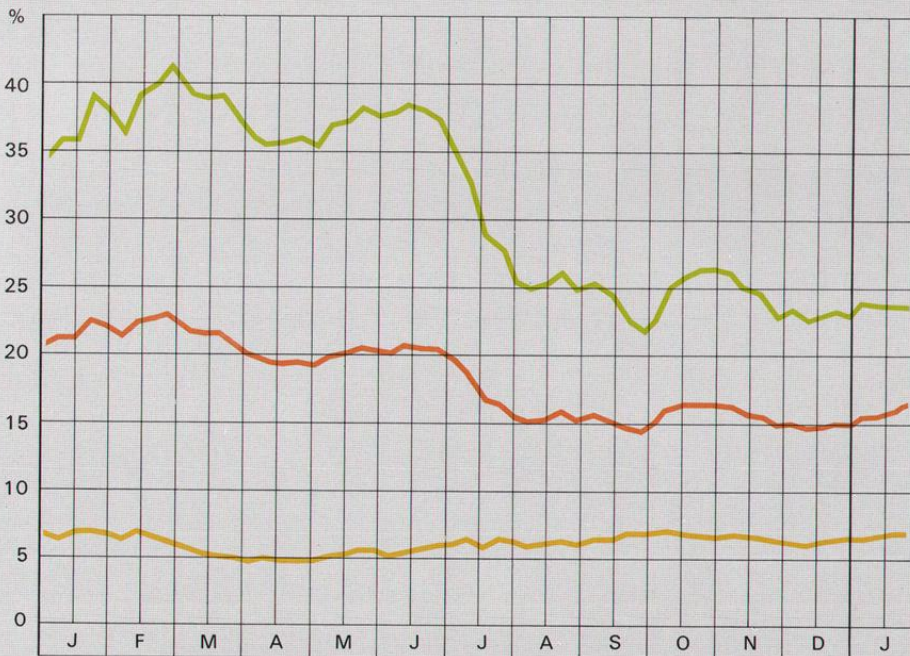
B: London
 — Reuter's index
 — DM/ £ exchange rate



Gold markets

The gold price was under pressure for various reasons in 1975, among which in particular the expected gold sales by the IMF, but possibly also less acute inflation fears.

— US \$ /oz.
 — London free market price, quarterly highs and lows
 — official price



Performance of the D-mark in 1975

On the foreign exchange markets, the D-mark tended to be weak against the US dollar during the latter half of the year.

Performance of the D-mark based on the central rates valid at the end of 1972:
 — against US \$
 — against the whole world
 — against the jointly floating currencies

Record bond sales

The high level of bond sales, particularly in the period up to June and then again towards the end of the year, resulted primarily from the banks' readiness to buy which not only more than compensated for the lack of interest by private investors but also made up for the absence from the market of the social security insurance institutions. One rather unorthodox event was the support given to the market by the Bundesbank which we have already referred to above. Once more, foreign holders sold German bonds so that of the considerable foreign purchases made in the period 1971/73, which had totalled more than DM 15 bn, nearly half were disposed of again over the last two years.

The gratification at the record net sales of DM 49 bn on the domestic market in 1975—a figure well above any other previously achieved (all-time high DM 35 bn in 1972)—was not without alloy, though. What we find disturbing is that such good results were obtained at the cost of massive intervention on the part of the Bundesbank, a preponderance of bank buying and—which is worse—at the expense of a further shortening of terms. Only recently has this undesirable trend, which for a time pushed maturities down to five years, begun to be reversed.

Another negative aspect of the capital market in 1975 was the long period during which no new issues of either domestic or foreign borrowings were allowed and which lasted from the summer virtually until the end of the year. This did, however, enable the coupon for long-term bonds to be held at 8 per cent.

Share issuing brisk

Joint-stock companies took advantage of the favourable climate on the stock market to increase their capital. Cash proceeds, which at DM 3.5 bn reached a new record, offered some compensation for the reduced possibilities of building up reserves from earnings.

A more detailed examination of the German securities markets is to be found in the 1975 edition of our annual booklet "Stock market round-up". For our own securities business see pages 40 and 41 of this Report.

Steering the economy through budget policy

Both Federal and local authorities have been fighting the recession with exceptionally high budget deficits, which for the local authorities alone amounted to some DM 65 bn, or nearly one-fifth

of the total budget figure for the public sector. These deficits were mainly due to shortfalls in tax revenue resulting from the downturn, large subsidies for unemployment benefits, the revision of income tax and children's allowances, and finally also to the cost of reflationary measures.

The year-on-year increase in new public sector indebtedness—which includes social security budgets—was equal to nearly 5 per cent of the gross national product, an extremely high figure even by international standards. An added source of disappointment was the one-sided nature of Government spending which surprisingly neglected investment. We are now paying for the fact that for many years the public authorities were unstinting in their outlay on personnel and social provision, while altogether disregarding economic necessities of the longer term.

Deficits so far easily financed

Given the favourable market conditions of 1975, these huge deficits were financed without much difficulty, as the Federal Government in particular was flexible in all its funding operations, e. g. through switching to inconspicuous borrower's note loans, shorter-term paper, and discountable Treasury notes. It also acquired more room for manoeuvre in the current year by building up a stock of loan funds at the end of 1975. It may, however, well happen that some signs of strain appear later on this year, above all in the long-term finance market, should credit demand from the private business sector become more lively again.

Problems posed by high structural deficit

Hefty increases in indirect taxes are planned for 1977 with a view to improving the structure of the public sector budget; but even then more than half the present "built-in" deficit of over DM 30 bn would remain. Given the already very high level of taxes in West Germany, this problem can only be solved by pruning expenditure.

As far as taxes are concerned, we consider two measures to be urgently necessary. These are firstly the already much-discussed introduction of the right to offset corporation against income tax so as to put an end to the double taxation of company profits, and secondly the restoration of more realistic depreciation allowances such as were suspended in the sixties when investment was booming. Neither measure would seriously affect tax revenue.

Pension funding critical

The situation with regard to the funding of state retirement pensions is in our opinion becoming rather critical since even substantial Government subsidies have not managed to obviate the need to draw on reserves. If further increases in contributions are to be avoided, it will be imperative to consider some adjustment of pension rights. This ought to be done also out of fairness to younger people whose payments are helping to finance their seniors, since this would offer some reassurance that even though the West German population is ageing, it will be possible for future generations to maintain the required level of contributions.

Searching for a new international monetary order

The functioning of international financial transactions was smoother in 1975 than in previous years which were particularly problem-ridden. The world has now learnt to live with floating currencies, and even such severe fluctuations in the US dollar/D-mark rate as that between DM 2.28 and DM 2.68 which occurred in 1975 were overcome without serious difficulty.

Nonetheless intensive discussion within the International Monetary Fund has been concerned with the evolution of a new monetary order. The most recent scene of such talks was the January 1976 meeting of the IMF Interim Committee in Jamaica which considered the legalizing of the status quo, the principles which should govern interventions in foreign exchange markets, and the codifying of the rules against a possible return to fixed exchange rates.

Lack of control of international liquidity growth

The demonetization of gold and the involvement of the IMF in development aid is being pursued with great enthusiasm, but we must give voice to doubts with regard to both these trends. Although gold cannot be multiplied at will, abstract special drawing rights can and this has undoubtedly been overdone in the past. No effort has yet been made to tackle the question of controlling international liquidity, by which is understood gold, special drawing rights, and reserve currencies, and in fact, total international monetary reserves in terms of US dollars far more than doubled in the short period from 1970 to 1975. The link with world inflation need not be stressed.

The World Bank and development aid

One of the major achievements of the Bretton Woods Agreement was in our opinion the clear

separation of functions between the IMF and the World Bank, with the latter preferably obtaining the funds needed to finance development on the free market, and thus ultimately from savings. This principle would clearly be infringed if the money-creating SDR mechanism were to be used as the developing countries wish and if the proceeds of IMF gold sales were to be distributed as development aid.

Deceptive calm?

The fact that the international monetary system got through 1975 without a crisis was just as much due to the recession that occurred simultaneously in most countries of the world as to the continuing reduction in interest rate differentials between the leading economies. This calm may, however, soon turn out to have been illusory, since in 1976 greater imbalances are to be expected again in payments between the industrialized nations.

Gold price slumps

Even though some monetary authorities may not have been displeased to see a spoke put in the wheel of gold speculators, they must nonetheless have been surprised by the sharp drop in the gold price after the boom at the turn of 1974/75. The option now open to central banks of revaluing their gold holdings in their balance sheets in line with the market price remains a problem, and we see this too as possibly giving a new boost to inflation.

European integration consolidated

The European Community was forced in 1975 to concentrate all its energies on solving internal crises. It succeeded in consolidating integration at its present level, even though the favourable effects hoped for after the British people's impressive vote in favour of remaining in the Community were smothered by the economic problems of the member countries.

As in previous years the EEC's most obvious successes lay in its developing links with third countries. Thus 1975 saw the signing of the Lomé Convention covering the Community's relations with 46 countries of Africa, the Caribbean, and the Pacific, and the establishment of diplomatic relations with the People's Republic of China. After considerable effort it also proved possible to work out a joint Community position for what has come to be called the North-South Dialogue.

(The German edition of this Report went to press in early March, 1976.)

COMMERZBANK AND THE ARCHITECTURAL HERITAGE

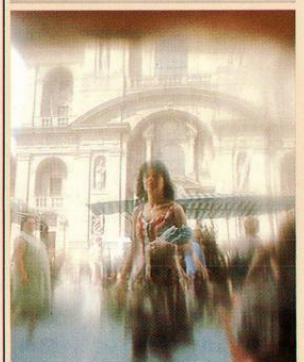


1975 was celebrated by the countries of Western Europe as European architectural heritage year, the aim of which was to show how respect for the past can exist side by side with provision for living requirements now and in the future.

To make the public at large more conscious of the need to preserve and care for ancient monuments, attention was focussed on a number of European cities as models of what can be done while communities with similar problems have got together to develop suitable solutions.

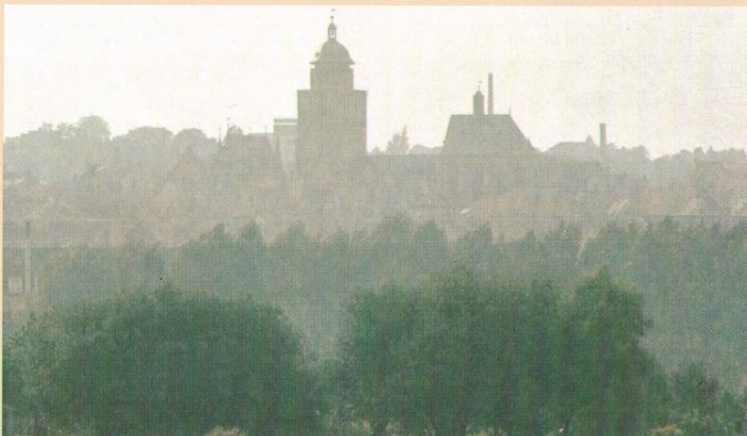
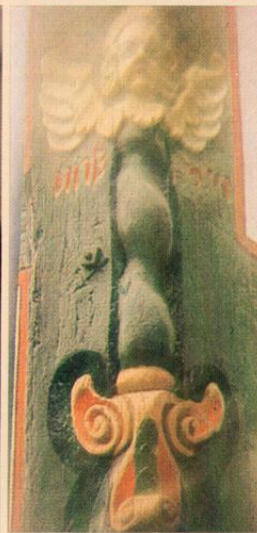
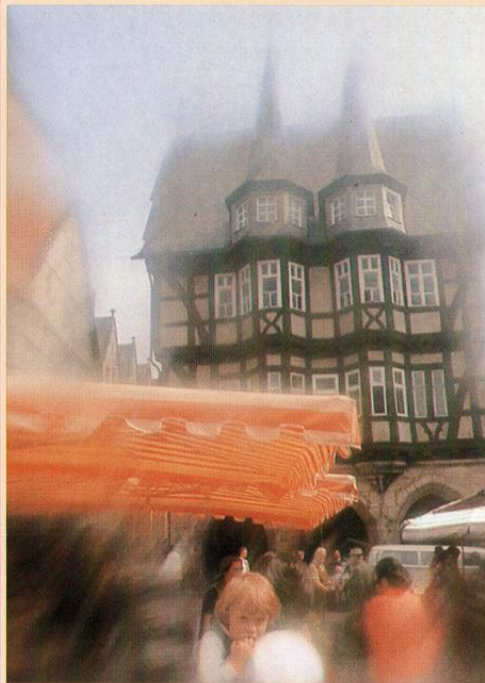
How does a bank come to be involved in such a task? First of all, a Commerzbank branch is to be found in most of the model towns selected. As an institution that does a great deal of business with the general public and whose branches are thus usually situated in or near the town centre, we have a direct interest in conserving the environment that has developed over the centuries. Moreover, as a definitely European-oriented bank we welcomed the fact that the Council of Europe made the preservation of the architectural heritage the common concern of all member countries and have therefore attempted in this Report to give an everyday picture of five old German towns which have become the focus of conservation activity.

It is our hope that the stimulus provided by architectural heritage year will have its effect beyond 1975, with emphasis being less on individual buildings and monuments than on preserving entire townscapes rich in tradition and at the same time on renewing the city environment.



ALSFELD

Alsfeld lies in the middle of a rural area in North Hesse. The historic centre of the town which has grown up about the market place boasts some 250 fine old half-timbered houses and visitors can trace development from the late Middle Ages to the beginning of the nineteenth century.

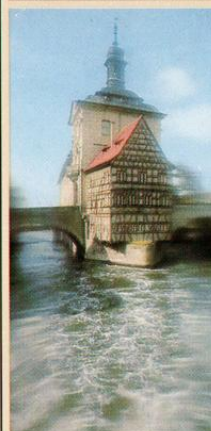


The fact that in recent years the old town centre has been incorporated in overall development plans has strengthened Alsfeld's role as the economic and administrative centre of the district.

Alsfeld branch of Commerzbank opened in 1969

BAMBERG

Bamberg is a town that looks back on 1,000 years of history. Meant to be the political centre of the German Empire in the Middle Ages, it is even today impressing its visitors by the size and compactness of the old part lending Bamberg its character. As the town suffered only little damage during the Thirty Years War, many fine buildings ranging from romanesque to late nineteenth century art nouveau today offer a panoramic study of architecture.



The combination of medi-aeval ground plan and for the most part baroque structures makes Bamberg a splendid example of German building through the ages. In cooperation with Regensburg and Lübeck the town is seeking solutions to such shared problems as how to modernize essential facilities in the old town without detracting from its historical character and charm.

Bamberg branch of Commerzbank opened in 1968

LÜBECK

In Lübeck, the former centre of the Hanseatic League which once embraced the whole of Northern Europe, the brick-work façades of gothic and renaissance houses still give the streets their charm while the skyline is pierced by the spires of gothic churches whose massive walls enabled them to resist the ravages of war. This fine old city has remained basically unchanged and the passer-by is afforded a glimpse into many a picturesque passageway and courtyard.

Since 1945 Lübeck has been a frontier town. Although it then lost a large portion of its hinterland, its being situated where the countries of Scandinavia and of the European Community meet those of the Comecon continually has resulted in bringing it face to face with new challenges.



Lübeck branch of Commerzbank opened in 1918

TRIER

Of the five towns shown here, it is Trier that looks back upon the past of greatest splendour. Once a residence of the Roman emperors, it was then for many hundred years the seat of one of the seven prince electors of the German Empire, the archbishop of Trier. In no other German town can one find so many important monuments dating back over two millennia.



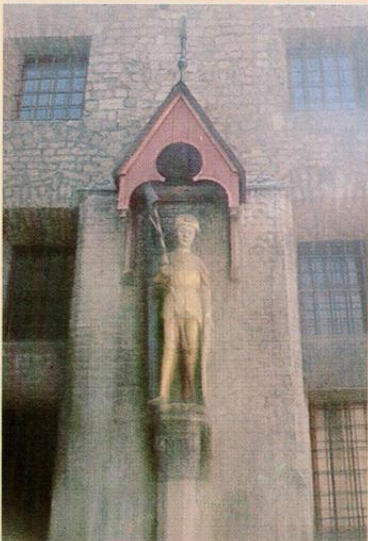
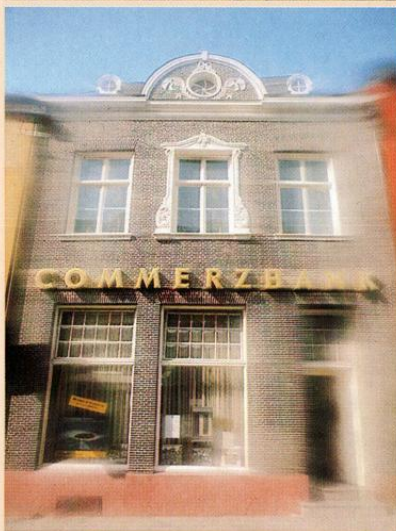
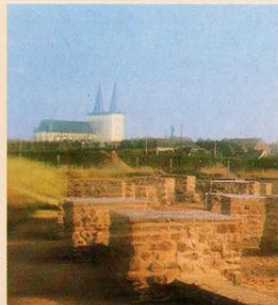
Nowadays Trier is a town bustling with activity that links the valley of the Moselle with the Western Eifel and the hills of the Hunsrück, and is a point of contact with nearby Luxembourg. The severe damage inflicted on the town by the war has necessitated a great deal of reconstruction, and Trier's architects have successfully closed the gaps between historic edifices with new buildings blending harmoniously with the old ones.

Areas containing buildings of the Roman period are officially protected and the town's attractive baroque monuments are the object of careful restoration.

Trier branch
of Commerzbank
opened in 1959

XANTEN

Archaeological discoveries and many historic buildings make Xanten a place of great cultural interest. It is also said to be the home of the hero of the Siegfried saga.



Today Xanten, situated as it is on the edge of the industrial Rhine and Ruhr area, offers a fine example of a redeveloped town set in a region with several national parks. The former Roman Colonia Ulpia Traiana which lies outside the town and was once the largest trading centre of Lower Germania after Cologne, will be gradually linked to a planned new residential district and to the remains of the mediaeval town which survived the destructions of 1945.

Xanten branch of Commerzbank opened in 1965

General performance of Commerzbank

The low cost of money in 1975 assisted us in our policy of expanding our business. The result was a Balance Sheet total that increased by DM 7.1 bn, or 22.6 per cent. Taking the average over the year, the volume of business (Balance Sheet total plus rediscounted bills) was 12 per cent higher than in 1974.

The most significant items from the Annual Accounts are as follows:

Balance Sheet total	DM 38.5 billion
Deposits	DM 36.1 billion
Total lending	DM 22.3 billion
Capital and reserves	DM 1.548 billion.

We continued the careful expansion of our branch network. Some smaller offices unable to sustain a satisfactory rate of growth were closed. With 21 new branches opened and four closed, there were at the end of the year 779 Commerzbank offices in West Germany and three branches abroad.

Commerzbank Group

On December 31, 1975, the Commerzbank Group had a Consolidated Balance Sheet total of DM 56.5 bn. Provided the AGM's of the consolidated subsidiaries approve their respective boards' proposals, the Group's total capital and reserves will amount to DM 1,650.5 m. (The Consolidated Annual Report is published on pages 71 to 93.)

At the turn of 1975/76, the banks affiliated within the Commerzbank Group

- through 855 branches
- with 18,749 employees
- serviced some 2.3 million customers
- for whom approximately 3.6 million accounts were kept.

The above staff figure has been calculated on a full-time basis.

The following major affiliated banks, abridged versions of whose annual reports appear on pages 78 to 83, form part of the Group, together with Commerzbank AG.

Berliner Commerzbank AG, Berlin,
balance sheet total DM 1,868 m;

Commerzbank International S.A., Luxembourg,
balance sheet total DM 7,414;

Rheinische Hypothekenbank, Frankfurt,
balance sheet total DM 10,086 m.

Consolidated net profit for 1975 amounted to DM 133.5 m after an allocation of DM 71.1 m from the year's earnings to the published reserves; the corresponding figures for 1974 were DM 103.6 m and DM 46.5 m, respectively.

Parent Bank: satisfactory results in all sectors

The 1975 result for the Parent Bank again improved. The volume of business grew and despite a falling trend from summer 1975 onwards, the interest margin still held up well on average over the year. In addition, earnings in all important service divisions were higher than in 1974. Securities business especially, after suffering two lean years, made a significant contribution to the overall result, thanks to both increased commission income from business with customers and higher price gains in the Bank's own dealings.

On the other hand, the difficulties experienced in many sectors of trade and industry prompted us to be prudent and make larger allocations to individual valuation reserves.

Overall, net earnings—that is the total of net interest and net commission income plus "other receipts", set off against depreciation and valuation reserves in the lending and securities business—again rose more steeply than overheads. Current staff and social security expenditure was up by 11.5 per cent, and including the special allocation to provisions for pensions of DM 60 m the advance was as much as 21.9 per cent. Current operating expenses increased by 13.9 per cent.

Higher profits were primarily due to a further improvement in the earning power of the Parent Bank. In addition, all the major affiliates also achieved better results, with Commerzbank International S.A. in Luxembourg recording a particularly sharp increase. Dividend payments from our subsidiaries for 1975 will, however, only be received by us in the current year.

All types of international transactions including those effected by our foreign branches contributed substantially to the expansion of the volume of business and of earnings, and the foreign component accounted for a larger share of our stock market and especially of our new issues operations than in the previous year.

Steep rise in deposits

At year-end 1975, customer deposits stood at over DM 25 bn with sight, time, and savings deposits all making a strong contribution to this more than 20 per cent growth. In addition to continuing to offer savings certificates, we also started to obtain longer-term funds through sales of our own bonds.

Savings deposits kept going up throughout the year. On the other hand we allowed general interest rate and liquidity trends to have their effect on time deposits which, after falling in the summer, were moving up again in the latter part of the year.

Our activities in the international money markets have been reflected by a further increase in liabilities to banks, the continued growth of which was attributable solely to our foreign branches.

High liquid funds

Additional funds obtained were for the most part placed in near-liquid or easily realizable forms of investment. Among these we gave preference to trade bills, nostro balances, short-term and discountable Treasury notes, and also to loans against borrower's note initially only engaged in on a temporary basis. This kind of longer-term paper, which can be resold, is shown in the Balance Sheet as "claims on customers", producing a total for long-term advances much higher than in the previous year. In fact, however, our liquidity structure has distinctly improved and we thus feel confident that we shall have no difficulty in meeting all requests for credit during the current financial year.

Total holdings of securities were only cautiously added to and, if medium-term notes and shares marketable on the stock exchange are included, amounted to no more than almost DM 2 bn, or just over 5 per cent of the Balance Sheet total.

Utilization of new funds in 1975

Source of funds	DM m	Application of funds	DM m
Increase in liable funds	183	Increase in liquid or easily realizable funds	4,419
Inflow of deposits	6,784	nostro balances	(3,596)
bank deposits	(2,100)	Treasury bills	(556)
customer deposits	(4,555)	bonds	(267)
bank bonds	(129)	Increase in loans	3,285
Increase in provisions	124	loans to credit institutions	(724)
Reduction of assets	1,239	claims on customers of four years or more	(2,056)
claims on customers of less than four years	(1,142)	discounts	(505)
cash	(68)	Increase in fixed assets	218
securities	(23)	"participations"	(96)
other assets	(6)	land and buildings	(72)
Increase in other liabilities	25	furniture and equipment	(50)
Depreciation on fixed assets	55	Increase in other assets	36
		Decrease in other liabilities	4
		Reduction of discounts	448
	8,410		8,410

Participations up

The higher value of "participations" was mainly the result of capital increases which took account of the growth in the business of the affiliated banking institutions.

Our shareholding in Didier was assigned to Rossmabeteiligungsgesellschaft mbH. We also acquired a tax-privileged holding in "STELLA" which was set up as an intermediate holding company for the placing of Daimler-Benz shares at the beginning of 1976.

Further strengthening of liable funds

The Bank's capital and reserves were further strengthened by DM 133 m through an increase effected in October 1975 from the authorized capital. The new shares were offered to shareholders and holders of the Bank's convertible bonds at a price of DM 125.- per DM 50.- nominal share.

Including a DM 50 m allocation to reserves from the 1975 earnings, the Bank's liable funds now amount to DM 1,547.7 m.

Servicing our business customers

Faced with manifold economic difficulties, business customers were more than ever appreciative of expert advice from their bank. Commerzbank seized every opportunity of working together with them in an atmosphere of mutual trust and, when asked to do so, assisted them with company financial planning.

Consolidation given priority

The demand from trade and industry for operating credits was very slack throughout the year. On the other hand, firms sought to take advantage of the fall in long-term interest rates by refinancing, since in previous years investment had in many cases been prefinanced on a short-term basis only. Aided by the high volume of savings, we gave sustained support to such debt consolidation efforts, and in some cases at least were able to meet customers' wishes for fixed conditions for longer-term loans thanks to the additional scope created by the sale of savings certificates and the Bank's own bonds. The whole point of issuing the latter was our desire to offer five to seven-year loans on fixed conditions to small and medium-

sized businesses, so as to help them in their efforts to refinance at longer terms and to give a fillip to investment.

For the first time ever, shorter and longer-term book credits followed opposite trends, reflecting industry's shift to longer-term debt financing. The marked build-up of such advances for periods of four years or more also mirrored the high level of demand for credit by the public authorities and the larger number of longer-term private loans granted. Longer-term lending to the Government was exclusively in the form of borrower's note loans.

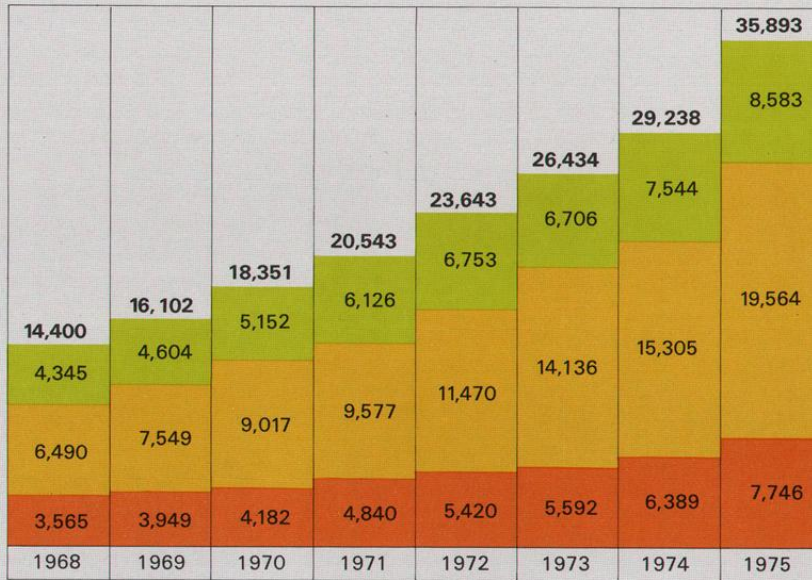
To complement our own lending operations, we were also actively engaged in arranging long-term third-party financing. Thus, we again gave our customers access to Government-subsidized, low-interest credit schemes. We also had recourse to the market especially for the provision of industrial mortgages and borrower's note loans that are more and more replacing traditional bond issues by industry; mortgages of this type were offered by Rheinische Hypothekenbank. Leasing finance, too, was available through our subsidiaries. Finally, our instalment bank affiliate became to a growing extent involved in investment financing.

Inflow of foreign funds

Domestic credit business in West Germany was in 1975 additionally affected by the favourable conditions on the Euro-finance markets. Moreover, and by contrast to previous years, not only was there no further rise in German exporters' advances to foreign buyers but even recourse by German importers to such credits abroad. We see several factors as underlying this rather unusual trend, viz. the decline in export business, the increase in German imports of capital goods and, in particular, the return to a more normal situation as regards international liquidity differentials, which in 1974 had represented an additional incentive for customers to have their German suppliers grant them longer payment terms.

The seasonal rise in demand for loans usually occurring during the final weeks of the year was also rather small and credit lines were thus less called upon at the year-end.

Commerzbank: strong growth

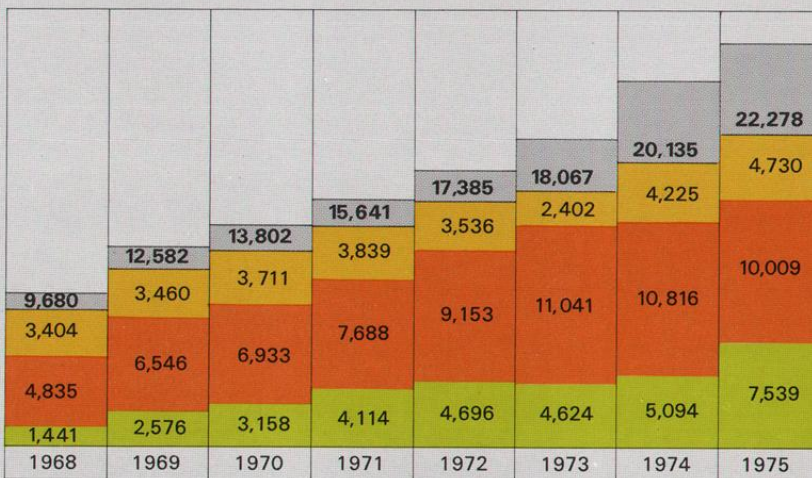


Deposits

Savings deposits alone grew by nearly DM 1.4 bn in 1975.

in DM m:

- sight deposits
- time deposits
- savings deposits

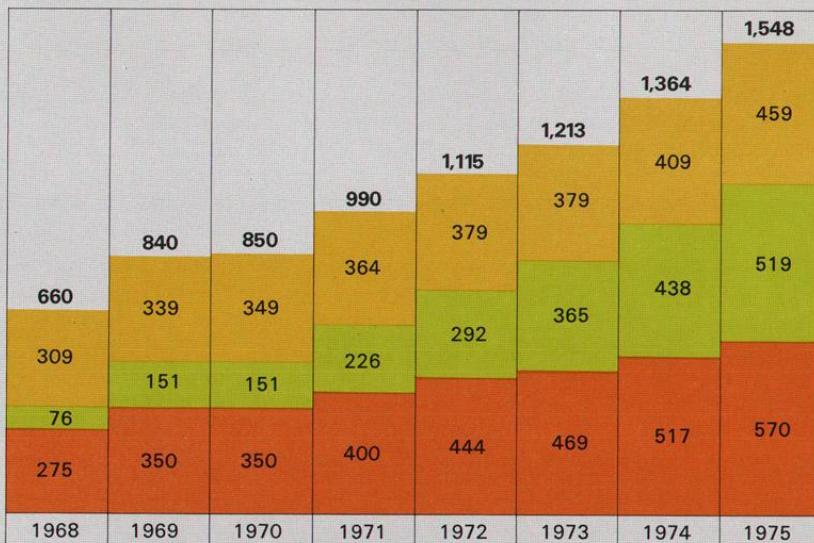


Volume of lending

With customers increasingly striving for debt consolidation, the Bank's long-term lending was up by almost one-half.

in DM m:

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



Liab funds

The Bank's capital and reserves were increased by 13.5% in 1975.

in DM m:

- other reserves
- statutory reserve
- share capital

Sustained recovery in discounts

In the short-term sector, there was a gratifying upturn in demand for credit on trade bills, although there was no return to former levels as yet, chiefly because financing possibilities under rediscount quotas have been kept restricted.

Overall, we expanded our lending to non-bank customers by close on 11 per cent, with prime foreign borrowers accounting for an above-average proportion of this growth, since our foreign branches have been steadily building up local credit business in the countries they are operating in.

Sector-wise the two most significant changes in lending were the marked increase in loans to utilities and the sharp fall in credit demand by the mechanical engineering, vehicle and shipbuilding industries.

Several large export orders for plant and heavy machinery caused the volume of the Bank's guarantees and documentary credits to rise further. Nevertheless, at just under 10 per cent the increase bears no comparison with the sudden strong expansion of the two preceding years.

Breakdown of lending to business and private customers*)	31-12-1975	31-12-1974
Mining and public utilities	8.0%	5.3%
Chemical industry	9.9%	8.4%
Electrical engineering, precision instruments, optical goods, metal products, and plastics	11.5%	12.8%
Production of iron, steel, and other metals; foundries	7.2%	6.5%
Steel construction, mechanical engineering, vehicle and shipbuilding	10.4%	14.4%
Building and civil engineering	2.3%	2.3%
Food, drink, and tobacco; animal feeding stuffs	3.8%	4.3%
Textiles, clothing, and leather	4.2%	4.8%
Wood, paper, and printing	2.7%	3.5%
Commerce	13.8%	13.4%
Other services; professions	7.9%	8.0%
Private persons without independent means	14.1%	11.8%
Other borrowers	4.2%	4.5%
	100.0%	100.0%

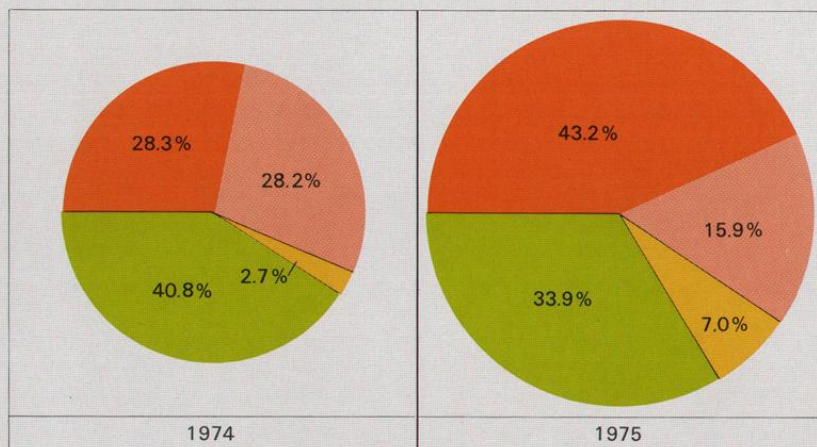
*) excluding guarantees, but including transmitted credits (on a trust basis)

More stringent credit control

The expectation of further pressure on profit margins in several sectors of trade and industry obliged the Bank to be strict in its decisions as to the creditworthiness of potential borrowers and in its continuous monitoring of loans. This in turn meant that we were forced to rely to a greater extent than hitherto on the foresight, experience, and skill of our credit experts.

Commerzbank's prudent attitude to risks such as those involved in the property speculation of recent years again bore fruit in that we had to deal with a lower than average number of bankruptcies. We shall persist in this cautious approach in 1976, especially since we expect the cash flow problems encountered in many sectors of industry to continue despite the upward trend of the economy.

Commerzbank: serving its private customers

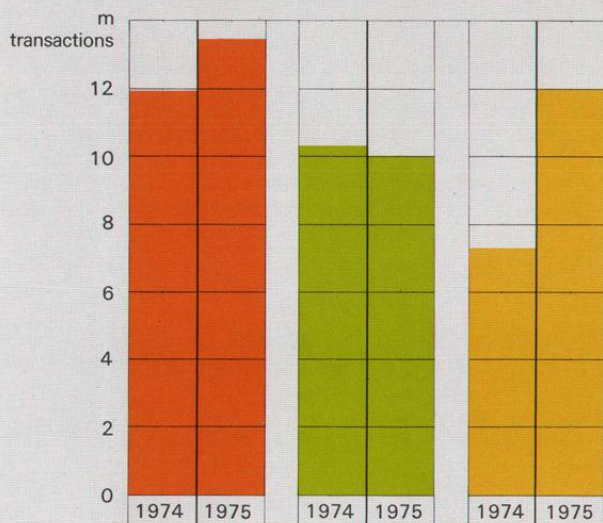


Formation of monetary assets on savings accounts and through savings certificates

1974 total: DM 1,411 m
1975 total: DM 2,295 m

Share of total, in %:

- net inpayments
- interest credited
- savings certificates purchased
- securities purchased through withdrawals from savings accounts (net figures)



Transactions effected on private accounts

(number of transactions, in m)
1974: 29.5 m transactions
1975: 35.4 m transactions

- Cheques and debit entries
- Cash withdrawals
- Transfers and standing orders



Personal loan schemes

(loans outstanding at year-end, in DM m)

- 1974
- 1975

Servicing our private customers

1975 can, more appositely than any previous year, be described as the year of the private customer. In contrast to the low level of financial activity in industry, private clients made far greater use of banking services than in 1974.

Savings deposits placed with Commerzbank increased by DM 1,356 m, the highest annual figure so far achieved. Even net inpayments, excluding accrued interest, reached almost DM 1 bn, although at the same time a net amount of DM 777 m (35 per cent more than in the previous year) was withdrawn from savings accounts for investment in securities. In all, at the end of 1975 the Bank held savings deposits of DM 7,746 m.

Preference for savings with agreed period of notice

There was a 25 per cent rise in deposits on savings accounts with an individually agreed period of notice; this was thus higher than the 18 per cent growth in savings subject to the statutory period of notice. With the former now making up 52 per cent of total deposits, the latter account for 48 per cent and balances on bonus accounts—included in the savings with individually agreed periods of notice—for nearly 13 per cent of this figure. Amounts contracted under Commerzbank's "combined savings" scheme totalled DM 623 m, or a good 19 per cent more than the year before.

The average balance on all savings accounts was up by almost one-fifth.

Size of savings accounts in DM	Number of accounts	Total amount in DM m
up to 1,000	919,826	213.6
from 1,000 to 10,000	686,509	2,441.2
from 10,000 to 50,000	148,357	2,739.6
over 50,000	16,447	2,351.1
	1,771,139	7,745.5

Commerzbank's savings certificates, which run for four years and carry a fixed rate of interest, also achieved record sales. Shown in the Balance Sheet under "banking liabilities to other creditors for agreed periods of notice", their total amount outstanding rose from DM 98 m to DM 259 m. This meant that overall savings through savings accounts and savings certificates together with

the purchase of securities through savings withdrawals grew 63 per cent to DM 2,295 m. Finally, the first issue of Commerzbank bonds amounting to DM 122 m nominal was likewise sold mainly to our private clients.

Personal loans now over one-tenth of total book credits

In the sector of standardized personal loan schemes, new instalment credits which the Bank offers to its private customers in sums of up to DM 25,000 were at a much higher level, after the drop in 1973/74. Advances against real estate to private clients, which are available up to a sum of DM 150,000, also went up substantially over the year, while lending under Commerzbank's "package" building finance scheme even doubled.

If we include overdraft facilities provided without special formality, total advances under personal loan schemes increased by 40 per cent to over DM 1.6 bn, bringing their proportion of overall book credits to more than one-tenth.

In cooperation with those building and loan institutions with whom Commerzbank enjoys friendly business relations, considerable amounts of house purchase bridging loans were provided at favourable rates of interest.

Number of transactions up by one-fifth

The number of transactions on personal accounts was up by 20 per cent, with a considerable rise in cheque payments and standing orders. A substantial proportion of the latter involved payments to customers' own savings accounts, and some DM 10 m is now transferred under such arrangements every month.

Good response to build-up investment schemes

The Bank's private clients also made use of the further developed investment counselling facilities. We were able to interest a good number of savers in the advantages of regular investment schemes. In the "build-up accounts" offered by our affiliate ADIG alone, our customers placed DM 158 m compared with DM 66 m in the previous year.

Issues and stock market business

In the domestic new issues sector, public authority and municipal bonds dominated the market in 1975, while the volume of capital increases by industry and the banking sector was greater than ever before. Foreign issuers' D-mark loans placed in the Euro-market reached a new high, and there was also brisk activity with new borrower's note loans especially for the Government, but likewise for industrial companies and public utilities.

Involvement in numerous Euro-market issues...

The Bank was heavily engaged in all kinds of capital market business, and its managing of numerous international issues deserves particular mention. Seven times we were lead managers for foreign issuers' D-mark bond offerings, each to an amount of DM 100 m; in addition, eight such issues to a total of DM 350 m were arranged by us as private placements, some of them not involving a syndicate. We comanaged 40 international issues which altogether were equivalent to more than DM 3 bn, including 11 further foreign D-mark bonds. Frequently, we cooperated in loan consortia with other member banks of the Europartners group. In the case of a US \$ 75 m issue by Crédit Lyonnais launched at the beginning of 1976, Commerzbank for the first time led the syndicate for a US dollar bond issue. In all, the Bank was involved in placing 125 foreign currency bond offerings to a total value equivalent to US \$ 4.2 bn in 1975.

... and syndicated foreign credits

Although Euro-financing showed a pronounced shift from the credit to the capital market, our foreign branches together with the Luxembourg subsidiary participated to an increased degree in consortium credits for foreign borrowers. In all Commerzbank was involved in 41 such loans, the

predominant currency being the US dollar, although twelve such credits were denominated in D-mark.

Five of the syndicated foreign loans were arranged under our management, and we comanaged 20 such credits.

More foreign shares listed

We acted as managers for the introduction of Kawasaki Steel, Norsk Hydro, and Pakhoed for quotation on German stock exchanges, and were comanagers in arranging for the listing of the shares of one other foreign company.

Bull market for stocks

Following years of disappointment, the German stock market performed very satisfactorily in 1975. Despite the large volume of capital increases, in most of which we participated, Commerzbank's share index of 60 leading stocks was up 38 per cent, an annual rise such as had not occurred since 1967. Accordingly, the market capitalization of the over 400 quoted companies covered by the Bank's stock exchange statistics rose again to DM 134 bn.

High securities sales

There was considerable expansion in securities transactions by our customers, particularly as far as shares are concerned. As a result, total turnover was the highest yet achieved, and there was a corresponding gain in commission income.

Our branches were once more very active in selling the mortgage and municipal bonds issued by our subsidiary, Rheinische Hypothekenbank.

Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues (incl. convertible bonds)	Foreign DM bond issues
1970	37 totalling DM 1.8 bn	19 totalling DM 4.6 bn	29 totalling DM 2.7 bn
1971	28 totalling DM 1.8 bn	40 totalling DM 6.8 bn	36 totalling DM 3.6 bn
1972	35 totalling DM 1.0 bn	32 totalling DM 7.4 bn	53 totalling DM 5.4 bn
1973	25 totalling DM 1.2 bn	18 totalling DM 8.2 bn	39 totalling DM 3.7 bn
1974	20 totalling DM 0.5 bn	18 totalling DM 7.3 bn	8 totalling DM 0.8 bn
1975	27 totalling DM 2.5 bn	20 totalling DM 8.8 bn	60 totalling DM 5.6 bn

*) cash proceeds

In addition we participated in placing 548 foreign currency bond issues between 1970 and 1975.

Trust business and investment saving

The volume of securities managed by us and by our investment fund subsidiary, Commerzbank Fonds-Verwaltungs-Gesellschaft mbH (Cofa), was also well up on the previous year. At end-1975, assets administered by the latter—chiefly on behalf of pension funds and insurance companies—totalled DM 462 m, or 63 per cent more than a year ago.

Commerzbank's efforts to place investment fund shares continued to centre on those offered by ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, an investment company for which it acts as depository bank, and whose eight funds are meanwhile managing total assets of more than DM 3 bn.

The funds administered by the open-ended property investment fund Haus-Invest, for which we also act as depository bank, reached a level of DM 138 m.

Foreign business and international activities

The foreign outlets had another very successful year. In the autumn, and at the turn of 1975/76, we opened three new representative offices, located in Bahrain, Cairo, and Moscow. Commerzbank now maintains 18 representative offices abroad which serve as intelligence and business promotion agencies. In addition, we seconded delegates to a number of overseas commercial banks in which we have holdings, to enable them to provide assistance to German companies trading there.

All in all, Commerzbank is now represented in 33 foreign countries through some 60 outlets and banking affiliates.

International subsidiaries and affiliates

Our Luxembourg subsidiary Commerzbank International, more detailed information on which is given in the Consolidated Annual Report, had its best business year ever. To keep pace with the substantial growth in balance sheet volume, its capital and reserves were augmented by an equivalent of DM 51 m to DM 142 m. Commerzbank's three foreign branches in London, New York, and Chicago succeeded in raising their contributions to the Group's overall result. Among the international affiliates EuroPartners Bank (Nederland) N.V. of Amsterdam, in which Commerzbank has a 60 per cent holding, should be given first mention. Its balance sheet total increased from Dfl 230 m to Dfl 440 m, and the bank is now preparing to open

a branch in Rotterdam.—International Commercial Bank Ltd. of London further strengthened its position as one of the leading banks operating in the Euro-market, with its balance sheet total up from £ 390 m to £ 440 m.

EuroPartners Securities Corporation, the New York investment bank belonging to the EuroPartners group, took advantage of the improved stock market climate in the USA and also successfully engaged in the American and international issues business. Further important activities of this bank include its trust business and the arranging of direct investments, mergers, and takeovers. Following the entry of the Swiss-based Bank Leu AG as a fifth shareholder, liable funds now amount to about US \$ 7 m.

EuroPartners: worthwhile cooperation

Working together within the EuroPartners group has now become a daily occurrence. The Trans-Credit scheme in particular has more than proved its value, with the total volume of such credits providing working funds for the foreign subsidiaries of business customers having passed the equivalent of US \$ 250 m, and it is especially Commerzbank clients who have benefited from this scheme.

Cooperation is being encouraged by continuous exchange of personnel, and so far nearly 400 employees have been sent on secondment to one of the partner banks for longer periods. These are mainly junior staff, and the intention is that they should acquire a deeper knowledge of banking business in the partner country.

In early 1975, EuroPartners Holding S.A. was formed in Luxembourg, with equal holdings by the group members. This subsidiary has in the meantime become a shareholder in Misr International Bank of Cairo which is to start business this year, and which will give the EuroPartners a seventh foothold in the Arab world.

Nippon European Bank is currently being built up in Brussels; leading Japanese banks will have a 60 per cent interest in this institution and the remaining 40 per cent are to be held by the EuroPartners group.

Further increase in commercial transactions

In spite of the overall decline in West Germany's foreign trade, the volume of both import and export transactions effected through us expanded slightly, and we see this as a success for our major commitment in this field. There was another above-average rise in documentary credits.

The volume of foreign business handled by our domestic branches (an internal listing of foreign claims plus liabilities) was stepped up considerably, with net claims even higher than in the previous year. This growth is primarily due to our activity in the international money markets, although it also reflects increased lending to foreign borrowers.

Export financing

We again achieved better than average results in our long-term export financing business as part of which, and insofar as was necessary and justifiable, we also provided Euro-loans. This was done mainly in cooperation with our Luxembourg subsidiary and with our London affiliate International Commercial Bank.

There was a remarkable expansion in the volume of buyers' credits made available under ceiling C of AKA export finance, especially since this form of financing, which improves company balance sheet positions, is becoming more and more sought after.

Export finance under ceiling B of AKA facilities was completely exhausted by the end of 1975. When further funds will be available again depends, apart from repayments, mainly on the readiness of the Bundesbank to raise this ceiling. However, in view of the growing German exports of industrial plant, we consider such a step desirable.

We welcome the fact that the appropriate Government agencies have introduced measures in the field of export credit guarantees which, while bringing regulations in this country more into line with those existing in other EEC member states, will result in substantial improvements for West German exporters in 1976.

Staff and welfare report

Our employees

The emphasis of the Bank's staff policy in 1975 was on increased training facilities and on taking advantage of the favourable supply situation on the labour market.

As a service undertaking we depend much more than a manufacturing company on the expert knowledge and commitment of our personnel, from whose fund of experience and skill we benefit considerably. In the year under review our staff contributed significantly to our successful performance, and we should like to express our thanks to all our employees.

Counter-cyclical staff policy

After having held the number of staff virtually constant in 1974 despite the expansion of our business, we had a certain backlog to catch up on in 1975. Here we were able to take advantage of the greater number of people available for employment, and the fact that our staff policy ran counter to the overall economic situation meant that we succeeded in improving the quality level of our personnel. The plentiful supply of university and technical college graduates enabled us cautiously to expand our pool of junior employees.

At the end of the year under review, 18,338 people were in the Bank's employ, including 2,021 working part-time only. If these figures are converted to the equivalent ones for full-time staff the total was 17,328, i. e. 4.5 per cent more than a year previously. There was an above-average increase in the number of those working abroad—a fact which reflected Commerzbank's substantial international activity.

For some years we have observed that women are finding banking more attractive as a profession, one of the reasons for this being the equal opportunities offered for further training. In 1975, the proportion of female employees at Commerzbank rose to more than 49 per cent.

Junior staff should be mobile

We continue to attach great importance to the completion of a banking apprenticeship. Some 1,100 qualified instructors impart practical skills in the course of daily work while 30 full-time lecturers provide internal courses at the head offices and other training centres.

The number of new apprentices was at 589 some 10 per cent higher than in 1974. This growth, which to such an extent would not have been

justified on business grounds alone, bore witness to our general commitment to professional training. We intend to raise the number of recruits even further in 1976.

Suitable candidates will have good career prospects with Commerzbank, particularly if they avail themselves fully of all the possibilities offered for advanced training. It will, however, be increasingly necessary for junior employees to be prepared to accept posts away from home once their training is completed.

Good opportunities of promotion without university education

The Bank has taken account in two ways both of the growing number of high school graduates seeking employment and the limited number of students admitted to German universities. Firstly, Commerzbank has steadily increased to 32 per cent the proportion of high school graduates in the total number of apprentices. At the same time, it has evolved a special training system under which those who have not graduated from university can be equipped for management positions. This scheme is available both to high school graduates and to other young staff members with suitable qualifications.

Seminars at the Bank's central training centre

Continuous advanced training of staff is becoming more and more important with the growing competition in the German banking sector. 120 regional and 123 central seminars were organized in 1975 to give further training to a total of some 3,600 employees, the aim being both to extend their technical competence and to provide them with new knowledge and a grounding in sales psychology.

The most important event during the year under review was the opening of our new training centre at Glashütten/Oberems in the Taunus hills, where some 70 course participants can be lodged in individual apartments in a terraced-style building. The facilities include four seminar rooms, 13 smaller study rooms, and one large auditorium. At Glashütten, all Commerzbank's central training schemes are now housed under one roof; this also provides the opportunity for closer contacts between the various levels of management within the Bank.

Increased efficiency of training courses

Ultimately, the object of training is to serve the customer, and the instruction provided is thus

designed with a view to translating what is taught into everyday practice.

Committees have been set up in the branch offices to advise on the suitability of course candidates. The local staff councils are represented on these committees so that they can exercise their right of putting forward proposals under the law on the constitution of enterprises (Betriebsverfassungsgesetz).

Staff data bank to facilitate future decisions

By establishing a staff data bank Commerzbank intends to provide a new and better means of job allocation and hence at the same time to improve career opportunities for qualified employees. Data which hitherto has lain dormant in some 18,000 personal files will be made more easily accessible through the staff data bank which will simultaneously furnish a broader basis for qualitative and quantitative personnel planning in the medium term.

The project was discussed from the beginning with the general staff council, and our employees were informed before the first comprehensive questionnaire was handed to them. We shall take the utmost care to ensure the safety and security of such confidential information.

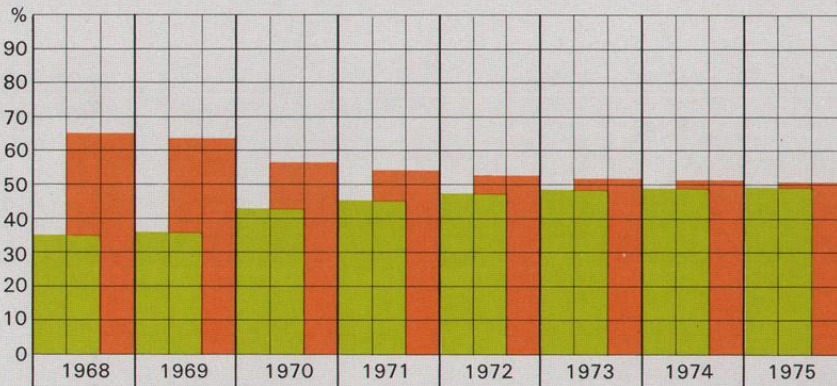
Promotion to managerial positions from within the Bank

We have continued our policy of filling management posts as far as possible by internal promotion. Those members of the staff with the necessary potential will be given access to our junior management training programmes appropriate to their chosen career. At the end of the year under review, 256 of Commerzbank's employees had taken part in such programmes.

Social security and fringe benefits

Both the statutory and the voluntary payments made by the Bank on behalf of its personnel are becoming more and more weighty. Our calculations show that by the end of 1975 expenditure on social security schemes and fringe benefits amounted on average to some 51 per cent of current salaries. Appreciative of its staff's devotion to duty, the Bank has assured them a share in its successes through a series of voluntary payments which include subsidized lunches, supplementary accident insurance, and holiday bonuses. The latter were again raised substantially—not least because of last year's good results.

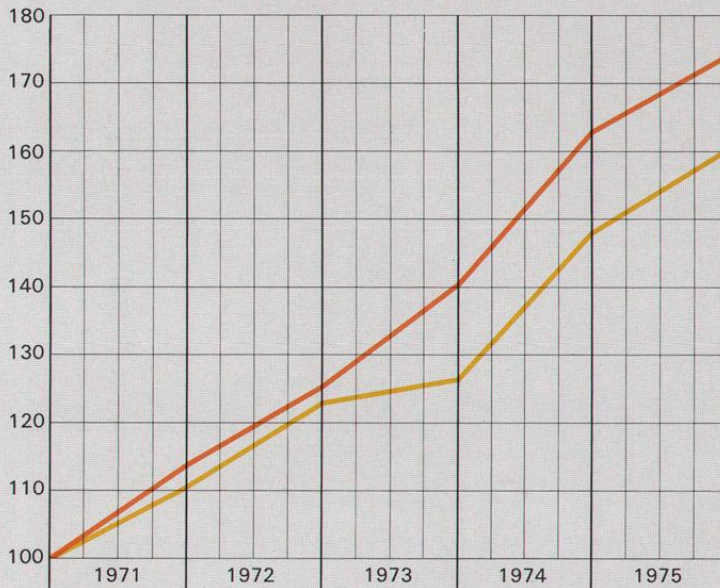
Statistical data on Commerzbank staff



50% female employees

Working in a bank is of growing interest to women: since the sixties, the share of female employees in Commerzbank's total staff has kept on growing, having reached almost 50% by now.

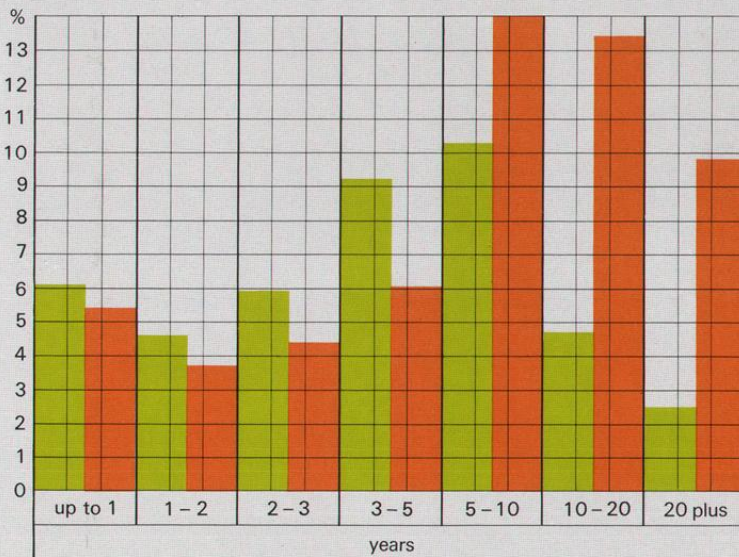
■ female employees
■ male employees



Expenditure on personnel (1970 = 100)

During the past five years, the per capita rise in personnel expenditure exceeded the per capita increase in current operating expenses (not including special allocation to provisions for pensions effected in 1975).

— personnel expenditure, per employee
— current operating expenses, per employee



Years of service with Commerzbank

The Bank continues to rely upon a great number of skilled experts: more than half of the employees have been working with it for over five years, and almost one-third of the staff can look back on more than ten years of service.

■ female employees
■ male employees

1975 was the tenth occasion on which we offered our staff Commerzbank shares at a preferential price of DM 140.— each for two shares of DM 50.— nominal; at the time of the offer this was 31.5 per cent below the quoted price. More interest was displayed by staff than last year. Since we first offered employees' shares to our personnel in 1965, we have spent some DM 3.7 m in financing the discount.

Partial value method
applied to pension provisions

Total personnel costs during the year under review rose by 21.9 per cent from DM 580.9 m to DM 707.9 m. This was largely due to the fact that under the terms of the law enlarging the scope for claims on company pension schemes we converted our provisions for pensions from the "present value" so far shown in the balance sheet to the higher "partial value". Mainly for this reason, DM 86.8 m in all had to be allocated to pension provisions in 1975, making a total of DM 327.7 m.

Almost 4 per cent of the total staff budget, or about DM 25 m, was spent on professional, advanced, and management training.

The salaries of those of our employees covered by collective agreements were augmented as from March 1, 1975, by 6.5 per cent. Since initially no accord had been reached between the trade unions and the employers, the Bank voluntarily raised scale salaries pending a settlement which was finally reached, with retroactive application, last November. In addition, the employer's contribution under the law on the formation of private assets was increased in accordance with previous collective agreements from DM 39.— to DM 52.— per month as from September 1, 1975. Moreover, the leave entitlement scale was improved and more comprehensive protection against dismissal achieved for older employees.

The salaries of personnel not covered by collective agreements were also raised by 6.5 per cent while a proportion of the customary end-of-year bonuses was incorporated in the fixed salaries.

Number of long-service employees
reflects Bank's period of reconstruction

The post-war reconstruction of the Bank (or of its predecessors) during the late forties and early fifties is now being reflected in the increasing number of employees celebrating long years of service. Last year, 213 of our staff completed 25 years with Commerzbank, 12 employees were able to look back on 40 years, and Mr. Hans Frölke

from Dortmund, Mr. Reinhard Paul from Gummersbach, and Mr. Edmund Rutenkolk from Hagen on as much as 50 years of service with us.

In the year under review, 160 employees retired and at year-end we were providing for 2,972 pensioners or their widows. We regret to announce the death of 42 members of our personnel and of 110 of the Bank's pensioners.

Good cooperation with staff councils

Once again in 1975, cooperation between the Bank's central management and the general staff council and, at branch level, with the local employees' councils continued in a climate of objectivity and fairness. The updating of our conditions of employment and pension guidelines were among the measures carried out in agreement with the general staff council.

In the context of new elections to the employees' councils an amicable solution was evolved to the problem of defining the situation of employees in positions of responsibility with regard to election to the Supervisory Board. However, it was clear to those involved that a final answer could only be given by legislation or through legal decisions.

The elections to the staff councils did not produce any great changes in the composition of the latter. We are confident that the relationship of cooperation we have enjoyed in the past will continue.

Marketing of bank services centres on private customers

Although today a must for any major multi-branch bank, the promotion of business with private clients is still a relatively new field for the German commercial banks. It is only since the late fifties that they have been actively engaged in retail banking, by which is meant the systematic marketing of a wide range of standard services to lower-income private customers such as wage and salary earners, pensioners, housewives and students (classified for statistical purposes as "economically dependent"). By now, services to these clients have become one of the pillars of business of the leading banks, alongside the traditional servicing of corporate customers and individual relationships with high-income clients.

All this is the result of the economic and social changes and developments in West Germany over the last 20 years.

In 1975, the total disposable income of private households reached almost DM 700 billion, i. e. a six-fold rise since 1955. Even though this partly reflects the inflationary expansion of money incomes, real incomes over the said period have still almost tripled.

Capital formation rests with private savers

The substantial growth in incomes has caused the capacity to save and actual savings of the West German population—with considerable Government encouragement—to rise at a very fast rate. The savings ratio of private households has increased from 6 per cent of disposable income in the middle fifties to its present level of around 15 per cent (average for the years 1972 to 1975). Nearly three-quarters of domestic net saving over the last three years has come from private households, whose monetary wealth has now reached a net amount of some DM 800 billion. On the other hand, the self-financing capacity of companies has suffered and public budgets have run into huge deficits. Capital formation in the national economy has thus more than ever before rested upon the private saver.

The high level of savings is reflected mainly in accounts with the banks which, if we include sums deriving from savings certificate sales, held some DM 400 billion of savings deposits by private customers at the turn of 1975/76. This represented nearly two-thirds of the total deposits placed with them by domestic companies and private individuals. These savings, most of which have been invested on a longer-term basis, pro-

vide the banks with an indispensable source of funds for medium and longer-term lending.

In addition, private customers bought considerable amounts of fixed-interest securities, investment trust shares, and stocks. Securities held by private households in West Germany at the present time can be estimated to total about DM 150 billion (shares valued at purchase prices).

As incomes rose, making for both a higher standard of living and a greater ability to pay for loans and purchases in instalments, creditworthiness also grew. Private households' indebtedness resulting from consumer credits has in fact risen sharply in recent years although, if we exclude loans made for house building and purchase, it still amounts to no more than about DM 56 billion—hence an average of DM 2,300 per household compared with an average savings account balance of DM 15,500.

Changing attitude towards money

Generally speaking, many millions of blue and white collar workers, civil servants, and pensioners in West Germany have of late achieved a level of income and wealth that would have been inconceivable a few years ago. A bank account has thus become increasingly useful both to them and to the banks.

Moreover, many wage and salary earners acquired bank accounts during the sixties with the change-over from cash payment to book transfer of their pay, and also in the wake of the Government-promoted savings schemes under the DM 312 and DM 624 laws on the formation of private assets. The issue of both low-priced "popular" and employees' shares was another factor which brought the general public into closer contact with the banks.

By no means the least important factor in developing banking habits among a broad section of the population has been the gradual change in attitudes towards money; this at any rate is the trend, particularly among the younger generation. People now tend to be more sensible and rational in assessing their financial situation than some years ago. There is no longer any stigma involved in buying a new car or furnishing one's home on hire purchase and the very question of going temporarily into debt is decided by private households mainly on the basis of financial expediency.

Large proportion of private customers

The great importance of private clients for the banking industry can be seen from the following

figures. Of Commerzbank's total of a good 2 million customers nearly 90 per cent are "economically dependent" individuals, more than two-fifths of whom are white collar workers and civil servants and nearly one-fifth manual workers.

Of the 3.2 million accounts and securities deposits held with Commerzbank, some 1.7 million are private savings accounts, 700,000 private customers' current accounts (particularly those for the transfer of wages and salaries), 200,000 instalment credit and personal loan accounts, and 300,000 are private securities deposits.

About one-half of Commerzbank's customer deposits are those of private clients. Owing to the rather large individual sums involved in lending to business customers and due to the sizeable amount of loans advanced to the Government, personal loans account for a comparatively small share in the Bank's overall lending business; nevertheless at the end of 1975, advances to "economically dependent" private clients amounted to about 15 per cent of the Bank's total book credits.

Lively competition

Competition for private customers is tough among German banks, and in recent years it has become even keener. The sellers' market of the fifties has become a definite buyers' market. The private-sector commercial banks are in competition with the savings banks, the cooperative banks, the hire purchase institutions, and of late also with some subsidiaries of big American banks which are likewise determined to extend and consolidate their position in this valuable market offering good future prospects.

Competition has been further stimulated by a number of liberalization measures. In the spring of 1967, Government control of interest rates and the interbank agreement regulating competition were abandoned, after restrictions on the authorization of new branches had been abolished as early as the summer of 1958. Since then, the number of bank branches has risen sharply and only in the last years has the curve perceptibly flattened out. The present figure of some 44,000 bank offices indicates a close-knit network although with regional variations. There is now on average one bank office for every 1,400 inhabitants in the Federal Republic, and most of these offer private customers the full range of retail services. West Germany thus has a very strong banking network by international standards.

Active marketing

With the growing importance of private clients, the German banks further increased the efficiency of their marketing methods. This is reflected in their highly market and customer-oriented business policies, as also in their systematic use of methods designed to consolidate their market position. Priority is given to the financial situation and requirements of existing or potential clients, and the banks endeavour continually to ensure that the services they offer and their marketing are tailored as closely as possible to the needs of the relevant customer groups. The German banks are selling their "products" today just as dynamically as other service or manufacturing industries and employ similar promotion techniques.

Studies of the customer structure and banking habits along with systematic observation of the market and of competitors are an important basis for a bank's marketing strategy. Market research is normally carried out in cooperation with independent specialized institutions. Consumer surveys provide statistics and information on the general attitudes of people in relation to money and banking and on the public image of the bank itself.

Analysis of such surveys shows that statistically speaking the market for private customers has already been shared out among the banks. About 80 to 90 per cent of the West German blue and white collar workers and pensioners already have what is known as a wage or salary account, while some 85 per cent of the population have a savings account; 95 per cent of the people over fourteen years of age have a bank account of some kind.

It is therefore becoming more and more difficult to win new clients in competition with other banks. One potential market still to be opened up is with the younger generation, and particularly with those just starting a career, since their proportion in the total of employed persons will keep rising for some time yet. Other potential business is with housewives and, to some extent, pensioners, as also with second accounts. Apart from this, it is the attractiveness of services offered together with the quality of advice given and easy accessibility which are decisive in winning customers.

Existing customers as target group

On the other hand, longer term forecasts for the formation of monetary assets and borrowing by private households are distinctly favourable, and there will continue to be a plentiful flow of private savings. At the same time, there is still headway to be made in investment in securities, including

that through investment funds. According to a survey by ADIG-Investment, no more than 12.5 per cent of the West German population over fourteen years of age own securities and only a quarter of these are investment fund shares. There should also be considerable scope left for development in the instalment credit and personal loan fields.

The banks are therefore concentrating their marketing activities increasingly on extending and consolidating relationships with longstanding customers. Thus clients with a salary or savings account are followed up in an attempt to obtain additional business so that the whole relationship can be made more interesting for both parties. Cross selling of this kind, i. e. the sale of several services to one customer, thus plays an especially important rôle in the banks' marketing tactics.

Broad range of services

As a major customer group, private households are being offered a wide range of the most diversified services by the banks. In the saving and investment fields, for example, the various facilities available include:

- the traditional savings account with varying periods of notice,
- contractual savings systems for employees involving an employer's contribution, and bonus-carrying savings schemes,
- special instalment savings schemes, such as Commerzbank's combined savings plan ("Combi-Sparen"),
- different forms of savings certificates,
- investment in securities, with emphasis on build-up accounts,
- investment in real estate,
- savings bonds and similar securities,
- bank bonds,
- and the wide range of quoted bonds and shares.

It is possible to combine several savings schemes so as methodically to build up funds, one example being what Commerzbank calls its "DM 10,000 partnership".

In addition to this, German banks' trust departments offer wealthier private clients extensive advisory and management services. Special investment trusts, such as Commerzbank's Cofonds, are aimed at such customers. The Bank has also developed a special investment scheme for doctors.

Where lending to private customers is concerned, facilities range from the simple overdraft through instalment credits to the personal loan against real estate security. Whilst the scope for agreed overdrawing is determined on the basis of monthly net income, instalment credits developed from what Commerzbank used to call "small loans" may today amount to as much as DM 25,000 per individual client, for a maximum period of five years. The upper limit for personal loans against collateral is DM 150,000, for a period of up to 15 years.

Apart from personal advances to house owners which can be used for any purpose, and bridging finance for building loans under savings schemes, special facilities have been developed for the financing of private house purchase and building. These include the provision of preliminary funds for building purposes under savings schemes and special building finance combining loans from the commercial bank, the mortgage bank, and the building and loan institution in one single package which will normally cover the complete borrowing requirement. Additionally, individual financing is provided through long-term loans from associated mortgage banks.

There also exist lending facilities specially tailored to the needs of particular professional groups, such as loans to doctors and other self-employed persons to enable them to establish their practice.

The eurocheque system has provided an important stimulus to private cashless payment transactions. The eurocheque card, of which some 8.5 million have been issued in West Germany, is now accepted in 38 countries and has proved a major market success which has gained international respect. In addition to the eurocheque system, the German banks are now planning to launch their own credit card.

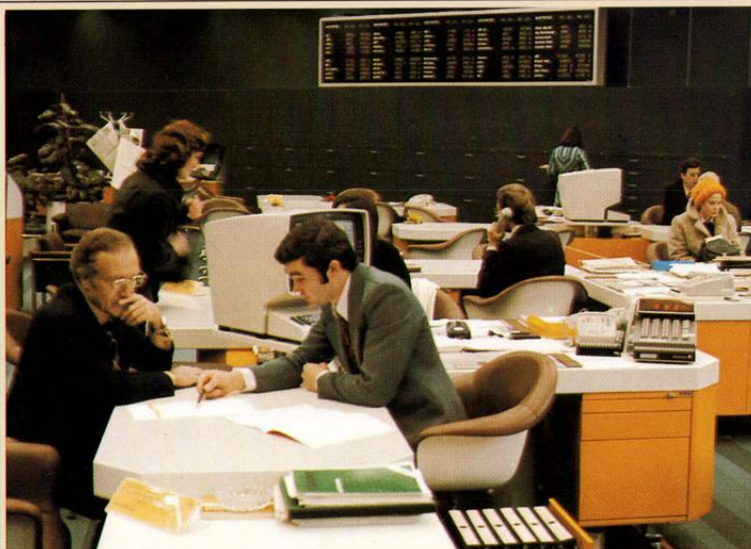
Commerzbank's international cooperation with Banco di Roma, Banco Hispano Americano, and Crédit Lyonnais also helps its private customers. With its fellow-members of the Europartners group, Commerzbank has developed a special scheme for greatly simplifying and speeding up the process of drawing on one's home account from any of the partner banks' countries.

For some years already the German banks have been working together with building and loan institutions and insurance companies both for the provision of finance and as agents for contracts.

On the other hand, the Big Three in German banking have so far abstained from introducing services which are not part of essential bank business, such as the arrangement of holiday travel.

MARKETING AND ADVERTISING

The last two decades have witnessed an enormous expansion in the work of banks and a consequent change in their appearance. Banks strive consistently to extend their collaboration with private customers, and the range of services and individual counselling offered are designed to appeal to all.



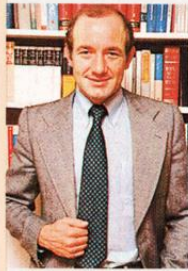
Intensive promotion of a bank's retail business presupposes the existence of a market-oriented organization in its branches. Offering an integrated advisory service—as illustrated here by an inside view of Commerzbank's Frankfurt main branch—means that private customers can discuss all their financial matters with one "personal" adviser. Increasingly, traditional specialized bank counters are giving way to a more open-plan arrangement, and qualified groups of advisers backed by modern technology give expert attention to individual problems.



Modern bank marketing includes informative publicity, with the message conveyed by brochures, advertisements, and window displays, all designed in accordance with one basic conception.

Great efforts are being made to attract private customers. Our photographs can show only some of the means used for this purpose, ranging from a balloon competition at the popular "Fohlenmarkt Fair" at Sinsheim in Baden to counselling at the "Therapy Week" in Karlsruhe.

Wie Ihnen die Commerzbank zu 10000 Mark verhilft.



Klaus Dürke hat seit einem prämienbegünstigten Sparvertrag in Verbindung mit vermögenswirksamen Leistungen nach dem 624-Mark-Gesetz und dem Commerzbank-Combi-Sparen empfinden. In sieben Jahren bekommt er von uns über 12000 Mark.



Jürgen und Gisela Braun, ein junges Ehepaar mit 3 Kindern, schlossen vor vier Jahren einen prämienbegünstigten Sparvertrag in Verbindung mit dem Commerzbank-Combi-Sparen ab. In drei Jahren haben sie über 11000 Mark.



Ute und Michael Hennebold haben seit zwei Jahren ein ADIC-Sparkonto für ADIRENTA-Anteile. In fünf Jahren sind sie um rund 11000 Mark reicher.



Elke und Harald Ernst zahlen seit sechs Jahren monatlich 100 Mark auf ein Sparkonto ein und kaufen davon regelmäßig Commerzbank-Sparbriefe. Ende nächsten Jahres besitzen sie über 10500 Mark.

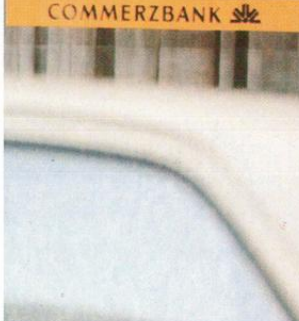
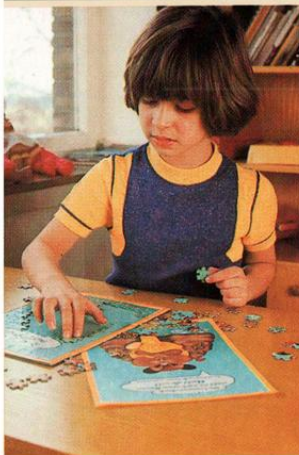


Ute und Heide Mann - beide berufstätig - wollen jeweils einen Sparvertrag über vermögenswirksame Leistungen nach dem 624-Mark-Gesetz und einen Combi-Sparvertrag mit der Commerzbank abschließen. In sieben Jahren bringt das für beide zusammen mehr als 13000 Mark.

Helga Groß hat einen fünfjährigen Combi-Sparvertrag abgeschlossen und zahlt jetzt noch zwei Jahre auf ein normales Sparkonto ein. Danach hat sie mehr als 10000 Mark auf dem Konto.

COMMERZBANK





Die 1001 Kredite der Commerzbank. Hier Nr. 247.



Mit dem Möbel-Kredit bekommt man eine neue Wohnung, ohne umzuziehen.

Wechseln Sie nicht die Wohnung, sondern die Einrichtung. Vielleicht wird Ihre Wohnung dabei sogar größer – fast immer läßt sich mit den richtigen Möbeln Platz gewinnen. Mit unserem Möbel-Kredit können Sie schon nächste Woche anfangen. Ihre neue Einrichtung auszusuchen.

Ein anderes Beispiel: Bis Sie das Geld für ein neues Auto zusammenhaben, kostet das alte vielleicht mehr Benzin, Reparatur und Pflege, als tragbar ist. Mit dem Auto-Kredit können Sie ab sofort wirtschaftlicher fahren.

Die 1001 Kredite der Commerzbank er-

lauben Ihnen, nützliche und auch weniger nützliche Dinge, die Ihnen Freude machen, schon heute zu besitzen. Und nicht erst in zwei Jahren.

Die Commerzbank gibt Ratenkredite bis zu 25.000 Mark. Schnell, unkompliziert und zinsgünstig.

COMMERZBANK 



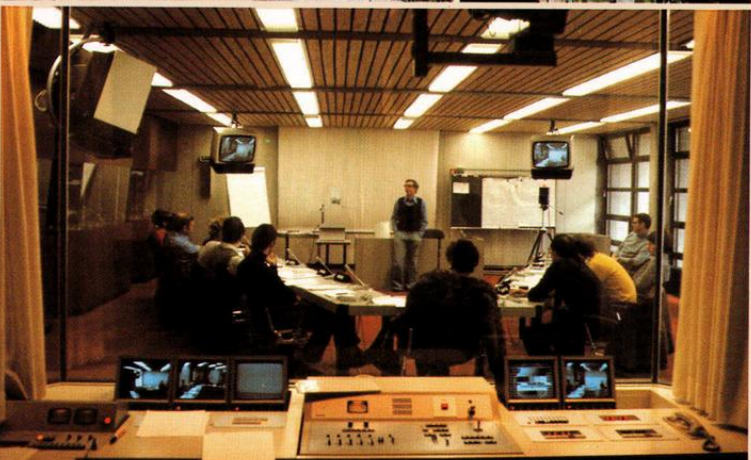
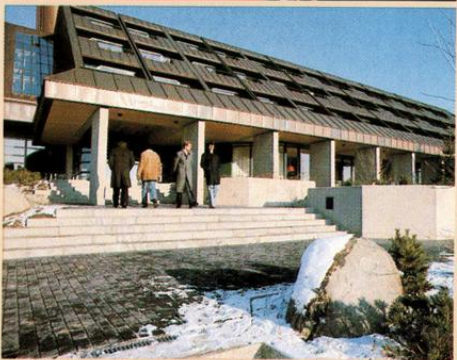
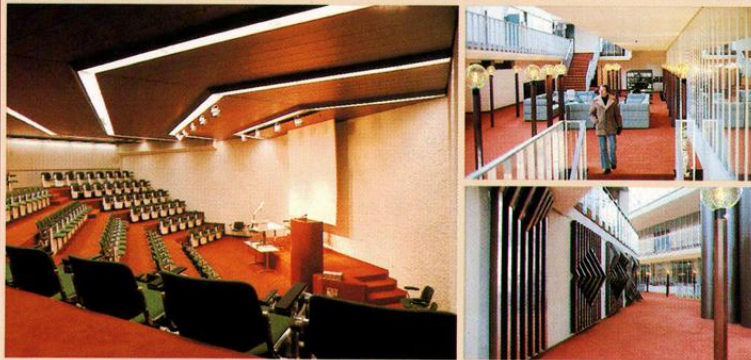
Children love Commerzbank's golden hamster and took part enthusiastically and in large numbers in a competition to find a name for him. He has now been christened "Goldi" and is obtainable as a jigsaw-puzzle as well as a piggy-bank.

The Bank's name and symbol appear in various guises throughout the city—either as neon lights on branch buildings, on stations, and at airports, or as advertisements on mass transport vehicles. At Berlin's new Tegel airport, illuminated columns show up very well.

If marketing is to be successful the Bank must have a qualified staff of specialists to advise clients. Commerzbank is making constant efforts to ensure its staff further training.



Each year some 2,500 employees pass through the Bank's new training centre at Glashütten-Oberems in the Taunus hills which runs marketing and other specialist seminars enabling the participants to cope with the growing needs in customer counselling. The latest technical equipment and attractive premises in a charming countryside setting contribute to make learning a pleasure.



Market conditions clear,
competitors quick to react

The particular problems of a bank in determining its "product policy" as a marketing tool lie in the fact that all banks deal in the same "goods", namely money. They have therefore only limited scope for differentiating between their "products". Moreover, the state of the market for bank services in West Germany is fairly clear and characterized by especially fast reactions on the part of competitors. New services are quickly introduced, but given the impossibility of legally protecting trade names in the banking field, new facilities or schemes are soon copied if they appear to be more than temporarily worthwhile. Hence the range of services offered by the leading German banks has become largely identical, particularly in retail or other business with private customers. Examples of new developments in recent years have been various forms of savings certificates, instalment savings schemes, standing-order savings contracts, and "package" financing for house building. Publicity campaigns are used in an endeavour to differentiate between the various banks and their products, and the existing services are continuously checked and where necessary modified to adapt them to new market situations.

Pricing policy, that is the fixing of interest rates to lenders and borrowers and of commissions and other charges, operates within relatively narrow margins since none even of the big banks enjoys a strong enough market position to allow it to dictate trends. Here again, market transparency and the quick reaction of competitors usually make for rapid adjustments. All the same, interest rates and charges are occasionally used deliberately by banks in their retail business in order to improve their share of the market, and it is not only the less conventional institutions which adopt such practices.

Branches' marketing objectives

The banks' branches and offices carry the responsibility for marketing their services to private customers. For the major sectors of this field of business, the branches are given annual marketing targets which are either determined centrally or agreed with them on the basis of their own proposals. Market analyses and comparisons between offices supply the initial data, and a regular comparison of actual figures with targets provides a steady check. The results thus obtained form a vital basis for special marketing measures.

In view of the widespread presence of banks, especially in towns, and of the high cost of setting

up and running new branches, banking circles have for some time discussed the possibility of using other methods, such as having employees working away from the banks' premises as and when required. Up till now however, and despite some promising ideas, no really economically viable proposals have been put forward as regards the big banks' retail business.

Standardized services but individual advice

The large number of both customers and transactions involved in retail banking require, for cost reasons alone, a thorough-going standardization of services offered, combined with systematization of creditworthiness checking and other procedures in accordance with central directives, as also the automation of processing, monitoring, and administration generally.

Counselling, by contrast, must remain an individual service which cannot be replaced by automatic banking machines, even though these might be technically feasible. The confidence which the client must have in his bank and its employees and without which a successful and lasting business connection would be impossible, can only be created and maintained through a personal relationship. In its retail business, the bank often has to deal with clients who have little experience of banking; it must therefore explain the facilities available in personal interviews so that when the customer's particular circumstances have been looked into, the appropriate services can be offered.

Publicity must be informative

Publicity has an important rôle to play within a bank's overall marketing strategy. It is responsible for both strengthening the bank's public image and promoting its services. When trying to achieve these aims, it must be borne in mind that money is a special type of commodity, and that the basis of a bank's business is the customer's confidence in its professional competence and its absolute reliability.

The public is therefore extremely exacting as far as bank advertising is concerned. Such publicity must above all be informative and not consist merely of slogans. In West Germany, both these conditions are now largely fulfilled.

In general, bank advertising is concerned with clarifying as far as possible the nature of the essentially abstract services offered, presenting credit institutions as dependable partners in the financial transactions of private households, and endeavouring to explain to the public what they

actually do. Along with advertisements, the banks use information sheets, leaflets, and brochures to inform the customer of the advantages of dealing with one particular institution and of availing himself of the services it offers.

Special campaigns are used to promote specific services or to make the public more aware of such developments as the opening of a new branch. Sales competitions for employees are an important means of motivation. Displays in banking halls and lectures serve to establish contacts with potential customer groups.

Well-trained advisers

In addition to an attractive range of services offered on competitive terms, a sine qua non if business is to be successful is the employment of qualified staff to counsel clients. Good publicity is of little use and may indeed have the opposite effect to that desired if it does not reflect the reality experienced by the customer in his contact with the bank when it comes to doing business. Consequently, the banks are investing a great deal in the basic and further training of their staff. For purposes of standardized retail business, client advisers are as a rule given advanced training in all the important areas at seminars, supplemented by thorough sales training. Responsible consultants and sales staff with sound specialist education have already largely replaced the old type of counter clerk.

Customer and marketing-oriented organization

Under present market conditions intensive promotion of retail business makes an appropriate organizational set-up in main and sub-branches a must. A client should be offered a truly comprehensive service covering all his financial business. The traditional division into departments and sections has proved inadequate for these requirements, since it meant that customer contacts were deliberately split up according to the demands of internal organization instead of being grouped by methods of cross selling. Thus, communication within the bank was hampered and possibilities of follow-up business were lost.

The internal set-up of a bank must therefore be brought more into line with its marketing aims and thus with the needs of customers. Counselling and selling must be given priority. This can best be achieved when at least the most important areas of standardized retail business are made the responsibility of a single well-trained consultant or group of advisers. In this case the client, whether he is opening an account, paying in savings, arranging simple forms of investment, or obtaining

an instalment credit has only to deal with one employee who knows him personally and hence can give him soundly based individual advice. The banks view such "integrated customer counselling" as an essential means of selling as many of their services as possible. Other experts are called in for such special tasks as advising clients on share purchase or building finance.

Commerzbank has begun to develop this kind of integrated customer counselling in its larger branches, and initial satisfying results augur well for the future.

Technical progress is assisting this modern form of counselling clients. Terminals which may be installed in all branches will give the adviser immediate access to information on the main accounts and securities deposits held by a given customer and hence whilst strictly adhering to the rules of bank secrecy will give him up-to-date and comprehensive information on which to base his advice to his clients. Commerzbank has already used this system with success in the securities business in a number of its larger branches.

Profitability through follow-up business

A question that must be asked is whether retailing, which is highly cost-intensive, is worthwhile for the banks. To give a meaningful answer it is necessary to consider this area not in isolation but in the context of the entire relationship with the customer. When doing business with individuals, it is in practice virtually impossible to concentrate on profitable areas and to ignore other less promising services. The business relationship with any one client must be seen as an indivisible whole.

The average wage or salary account is undoubtedly unprofitable for the German banks, despite the much disputed account-keeping charges. Internal calculations made at Commerzbank have shown that even with a typical account with ten transactions per month and with an average credit balance of DM 1,000, the Bank's costs are at best only 50 per cent covered by both charges levied and interest earned.*)

On the other hand, the wage and salary account is normally the starting point for customer business and the target is to expand this. Profitability is achieved through follow-up business such as savings deposits, savings certificate sales, the buying and selling of securities, loans and advances, and other services, and it is here that the central marketing objective of every bank lies.

*) Commerzbank allows 15 entries per quarter free of charge for private accounts; from the 16th entry onwards a charge of DM 0.50 per entry is made.

Outlook

World-wide change in economic environment

The world economic crisis, which is now gradually being overcome, has been much more than a mere cyclical downturn. The result has been a lasting change in the economic climate, with the ensuing transformation of the basic data exerting a healthy sobering effect.

Politicians, companies, and trade unions throughout the world now have to adjust to these new conditions including the circumstance that—very unusually so far—essential costs did not fall during the recession but on the contrary rose sharply. The recovery is therefore starting from a high cost base.

The fact that interest rates have remained rather elevated is important in determining prices and in making assessments, and people are thus forced to be more careful in calculating the cost of planned investment. This is particularly true as regards capital spending in industry and the purchase of real estate which in turn has reduced both the willingness to invest and economic growth.

A further aggravating factor at the present time is that trade and industry can now less easily pass on cost increases in prices. This applies especially to the West European countries where competition from imports is keen.

We have found that in West Germany's flexible market economy, businessmen succeeded in quickly adjusting to the new and often substantially changed circumstances.

Shift in West German labour market

The reversal in the labour market of the Federal Republic has been much more pronounced than elsewhere, and after more than ten years of over-employment despite the large influx of foreign workers the country will now probably have to face a fairly long period of under-employment. This tendency will be further reinforced by changes in the demographic structure. Thus, over the next years the number of young people seeking jobs will go up by about 80,000 annually, and only in the second half of the eighties is it likely that the labour supply will again decline. These trends on the labour market notwithstanding, the total population of the Federal Republic, which is gradually ageing, has been falling since 1974.

Increased investment dependent on higher profits

A greater degree of investment is necessary if more jobs are to be created. To achieve this, it is absolutely essential not merely to halt the radical process of income redistribution of recent years and to improve company profitability again—which fortunately is the Government's opinion, too—but also to raise public sector investment for which a pent-up need exists. A restructuring of public spending, which has been too markedly consumption-oriented, would likewise be desirable for reasons of counter-cyclical economic policy.

Business activity—slow but steady recovery

We note with satisfaction that the disastrous economic decline which occurred simultaneously world-wide is now being overcome. West Germany's recovery is some time behind that of the United States and Japan, and the other West European countries appear to be following suit with a further time-lag so that turning points in business activity are being spread over more than a year. In view of the danger of new price rises still latent in the West German economy, we regard as favourable the fact that expansionary forces are only slowly gaining momentum.

On the other hand, the inadequate level of internal financing in German companies gives cause for concern and is hampering the much-needed revival in capital spending.

The high cost of debt servicing and above-average rises in prices of capital goods constitute a further drag. The level of the tax burden should thus be re-examined and, in particular, we consider more realistic depreciation allowances to be desirable. Moreover, if a sustained betterment in the investment situation is to be achieved, both adequate profits and sensible attitudes to socio-political problems will be necessary—requiring belief in the advantages of the social market economy instead of dogmatic zeal for reform.

Commerzbank ready for the upturn

On the assumption that there will be a lasting improvement in the economy and a growing recovery in foreign trade, we are preparing for a gradual revival in credit demand. By further increasing our liable funds we have gained a broader scope for new lending.

Close integration within the Commerzbank Group, a widening network of foreign outlets, and cooperation at international level will continue to give the Bank a firm basis for its operations.

Notes on the Parent Bank's Annual AccountsBalance Sheet total

During the financial year 1975, the Bank's Balance Sheet total increased by DM 7,099.7 m to DM 38,535.7 m, representing a rise of 22.6%. Details of changes as compared with the previous year are as follows:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	— 34.1	Liabilities to credit institutions	+ 2,099.9
Bills	+ 953.4	a) demand	(— 124.3)
Claims on credit institutions	+ 4,319.7	b) time	(+ 2,224.2)
Treasury bills	+ 555.7	Liabilities to other creditors	+ 4,555.3
Bonds, notes, and other securities	+ 244.4	a) demand	(+ 1,163.7)
Claims on customers	+ 913.7	b) time	(+ 2,035.5)
Participations	+ 90.9	c) savings deposits	(+ 1,356.1)
Land and buildings, furniture and equipment	+ 72.0	Bank bonds	+ 129.3
Sundries (including transmitted credits, on a trust basis)	— 16.0	Provisions	+ 124.3
		Capital and reserves	+ 183.4
		Net profit	+ 15.8
		Sundries (including transmitted credits, on a trust basis)	— 8.3
	+ 7,099.7		+ 7,099.7

AssetsLiquidity

At the end of the year under review, cash funds—consisting of cash on hand plus balances with the Bundesbank and on postal giro accounts—amounted to DM 2,543.6 m. This represented 7.0% of our total liabilities to banks and other creditors plus bonds issued by us and our own acceptances outstanding, amounting to a total of DM 36,128.0 m. Our total liquid assets in cash, cheques, maturing bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the

Bundesbank, claims on credit institutions (for periods of less than three months), Treasury bills and discountable Treasury notes plus fixed-interest securities eligible as collateral for Bundesbank advances, amounted to DM 12,813.2 m, representing 35.5% of the total liabilities mentioned above, compared with 33.0% in the preceding year.

Claims on credit institutions

Our claims on credit institutions rose by DM 4,319.7 m to DM 11,555.7 m. This item comprises balances from clearings, money market investments, and loans to German and foreign banks. The breakdown is shown on the following page:

Claims on credit institutions (in DM m)	1975	1974
Money employed and clearing balances	9,626.2	6,030.5
of which: demand	(1,101.6)	(1,247.8)
time	(8,524.6)	(4,782.7)
Lending	1,929.5	1,205.5
including: long-term	(798.5)	(409.7)
Total	11,555.7	7,236.0

Securities

Holdings of bonds and notes increased by 24.8% to DM 1,343.7 m, with 72.9% of this total being eligible as collateral for Deutsche Bundesbank advances.

The item "securities" covers such of our investments in shares marketable on the stock ex-

change, investment fund shares, and other securities as are not listed elsewhere. We reduced this portfolio by DM 22.5 m to DM 640.4 m.

At December 31, 1975, the Bank held more than 25% of the share capital of the following concerns (other than those listed as associated companies on pages 85 and 86):

Tax-privileged holdings	Share capital in DM million
Holdings of more than 25%	
Karstadt Aktiengesellschaft, Essen	360.0
Kaufhof Aktiengesellschaft, Cologne	300.0
Brauerei Isenbeck AG, Hamm	6.0
Commerzbank Aktiengesellschaft von 1870, Hamburg	(RM* 100.0)
Hannoversche Papierfabriken Alfeld-Gronau vormals Gebr. Woge, Alfeld (Leine)	32.0
Hochtief Aktiengesellschaft für Hoch- und Tiefbauten vorm. Gebr. Helfmann, Essen	46.5
Kempinski Hotelbetriebs-Aktiengesellschaft, Berlin	11.0
Holding of more than 50%	
H. Maihak Aktiengesellschaft, Hamburg	5.0

* Reichsmark

Credit business

As before, all holdings of securities have been assessed applying the lowest-value principle.

Our credit business (excluding "transmitted loans on a trust basis" and guarantees) with both banks and non-bank customers was expanded by DM 2,142.7 m, or 10.6%, compared with the previous year.

Details are as follows:

Total lending	1975	1974
Credits to		
credit institutions	DM 1,929.5 m = 8.7%	DM 1,205.5 m = 6.0%
customers	DM 15,618.9 m = 70.1%	DM 14,705.2 m = 73.0%
Book and acceptance credits	DM 17,548.4 m = 78.8%	DM 15,910.7 m = 79.0%
Discounts	DM 4,729.7 m = 21.2%	DM 4,224.7 m = 21.0%
Total	DM 22,278.1 m = 100.0%	DM 20,135.4 m = 100.0%

Adequate provisions and individual valuation reserves were made for all discernible risks in the credit business. In addition, the obligatory global valuation reserve was made to the extent permitted by tax regulations.

At the end of 1975, our book and acceptance credits were made up of DM 10,009.2 m at short and medium term and DM 7,539.2 m at long term. This meant a decline of DM 806.8 m, or 7.5%, in short and medium-term book credits compared with December 31, 1974, whilst those at long term were up by DM 2,444.5 m, or 48.0%.

Of the short and medium-term book credits, DM 8,878.2 m (down DM 1,142.0 m) were to non-bank customers and DM 1,131.0 m (up DM 335.2 m) to banks. Of our long-term lending, DM 6,740.7 m (up DM 2,055.7 m) was to non-bank customers and DM 798.5 m (up DM 388.8 m) to banks.

Against these long-term claims there were, inter alia, DM 191.3 m of bonds outstanding and DM 1,723.5 m of long-term liabilities mainly resulting from financing operations with Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) and with other banks and public agencies. Where appropriate agreements had been made with the lenders, the funds concerned were advanced to borrowers on lenders' terms.

With demand for book credits lower, discounts increased by DM 505.0 m, or 12.0%. Of the total discount credits of DM 4,729.7 m reached at year-end, DM 299.5 m or 6.3% had been rediscounted.

Our lending to some 367,000 borrowers is broken down as follows:

Size of loans	1975	1974
323,207 loans of up to DM 20,000	88.0%	89.0%
29,874 loans of more than DM 20,000, up to DM 100,000	8.2%	7.5%
	96.2%	96.5%
11,362 loans of more than DM 100,000, up to DM 1,000,000	3.1%	2.8%
2,637 loans of more than DM 1,000,000	0.7%	0.7%
	100.0%	100.0%

Equalization and covering claims

Equalization and covering claims declined by DM 5.8 m to DM 86.4 m as a result of payments on or ahead of schedule.

Participations

Those of our holdings shown as "participations" in the Balance Sheet were augmented by DM 90.9 m during the year under review. This rise includes DM 101.9 m in new acquisitions and capital increases, fulfilment of payment commitments, and reinforcement of holdings. After disposals of DM 6.2 m, reclassifications of DM 0.2 m, and write-offs of DM 4.6 m, a book value of DM 754.3 m resulted, DM 213.2 m of which related to interests held abroad.

We acquired the following significant new holdings:

L.I.A. Leasinggesellschaft
für Immobilien und Anlagegüter mbH, Frankfurt
Deutsche Wagnisfinanzierungs-Gesellschaft mbH,
Frankfurt

The disposals were accounted for mainly by shares in Liquiditäts-Konsortialbank GmbH which we had provisionally bought when the company was formed in 1974 and which, after the full complement of shareholders was eventually achieved, were left with Commerzbank above its agreed holding ratio and were thus resold.

These "participations" are shown in a chart on pages 85 and 86 of this Report, giving details of our share in the capital of each company.

Again in 1975, our affiliates and subsidiaries continued to develop satisfactorily. Including receipts from profit transfer agreements, our income from this source amounted to DM 34.2 m against DM 31.9 m in the previous year.

For details of our relations with the associated companies, see the Consolidated Annual Report, pages 71 to 93 below.

Land and buildings

Land and buildings at DM 520.9 m are shown DM 58.8 m higher than in 1974. The increase represents the net balance resulting after additions of DM 72.7 m, disposals of DM 0.2 m, reclassifications of DM 0.1 m, and depreciation to the full extent permitted under tax regulations of DM 13.6 m.

The additions represent mainly purchases, new buildings, and extensions in Essen, Frankfurt, Glashütten (Taunus), Nuremberg, and Trier.

Furniture and equipment

The book value of furniture and equipment increased to DM 139.7 m, after additions of DM 43.5 m, reclassifications of DM 0.1 m, disposals of DM 0.8 m, and scheduled depreciation of DM 29.5 m. Moreover, minor-value equipment amounting to DM 7.3 m was acquired and fully written off.

Sundry assets

Sundry assets as shown in the Balance Sheet include holdings of gold bars, coins, and medals, as well as various debtors outside the scope of the banking business.

LiabilitiesCreditors

During the year under review, our liabilities to credit institutions and other creditors resulting from our banking business rose by 22.8% to DM 35,893.1 m. Owing to the operations of our foreign subsidiaries in the international financial markets, deposits held with us by other banks again showed a somewhat greater gain than those of our non-bank customers.

Of the total increase of DM 6,655.2 m, credit institutions accounted for DM 2,099.9 m and non-bank customers for DM 4,555.3 m.

The overall structure of our liabilities is illustrated by the following table:

Liabilities	1975	1974
Liabilities to credit institutions:		
demand	DM 2,320.8 m = 6.5%	DM 2,445.2 m = 8.3%
time	DM 8,431.3 m = 23.5%	DM 6,193.3 m = 21.2%
Customers' drawings on credits opened by us at other credit institutions	DM 45.5 m = 0.1%	DM 59.2 m = 0.2%
	DM 10,797.6 m = 30.1%	DM 8,697.7 m = 29.7%
Banking liabilities to other creditors:		
demand	DM 6,262.8 m = 17.4%	DM 5,099.1 m = 17.4%
time	DM 11,087.1 m = 30.9%	DM 9,051.6 m = 31.0%
savings deposits	DM 7,745.6 m = 21.6%	DM 6,389.5 m = 21.9%
	DM 25,095.5 m = 69.9%	DM 20,540.2 m = 70.3%
Total liabilities	DM 35,893.1 m = 100.0%	DM 29,237.9 m = 100.0%

Bonds

Apart from the 5½% convertible bonds issued by Commerzbank in 1972 and still outstanding to an unchanged amount of DM 62.0 m, the bonds as shown in the Balance Sheet include the Bank's first issue of bearer bonds used for financing long-term lending.

A contingent capital of DM 15.5 m is available for meeting conversion demands by holders of the convertible bonds.

Own acceptances

Acceptance credits used by our customers amounted to DM 125.1 m. At the closing date, DM 43.5 m of our own acceptances were outstanding.

Provisions

On the basis of actuarial calculations provisions for pensions totalled DM 327.7 m at December 31, 1975, having increased by DM 86.8 m from DM 240.9 m. In the year under review, we took maximum advantage of the possibilities offered under the law enlarging the scope for claims on company pension schemes; this resulted in an additional requirement of DM 60 m, making up part of the overall allocation to pension provisions.

Other provisions are shown at DM 229.5 m. These include provisions for taxes, for year-end bonus payments, for transactions in the course of settlement, and for other liabilities of uncertain amount, as also that portion of the global valuation reserves not deductible from assets in the balance sheet.

Special reserve item

The amount of DM 35.0 m shown in the Balance Sheet results from such partial writing-back of the global valuation reserves as had become obligatory under the new rules imposed in 1974. Liquidation of this item with an ensuing book profit will begin in 1976.

Capital and reserves

The Bank's management was authorized by the Annual General Meeting on May 16, 1975, to increase the share capital by up to DM 100 m.

Upon approval by the Supervisory Board, we made use of this authorization in the autumn of 1975 and augmented the share capital by DM 53.3 m through the issue of new shares at a price of DM 125.- per share of DM 50.- nominal, i. e. at 250%. The resulting premium of DM 75.- per share, totalling DM 79.950 m, was allocated to the statutory reserve. In addition to shareowners, holders of our convertible bonds were also entitled to exercise subscription rights to these shares. The remaining authorized capital amounts to DM 46.7 m. The statutory reserve also rose following the allocation of the premia amounting to DM 100,000.- and DM 78,000.- respectively resulting from the market sale of those shares from the capital increases effected at the end of 1974 and in the autumn of 1975 that were not subscribed to.

Other reserves were raised by DM 50.0 m from the year's earnings.

The Bank's liable funds are now made up as follows:

Capital and reserves	1975	1974
Share capital	DM 570.300 m	DM 517.000 m
Published reserves		
a) statutory reserve	DM 518.378 m	DM 438.250 m
b) other reserves	DM 459.000 m	DM 409.000 m
Total liable funds	DM 1,547.678 m	DM 1,364.250 m

Notes on the Balance Sheet and other remarks

Endorsement liabilities on bills rediscounted amounted to DM 299.5 m at the end of 1975, against DM 747.9 m at December 31, 1974.

Liabilities arising from guarantees, including guarantees for bills and cheques, and from indemnity agreements amounted to DM 6,293.9 m at the closing date. The increase of 9.7% on the year was again due to the expansion of our foreign business.

Contingent liabilities in respect of possible calls on shares not fully paid up of both joint-stock and private limited companies amounted to DM 7.9 m, and uncalled liabilities in respect of shares in

cooperatives to DM 0.5 m. In addition, there were contingent liabilities pursuant to Article 24 of the Law on Private Limited Companies (GmbHG).

In respect of Liquiditäts-Konsortialbank GmbH, formed in 1974, there is a contingent liability of DM 27.45 m the calling of which will, however, require a resolution of its general meeting. In addition, we have provided guarantees to an amount of DM 197.55 m as primary obligor in respect of contingent liabilities of the institutions belonging to the Bundesverband deutscher Banken e.V. (Federation of German Banks).

Profit and Loss Account

Interest and similar receipts from lending and money market transactions amounted to DM 2,309.0 m, against DM 2,554.6 m in the preceding year. The decrease, occurring despite the expanded business volume, was a reflection of the lower level of interest rates.

Current receipts from fixed-interest securities, Government-inscribed stock, other securities, and "participations" compared with 1974 rose by DM 14.6 m, or 9.9%, to reach DM 162.7 m. Interest income exempt from taxation and foreign earnings enjoying inter-company tax privileges also included in this item amounted to DM 13.9 m compared with DM 11.3 m in 1974. Receipts from German dividend payments enjoying inter-company tax privileges also shown here increased by 6.9% to DM 55.9 m.

These total interest receipts of DM 2,471.7 m, after deduction of DM 1,509.9 m of *interest payments and similar expenditure*, produced a net interest income of DM 961.8 m, representing an increase of DM 117.9 m, or 14.0%, over 1974. This further rise was mainly due to the fact that,

on average for the year, the volume of business was some 12% higher in 1975 than in the previous year.

Commissions and other receipts from services at DM 256.2 m were up 16.0%. With *commissions and similar expenditure on services* of DM 8.9 m, there was a surplus on commissions of DM 247.3 m, i.e. an increase of DM 32.0 m, or 14.9%, on the year. This growth derived mainly from the securities and new issues business.

Other receipts including those from writing back provisions in connection with the lending business are shown at DM 63.1 m. This item covers gains from the Bank's own foreign exchange operations, rent from our properties, and miscellaneous as well as exceptional receipts. It also includes profits realized on our own dealings in securities, payments received on claims already written off, and income from valuation reserves and provisions no longer required in the lending business.

Depreciation on and valuation reserves for claims and securities and allocations to provisions in connection with the lending business were completely offset against "other receipts" during the year under review.

The Bank's total personnel costs comprised:

Personnel expenditure	1975	1974
<i>Wages and salaries</i>	DM 519.6 m	DM 460.0 m
<i>Statutory social security contributions</i>	DM 64.9 m	DM 54.2 m
<i>Expenditure on retirement pensions and other benefits</i>	DM 123.4 m	DM 66.7 m
Total	DM 707.9 m	DM 580.9 m

The extraordinary jump of DM 127.0 m or 21.9% in personnel costs is chiefly due to an augmented allocation to pension provisions under the law enlarging the scope for claims on company pension schemes of December 19, 1974. On a comparable basis, the increment on the previous year would amount to no more than DM 67.0 m, or 11.5%.

The latter rise was largely due to higher salaries, together with a slight growth in the number of staff.

The expansion in our business together with climbing prices resulted in a DM 27.0 m, or 13.9%, increase in *current operating expenses* to DM 220.6 m.

Depreciation on and valuation reserves for land and buildings and for furniture and equipment at DM 50.4 m were at the level permitted by tax legislation. Depreciation on "participations" relates mainly to value adjustments of foreign holdings.

Taxes were up from DM 71.9 m to DM 129.6 m. Of this total, "other taxes" accounted for DM 8.9 m compared with DM 7.7 m in 1974.

Other expenditure, apart from those expenses which cannot be classified under other items, includes for the first time our contribution—amounting to DM 6.2 m—to the German banks' deposit insurance scheme.

The remuneration of the Bank's Managing Directors amounted to DM 5,692,717.95 for the year under review, whilst pensions paid to former members of the Board of Managing Directors and to their dependants totalled DM 2,684,086.20. Members of the Supervisory Board received DM 1,041,308.- and members of the Central Advisory Board DM 434,901.-. The members of our Regional Advisory Councils were paid DM 976,715.-.

Dealings in own shares

As part of our business in securities subject to reporting

the Bank purchased 742,958 Commerzbank shares (bearer shares of DM 50.- nominal) with a nominal value of DM 37,147,900.-,

whilst companies under our control or in which we have a majority interest acquired 9,501 Commerzbank shares with a nominal value of DM 475,050.-

at market prices over the year, at a weighted average buying price of DM 197.60 each, and subsequently resold these shares at a similarly calculated average price of DM 198.06.

The proceeds from these sales were allocated to working funds. Neither we ourselves nor companies under our control or in which we have a majority interest held any of our own shares at the closing date.

As collateral from borrowing customers

we accepted 155,577 of our own shares with a total nominal value of DM 7,778,850.-,

and companies under our control or in which we have a majority interest accepted 7,337 Commerzbank shares with a total nominal value of DM 366,850.-.

After allocation of DM 50,000,000.- to the published reserves, there remains a Net Profit of

DM 95,458,500.-.

We propose that this amount be used for payment of a dividend of DM 9.- per DM 50.- nominal share.

The share capital of DM 53,300,000.- resulting from the capital increase of October 1975 ranks for dividend as from October 1, 1975.

Düsseldorf, March 4, 1976

THE BOARD
OF MANAGING DIRECTORS

Handwritten signatures of the Board of Managing Directors:

Almuthy, H. von Arnim
Jahn, Kasper, Kimmig
Moss, von Schmied
H. Opitz, Ewald, Mülders

Report of the Supervisory Board

During the year under review, the Supervisory Board performed the duties incumbent upon it according to law and the Bank's By-laws and continuously supervised the conduct of the Bank's business. It had the Board of Managing Directors periodically report on the course of business and on the Bank's performance. The Supervisory Board itself and its Committees reviewed important business transactions and discussed them with the Board of Managing Directors. This applied particularly to the Bank's international activities, to basic questions of its internal organization, and to the risks involved in lending as a result of the economic recession.

The Supervisory Board's Working Committee regularly checked commitments involving major or exceptional risks, and its Social Committee dealt with important staff matters.

Between meetings also, the Chairman of the Supervisory Board was kept continuously informed of all important business transactions and in addition, he and other members of the Supervisory Board were at the disposal of the Board of Managing Directors for consultation.

The former Deputy Members of the Board of Managing Directors, Mr. Engelbert Dicken and Mr. Jürgen Reimnitz, were appointed full Members of the Board of Managing Directors with effect from April 1, 1975.

The loss of Professor Dr. Dr. h. c. Philipp Möhring, who died on November 16, 1975, was a cause of great sorrow to us. We regret the passing of a man who rendered very valuable service to Commerzbank and gave sound advice over a span of four decades, and whose balanced judgement and expert knowledge were of particular benefit during the difficult post-war reconstruction period. Professor Möhring had been a member of the Supervisory Board of Commerzbank and its predecessors since 1952 and, since 1958, had served as Deputy Chairman.

Professor Dr.-Ing. Dr. Dr.-Ing. E. h. Heinrich Mandel and Dr. Dietrich Wilhelm von Menges were elected new Members of the Supervisory Board by the Annual General Meeting on May 16, 1975.

The Annual Statement of Accounts and the Report for the period from January 1 to December 31, 1975, as well as the Books have been examined by the Auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, and have been given their confirmatory certificate without qualification. The Supervisory Board has taken note of the result of the audit and has signified its agreement. The Supervisory Board has itself examined the Annual Statement of Accounts, the Report, and the proposal of the Board of Managing Directors regarding the allocation of the net profit and has raised no objection. The Supervisory Board has approved the Annual Statement of Accounts which may accordingly be considered adopted. The Supervisory Board declares its agreement with the proposal of the Board of Managing Directors as to the allocation of the profit.

The consolidated Annual Accounts, the Group's Annual Report, and the Report of the Group Auditors, as also their confirmatory certificate without qualification, were submitted to the Supervisory Board.

Düsseldorf, March 25, 1976

THE SUPERVISORY BOARD



Chairman

Business Progress 1952/1975

	Total assets	Total lending	Capital and reserves	Savings deposits	Dividends	Total amount of dividends paid	Allocation to reserves from year's earnings	Tax expenditure	Staff*)	Branches
	DM bn	DM bn	DM m	DM m	per cent	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**)	55.3	12,760	550
31-12-1968	15.4	9.7	660	3,565	17	46.8	30.0***)	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	5,420	17	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,592	17	79.6	—	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,389	17	79.6	30.0	71.9	16,585	765
31-12-1975	38.5	22.3	1,548	7,746	18	95.5	50.0	129.6	17,328	782

*) calculated as full-time staff; 1973 figure for first time not including employees serving in armed forces

***) including DM 20.0 m resulting from retransfer to assets side of furniture and equipment

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

Parent Bank's Annual Accounts as at December 31, 1975

Balance Sheet pages 66/67

Profit and Loss Account pages 68/69

	DM	DM	DM	DM
Assets				
Cash and cash equivalents	1,044,174,129.23			
Securities, including government securities	1,191,322,783.37			
Loans and advances	2,272,844,007.26	2,417,380,207.74		
Real estate				
Other assets	DM 1,976,129,022.08			
Total		2,590,851,946.37		2,590,851,946.37
Liabilities and Equity				
Deposits				
Demand		4,780,812,034.26		
Time				
Up to 12 months	2,071,298,284.53			
12 to 24 months	4,065,815,875.34			
Over 24 months	37,909,480.26	77,887,125,000.00		
Total			77,887,125,000.00	
Including deposits from foreign banks	DM 197,428,400.29			
Savings accounts				
Up to the statutory period of notice	3,703,180,407.45			
Over	2,047,254,503.27	7,746,086,100.00		
Total			7,746,086,100.00	
Convertible bonds outstanding with maturities of				
Up to four years				
Over four years		67,514,280.00		
Including deposits from foreign banks	DM 3,728,821.00			
Other liabilities				
and guarantees notes outstanding				
Transmitted credits on a trust basis				
Provisions				
a) For deposits		22,107,000.00		
b) Other		22,107,000.00		
Other liabilities				
Deferred profits				
Special reserve from				
payments to the bank regulator, providing special reserves reserved				
Share capital				
authorized, comprising capital DM 15,000,000.00				
Published reserves				
a) statutory reserve		574,378,000.00		
deducted from provisions on shares from DM 84,125,000.00				
b) other reserve		45,000,000.00		
deducted from year's earnings DM 11,000,000.00				
Commerzbank Foundation				
Net profit				
Total liabilities				
Enforcement liabilities on bills of exchange in circulation				
Liabilities arising from guarantees, including guarantees of life and capital, and from indemnity agreements				
Obligations in the event of buying back fixed asset under repurchase agreements, as far as these obligations have not to be shown here above the line				
Savings bonuses under the Savings Bonus Law				
The liabilities and the items above the line under the line include those in affiliated companies, if existing in				

Balance Sheet as at December 31, 1975

Assets	DM	DM	DM	Dec 31, 1974 DM 1,000
Cash			148,505,523.44	141,975
Balance at the Deutsche Bundesbank			2,359,903,232.90	2,431,051
Balances on postal cheque accounts			35,174,656.27	38,992
Cheques, maturing bonds, interest and dividend coupons, and items received for collection			286,078,155.97	251,772
Bills of exchange			4,430,241,351.28	3,476,832
including: a) rediscountable at Deutsche Bundesbank	4,020,646,878.38			
b) own drawings	—.—			
Claims on credit institutions				
a) payable on demand		1,359,151,906.49		1,496,072
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months		3,068,905,281.31		1,739,556
bb) at least three months, but less than four years		5,703,443,294.47		3,263,007
bc) four years or more		1,424,185,856.50		737,337
			11,555,686,338.77	7,235,972
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder Governments		555,656,250.—		—
b) other		—.—		—
			555,656,250.—	—
Bonds and notes				
a) with maturities of up to four years				
aa) of the Federal and Länder Governments	230,906,908.47			
ab) of credit institutions	15,721,715.68			
ac) other	—.—	246,628,624.15		52,519
including: eligible as security for Deutsche Bundesbank advances DM 232,772,843.73				
b) with maturities of more than four years				
ba) of the Federal and Länder Governments	183,564,870.32			
bb) of credit institutions	665,721,502.39			
bc) other	247,769,127.25	1,097,055,499.96		1,024,211
			1,343,684,124.11	1,076,730
including: eligible as security for Deutsche Bundesbank advances DM 746,440,458.72				
Securities, so far as they have not to be shown under other items				
a) shares marketable on the stock exchange and investment trust shares		631,595,939.88		640,999
b) other securities		8,771,348.50		21,880
			640,367,288.38	662,879
including: holdings of more than one-tenth of the shares of a joint-stock company or mining company, excluding "Participations"	526,465,922.81			
Claims on customers, for agreed periods, or at agreed periods of notice, of				
a) less than four years		8,878,233,719.27		10,020,206
b) four years or more		6,740,646,137.57		4,685,002
			15,618,879,856.84	14,705,208
including: ba) secured by mortgages on real estate	938,709,404.88			
bb) municipal loans	654,015,913.71			
Equalization and covering claims on public authorities			86,405,967.67	92,198
Transmitted credits (on a trust basis)			31,189,479.80	43,103
Participations			754,348,000.—	663,439
including: in credit institutions	511,188,000.—			
Land and buildings			520,889,000.—	462,107
Furniture and equipment			139,676,000.—	126,414
Other assets			28,063,869.22	26,917
Deferred charges				
a) difference pursuant to Article 156, paragraph 3, of the Companies Law (AktG)		180,893.—		—
b) other deferred charges		812,436.36		475
			993,329.36	475
			Total Assets	31,436,064
			38,535,742,424.01	31,436,064
The assets and the rights of recourse in respect of the claims shown on the liabilities side include				
a) claims on affiliated enterprises			1,642,865,653.51	1,246,308
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown under a)			102,502,391.46	128,297

Liabilities	DM	DM	DM	Dec 31, 1974 DM 1,000
Liabilities to credit institutions				
a) payable on demand		2,320,853,348.33		2,445,148
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	1,944,114,169.68			
bb) at least three months, but less than four years	5,131,322,782.07			
bc) four years or more	1,355,844,007.99	8,431,280,959.74		6,193,270
including: due in less than four years	DM 916,199,022.08			
c) customers' drawings on credits opened by us at other institutions		45,478,514.76		59,245
			10,797,612,822.83	8,697,663
Banking liabilities to other creditors				
a) payable on demand		6,262,813,634.24		5,099,122
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	6,662,698,284.63			
bb) at least three months, but less than four years	4,056,815,975.44			
bc) four years or more	367,609,450.29	11,087,123,710.36		9,051,646
including: due in less than four years	DM 197,956,400.29			
c) savings deposits				
ca) subject to the statutory period of notice	3,703,283,487.48			6,389,454
cb) other	4,042,264,563.22	7,745,548,050.70		20,540,222
			25,095,485,395.30	
Convertible bonds outstanding, with maturities of				
a) up to four years		—		—
b) more than four years		191,318,625.—		62,000
			191,318,625.—	62,000
including: due in less than four years	DM 6,706,625.—			
Own acceptances and promissory notes outstanding				
			43,535,002.24	40,113
Transmitted credits (on a trust basis)				
			31,189,479.80	43,103
Provisions				
a) for pensions		327,670,000.—		240,906
b) other		229,510,000.—		191,993
			557,180,000.—	432,899
Other liabilities				
			26,141,896.99	21,929
Deferred credits				
			109,470,514.06	113,690
Special reserve item				
pursuant to the fiscal regulation governing global valuation reserves			35,000,000.—	35,000
Share capital				
(authorized, contingent capital: DM 15,500,000.—)			570,300,000.—	517,000
Published reserves				
a) statutory reserve		518,378,000.—		438,250
(allocation from premium on share issue: DM 80,128,000.—)				
b) other reserves		459,000,000.—		409,000
(allocation from year's earnings: DM 50,000,000.—)			977,378,000.—	847,250
Commerzbank Foundation				
			5,672,187.79	5,550
Net profit				
			95,458,500.—	79,645
Total Liabilities			38,535,742,424.01	31,436,064
Endorsement liabilities on bills of exchange in circulation				
			299,470,792.18	747,867
Liabilities arising from guarantees, including guarantees of bills and cheques, and from indemnity agreements				
			6,293,851,920.91	5,737,063
Obligations in the event of buying back items sold under repurchase agreements, so far as these obligations have not to be shown here above the line				
			91,483,750.—	40,000
Savings bonuses under the Savings Bonus Law				
			160,999,835.61	141,737
The liabilities and the items shown here below the line include those to affiliated enterprises, amounting to				
			637,531,525.82	584,083

Profit and Loss Account for the Year 1975

Expenditure	DM	DM	1974 DM 1,000
Interest and similar expenditure		1,509,858,310.10	1,858,791
Commissions and similar expenditure on services		8,943,337.07	5,487
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		—	88,864
Salaries and wages		519,576,912.60	459,961
Statutory social security contributions		64,857,041.88	54,209
Expenditure on pensions and other benefits		123,458,069.64	66,752
Current operating expenses		220,616,556.65	193,598
Depreciation on and valuation reserves for land and buildings, furniture and equipment		50,372,559.36	49,347
Depreciation on and valuation reserves for "Participations"		4,625,380.89	607
Taxes			
a) on income, earnings, and property	120,681,544.70		64,168
b) other	8,905,384.39		7,692
		129,586,929.09	71,860
Allocations to "Special reserve item"		—	35,000
Other expenditure		16,934,805.05	27,956
Year's earnings		145,458,500.—	109,645
Total Expenditure		2,794,288,402.33	3,022,077

	DM	DM	1974 DM 1,000
Year's earnings		145,458,500.—	109,645
Allocations from year's earnings to published reserves			
a) to the statutory reserve	—		—
b) to other reserves	50,000,000.—		30,000
		50,000,000.—	30,000
Net profit		95,458,500.—	79,645

Balance Sheet
Profit and Loss Account

Assets		
Fixed Assets		
Land and Buildings		
Plant and Equipment		
Investments		
Loans and Advances		
Other Assets		
Liabilities		
Capital		
Reserves		
Provisions		
Other Liabilities		

Income		
Interest		
Dividends		
Other Income		
Expenses		
Salaries and Wages		
Interest		
Other Expenses		
Profit		

Consolidated Annual Report for the Year 1975

Notes on the Consolidated Annual Accounts

With the expansion in the volume of business of both the Parent Bank, Commerzbank Aktiengesellschaft, and the other consolidated companies, Group profitability improved in the financial year 1975. In the case of the Parent Bank, the year's earnings were up by 32.7% whilst those of the Group showed a 36.8% gain. The Balance Sheet total of the Parent Bank increased by 22.6%, whilst the growth rate for the Group was 27.9%.

The following companies are affiliated with Commerzbank AG (whose direct or indirect holdings in them are shown in per cent):

Companies included
in the Consolidated Annual Accounts

Companies with whom profit and loss transfer agreements were concluded:

Atlas-Vermögensverwaltungs- gesellschaft m.b.H., Düsseldorf Share capital DM 100,000.–	100.00
Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf Share capital DM 3,500,000.–	100.00
Commercium Vermögens- verwaltungs-GmbH, Hamburg Share capital DM 50,000.–	100.00
Commerz- und Industrie- Leasing GmbH, Düsseldorf Share capital DM 1,000,000.–	100.00
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM 20,000.–	95.00
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg Share capital DM 20,000.–	100.00
Immobilien- und Wohnungs- Gesellschaft mbH, Hamburg Share capital DM 50,000.–	100.00
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg Share capital DM 20,000.–	100.00

Companies with whom there were no profit and loss transfer agreements:

Aussenhandel-Förderungs- gesellschaft mbH, Düsseldorf Share capital DM 100,000.–	100.00
Berliner Commerzbank Aktiengesellschaft, Berlin Share capital DM 35,000,000.–	100.00
Commerzbank Fonds- Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf Share capital DM 1,000,000.–	100.00
Commerzbank International S.A., Luxembourg Share capital Lfrs 1,180,000,000.–	100.00
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld Limited liability capital DM 7,000,000.–	100.00
Ilse der Bank, Sandow & Co., Peine Limited liability capital DM 2,000,000.–	100.00
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt Share capital DM 1,000,000.–	100.00
Sub-companies of L.I.A. managing individual leas- ing projects:	
Actium Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00
Actium Leasobjekt GmbH, Grundstücksverwaltungsgesellschaft Weil KG, Frankfurt Limited liability capital DM 20,000.–	100.00
Albus Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00
Collis Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00
Emesia Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00
Flumen Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00
Mons Leasobjekt GmbH, Frankfurt Share capital DM 20,000.–	100.00

C. Portmann, Frankfurt Limited liability capital DM 1,500,000.–	100.00	<u>Companies included in the Consolidated Annual Accounts</u>
RHB-Bau- und Verwaltungs- gesellschaft Mannheim mbH, Mannheim Share capital DM 20,000.–	92.88	We report below on our legal and business relations with the companies included in the Consolidated Annual Accounts, in the order of their importance to the Group:
Rheinische Hypothekenbank, Frankfurt Share capital DM 51,700,000.–	90.51	Rheinische Hypothekenbank, Frankfurt
Friedrich W. Thomas, Hamburg Limited liability capital DM 900,000.–	100.00	During the year under review, the balance sheet total of our mortgage bank subsidiary passed the DM 10 bn level. An unchanged dividend of DM 9.– per share, or a total amount of DM 9.3 m, will be paid from the year's earnings and, provided the AGM gives its approval, DM 22.5 m will be allocated to the reserves, compared with DM 18.5 m the previous year.
WEBO-Bau- und Verwaltungs- gesellschaft Köln mbH, Cologne Share capital DM 20,000.–	92.88	
<u>Companies not included in the Consolidated Annual Accounts pursuant to Article 329 of the Companies Law (AktG)</u>		Details of the performance of this mortgage bank are given on pages 82 and 83 of this Report.
Foreign companies:		
Atlas Participations–France S.A.R.L., Paris Share capital Ffrs 10,500,000.–	100.00	Commerzbank International S.A., Luxembourg
Europartners Bank (Nederland) N.V., Amsterdam Share capital Dfl 40,000,000.–	60.00	Our Luxembourg subsidiary achieved a further expansion in its international business during the year under review. To keep in line with the greater volume of business, the share capital was augmented on October 31, 1975, by Lfrs 390 m to Lfrs 1,180 m at an issue price of 200%. Together with the planned allocation to the reserves from the 1975 earnings, total liable funds will amount to Lfrs 2,175 m, equivalent to DM 141.5 m on the basis of the official Frankfurt middle rate of exchange at the closing date. The dividend for 1975, raised from 15 to 18%, is to be paid on the increased share capital of Lfrs 1,180 m.
Companies not managed exclusively by us:		
Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken Share capital DM 10,000,000.–	60.00	Details of this bank's satisfying performance are given on pages 80 and 81 of this Report.
Flender Werft Aktiengesellschaft, Lübeck Share capital DM 25,000,000.–	68.90	
H. Maihak Aktiengesellschaft, Hamburg Share capital DM 5,000,000.–	50.03	Berliner Commerzbank Aktiengesellschaft, Berlin
Minor companies:		
Francommerz Vermögens- verwaltungsgesellschaft mbH, Frankfurt Share capital DM 20,000.–	100.00	To match the exceptional growth of this bank the share capital was twice increased, on March 11 and on October 17, 1975, in each case by DM 5 m at a premium of 100%. The 1975 result enables the bank to pay an unchanged dividend of 16%, making a total payment of DM 5 m compared with DM 4 m in the previous year, and also to augment its reserves by DM 4 m, against DM 2 m in 1974.
Hera Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM 20,000.–	100.00	The bank's liable funds thus went up by a total of DM 24 m to DM 78 m during the year reviewed.
		Details of this bank's business in 1975 are given on pages 78 and 79 of this Report.

Von der Heydt-Kersten & Söhne,
Wuppertal-Elberfeld,
and
Ilseder Bank, Sandow & Co., Peine,

in both of which we are the sole limited partner,
are fully integrated into Commerzbank's own
branch network.

C. Portmann, Frankfurt,
and
Friedrich W. Thomas, Hamburg,

deal with customers who prefer the individual
service of a small private bank. Overall, we are
satisfied with the business and earnings of these
legally independent private banks.

To widen the scope of our business, in the autumn
of the year under review we formed

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

initially operating seven sub-companies managing
individual leasing projects. We believe that with
this company we have substantially improved the
range of financing services we offer. The year
under review saw the establishment of the basis
for the new subsidiary's activity in terms of organ-
ization and staff.

The following affiliates have continued to be active
in the leasing business:

Commerz- und Industrie-Leasing GmbH,
Düsseldorf,

and

GERAP Grundbesitz- und Verwaltungs-
gesellschaft mbH, Frankfurt.

Our instalment credit business is carried out by

Bank für Teilzahlungskredit Gesellschaft
mit beschränkter Haftung, Düsseldorf,

the profitability of which was satisfactory during
the year under review.

We accommodate these specialized leasing and
instalment credit banks with the necessary fi-
nance to the required amount. Our mortgage bank
subsidiary, to the extent permitted by law, also
provides finance for the leasing of land and build-
ings through mortgage loans.

Finally, mention must be made of

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

This institution is an investment company which,
at the closing date, was managing 22 specialized
investment trusts other than Cofonds which is
publicly offered. At year-end, the assets of all
these funds amounted to DM 461.8 m.

The consolidated companies listed above but not
individually reported on here are engaged in the
particular business that the company name indi-
cates, such as trust business or management of
real estate of minor importance.

Companies not included in the Consolidated Annual Accounts

As regards the companies which, pursuant to
Article 329 of the Companies Law (AktG), have
not been included in the Consolidated Annual
Accounts, we report as follows:

Foreign companies:

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

Together with our subsidiary, Atlas Vermögens-
verwaltungs-Gesellschaft m.b.H., Düsseldorf, we
hold part of the share capital of this company
which has a 10% holding in Crédit Chimique S.A.,
Paris. The dividend we received, tax-free under
the Franco-German double taxation convention, is
comparable to a high yield subject to tax.

Europartners Bank (Nederland) N.V., Amsterdam

This bank developed satisfactorily in 1975, accord-
ing to plan. We continue to hold 60% of the share
capital, the rest being owned in equal parts by
Banco di Roma and Crédit Lyonnais. In order to
strengthen the bank's reserves, no dividend was
paid out.

Companies not managed exclusively by us:

Commerz-Credit-Bank Aktiengesellschaft
Europartner, Saarbrücken

The business policy of this bank is jointly—and
in agreement with the partner banks in Madrid and
Rome—determined by Crédit Lyonnais and our-
selves in the spirit of the unique cooperation of
the Europartners. To match the higher volume of

business, the share capital was increased on June 3, 1975, by DM 4 m at an issue premium of 150%. From the 1974 and 1975 earnings, DM 1 m and DM 0.8 m respectively were allocated to the reserves, thus bringing total liable funds to DM 26.8 m. In addition, the bank was able to pay a dividend of 12% for its first business year in 1974, making a total of DM 0.7 m; a 12% dividend will again be paid for 1975, amounting to a total of DM 1.04 m.

Flender Werft Aktiengesellschaft, Lübeck

This company again paid an unchanged dividend of 10% for 1974, and we are expecting another satisfactory result for the financial year 1975. Since the company builds only special ships and does not construct bulk carriers or giant tankers, our assessment of its future prospects is one of restrained confidence.

H. Maihak Aktiengesellschaft, Hamburg

In 1975, as in the previous year, we again received a dividend of 11%. This company, while slightly reducing its staff, once more succeeded in expanding its turnover; order books in terms of value remained unchanged compared with the previous year. Shareholders have been promised an appropriate dividend also for the past business year.

Our connections with the latter two companies do not extend beyond customary banking relations.

Principles of consolidation

The Consolidated Annual Accounts as at December 31, 1975, were drawn up in accordance with the regulations of December 20, 1967, governing the presentation of the annual accounts of credit institutions; owing to the inclusion of our mortgage bank subsidiary, the balance sheet pattern has been widened so as to take account of the special nature of the mortgage business.

With the exception of one company which has rendered an interim return per year-end, the financial years of the companies included coincide with the calendar year. The accounts of our Luxembourg subsidiary, drawn up in Luxembourg francs, were converted at the official Frankfurt middle rate of exchange applicable at the closing date.

Assets and liabilities throughout the Group have been valued in accordance with uniform Company Law principles.

Capital consolidation has been effected through setting off the book values of such holdings as have been included in the Consolidated Annual Accounts against the capital and reserves of these companies. Consequently, only the book values of the non-consolidated companies are shown as "participations" in the Consolidated Balance Sheet.

Claims and liabilities among the companies included were set off against each other in the Consolidated Balance Sheet; expenditure and receipts set off against each other were similarly eliminated from the Consolidated Profit and Loss Account.

Profits from holdings within the Group received during the year under review in respect of the previous year have been included in the profit brought forward.

A contingency provision has been made for taxes still to be paid on earnings from holdings included in the Consolidated Net Profit but not yet transferred to the parent companies.

Consolidated Balance Sheet total

The Group Balance Sheet total amounted to DM 56,472.4 m. This represents an increase of DM 12,312.5 m or 27.9% over the previous year. It exceeded the Balance Sheet total of the Parent Bank by DM 17,936.7 m, against DM 12,723.8 m in the year before. The individual Balance Sheet items showed the following changes on the year:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	– 74.0	Liabilities to credit institutions	+ 5,716.6
Bills	+ 960.8	a) demand	(– 114.4)
Claims on credit institutions	+ 6,913.6	b) time	(+ 5,831.0)
Treasury bills	+ 555.7	Liabilities to other creditors	+ 4,603.4
Bonds, notes, and other securities	+ 141.0	a) demand	(+ 1,205.7)
Claims on customers	+ 3,701.4	b) time	(+ 1,909.5)
Participations	+ 19.3	c) savings deposits	(+ 1,488.2)
Land and buildings, furniture and equipment	+ 73.8	Bonds	+ 1,605.7
Own bonds, held by the Group	+ 24.6	Provisions	+ 144.3
Sundries (including transmitted credits, on a trust basis)	– 3.7	Capital and reserves	+ 183.4
		Difference pursuant to Article 331, paragraph 1, item 3, Companies Law (AktG)	+ 22.4
		Consolidated net profit	+ 29.9
		Sundries (including transmitted credits, on a trust basis)	+ 6.8
	+12,312.5		+12,312.5

The Parent Bank accounts for 66.1% of the non-offset Consolidated Balance Sheet total. A further 33.7% relates to credit institutions within the Group and 0.2% to other companies.

Assets

Liquidity

The Group's total liquid funds—consisting of cash, cheques, maturing bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the Bundesbank, claims on credit institutions (for periods of less than three months), Treasury bills, and securities eligible as collateral for Bundesbank advances—represented 31.1% (previous year: 31.3%) of our banking liabilities to banks and other creditors plus our own acceptances outstanding.

Claims on customers

Claims on customers increased by 15.7% to DM 27,226.1 m. This item comprised DM 11,325.4 m short and medium-term claims and DM 15,900.7 m long-term loans for agreed periods or at agreed terms of notice of four years or more, so that for the first time the Group's long-term claims on customers exceeded the corresponding short and medium-term loans.

Liabilities

Liabilities arising from the banking business

On December 31, 1975, liabilities to credit institutions amounted to DM 17,401.7 m and those to customers totalled DM 27,475.0 m. Overall, liabilities rose by DM 10,320.0 m to DM 44,876.7 m. Credit institutions provided DM 5,716.6 m of this increase and other creditors DM 4,603.4 m.

Bonds

This item, amounting to DM 8,786.3 m, comprises the mortgage and municipal bonds issued by our mortgage bank subsidiary and also the bonds not requiring cover issued by both the Parent Bank and this subsidiary.

The difference shown as DM 67.1 m pursuant to Article 331, paragraph 1, item 3, of the Companies Law (AktG) is the difference between divergent valuations of investments shown under "participations" and of the Group's share in the capital (comprising also the published reserves) of the companies included. This item, which must be regarded as part of our liable funds, rose—almost exclusively as a result of allocations to reserves by our subsidiaries—by DM 22.4 m on the year.

Minority interests, together with the profits attributable to them, are shown as a contra item for interests held by third parties.

Contingent liabilities in respect of possible calls on shares not fully paid up of both joint-stock and private limited companies (GmbH) amounted to DM 8.0 m at the closing date, and uncalled liabilities concerning shares in cooperatives to DM 0.6 m. In addition, there were contingent liabilities pursuant to Article 24 of the Law on Private Limited Companies (GmbHG). In respect of Liquiditäts-Konsortialbank GmbH there is a contingent liability of DM 28.9 m, the calling of which will however require a resolution of its general meeting. In addition, Group companies have provided guarantees amounting to DM 204.9 m as primary obligors in respect of contingent liabilities of the institutions belonging to their respective bank associations.

Profit and loss account

Interest and similar receipts from lending and money market transactions plus current receipts from securities, Government-inscribed stock, and "participations" dropped by DM 149.6 m to DM 3,658.3 m. With a fall in interest expenditure of DM 300.9 m to DM 2,508.9 m there was net interest income of DM 1,149.4 m, so that the latter rose by DM 151.3 m or 15.2% over the previous year.

Net commission income from service transactions was up by DM 33.7 m, or 15.5%, to DM 251.4 m.

The *personnel expenditure* of the Group amounted to DM 773.3 m; *current operating expenses for the banking business* totalled DM 244.5 m. The cost increases contained in these two items, excluding the special allocation totalling DM 64.5 m to pension provisions, amounted to DM 101.1 m, or 11.9%.

The balance between *other receipts and depreciation on and valuation reserves for claims and securities*, including depreciation on "participations", increased by DM 6.7 m to DM 77.9 m during the year under review.

Depreciation on land and buildings, furniture and equipment totalled DM 55.6 m.

With improved earnings, Group tax payments amounted to DM 190.7 m compared with DM 107.2 m in the preceding year. Of these, DM 180.8 m (as against DM 98.1 m the previous year) were for taxes on income, earnings, and property. These figures do not include the additional expenditure by Rheinische Hypothekenbank pursuant to Article 170, paragraph 2, of the Companies Law (AktG) amounting to DM 0.8 m for 1975.

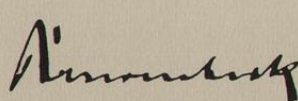
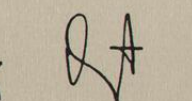
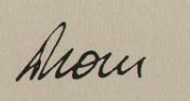
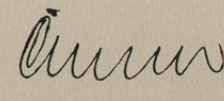
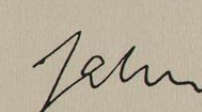
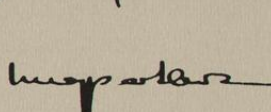
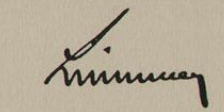
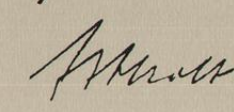
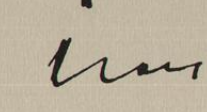
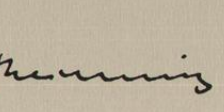
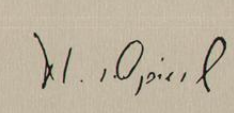
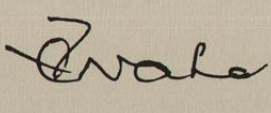
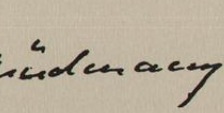
The year's earnings rose by more than a third to DM 189.2 m. The profit of DM 16.9 m brought forward includes the dividends distributed by the consolidated companies in 1975 in respect of 1974, after deduction of taxes paid retrospectively. After transferring DM 50.0 m to the published reserves of the Parent Bank and a further DM 21.1 m to those of Group companies, and excluding DM 1.5 m representing the proportion of profit attributable to minority interests, the Consolidated Net Profit remaining amounts to DM 133.5 m, as against DM 103.6 m in the preceding year. From this Consolidated Net Profit, it is proposed that the AGM's of Group companies approve a further DM 12.1 m to be allocated to the published reserves of such Group companies.

There have been no events of special importance for the Group during the current financial year.

THE BOARD
OF MANAGING DIRECTORS

Düsseldorf, March 4, 1976

Handwritten signatures of the Board of Managing Directors:

**Berliner Commerzbank Aktiengesellschaft,
Berlin**

General performance

Our Berlin subsidiary achieved substantial growth in 1975, augmenting its balance sheet total by 26.5 per cent to DM 1,868 m. The share capital was raised twice during the year, each time by a sum of DM 5 m, the issue price being 100 per cent above par.

The further rise in total earnings will make it possible to hold the dividend at last year's level despite the capital increases, while making an adequate allocation to the published reserves. Liable funds will then amount to DM 78 m.

Deposits

With savings deposits 25.4 per cent up, the average growth rate for Berlin banks was again exceeded; percentage-wise, too, this was the biggest advance recorded over the last ten years. Time deposits showed a 3.4 per cent gain while demand deposits rose by 8.9 per cent.

The savings certificates issued for the first time by Berliner Commerzbank on June 1, 1975, were well received, and by the end of the year nearly DM 12 m worth of them had been sold.

Lending

Whilst trade and industry noticeably restricted their borrowing because of the general weakness of the economy, the requirements of the public authorities were all the greater. By contrast with the previous year, lower interest rates produced demand mainly for long-term funds. Berliner Commerzbank increased its long-term loan business by 75 per cent, within a total expansion in its lending to customers of over one fifth. Discounts were up 13.5 per cent on the year.

The instalment credit business showed a particularly strong upward trend. Although the 62 per cent rise in new commitments was much helped by the fall in interest rates, it was also the result of considerable effort on the bank's part.

Service business

With the investment climate generally improving, the bank was able to give a substantial boost to sales of stocks and investment trust shares. Customers also showed more interest in open and closed-end real estate investment funds. There was a marked advance in the proportion of net receipts from securities business as regards total earnings.

As a member of underwriting syndicates, Berliner Commerzbank was involved in 30 capital increases and in the placing of 32 D-mark bond issues by German and foreign borrowers.

Excellent cooperation with Rheinische Hypothekbank in the field of mortgage loans again produced very gratifying results.

The bank's foreign business also developed successfully. Satisfactory growth rates were achieved in the handling of export and import transactions both between West and East Germany and with other countries. Our subsidiary was more strongly involved in arranging Euro-credits and foreign exchange operations on behalf of corporate customers.

Staff and organization

At the end of the year, Berliner Commerzbank was employing 943 staff, calculated on a full-time basis, compared with last year's figure of 914. This was the first slight increase for some time and followed several years of repeated reductions. Contributory factors here were the doubling of posts offered for training and the opening of the bank's fiftieth branch office.

The redesigning of older branches with a view to creating surroundings more attractive to clients continued and another four branch offices were modernized during the year.

Additional and more sophisticated computer installations were acquired in order further to streamline work processes and to improve the advisory service offered to customers.

Annual Accounts 1975

Assets	DM 1,000
Cash	106,168
Cheques and items received for collection	15,729
Bills of exchange	108,902
Claims on credit institutions	537,570
Bonds and notes	12,160
Other securities	812
Claims on customers of which:	(1,035,975)
for agreed periods of	
a) less than four years	573,678
b) four years or more	462,297
Equalization and covering claims	17,236
Transmitted credits	107
Participations	929
Land and buildings	27,649
Furniture and equipment	4,085
Other assets	656
Total Assets	1,867,978

Expenditure	DM 1,000
Interest and similar expenditure	59,779
Commissions	211
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business	1,080
Expenditure on personnel	41,241
Current operating expenses	11,963
Depreciation on fixed assets	3,533
Taxes	7,814
Other expenditure	646
Year's earnings	9,000
Total Expenditure	135,267

Liabilities	DM 1,000
Liabilities to credit institutions of which:	(357,457)
a) demand	65,754
b) time	291,703
Liabilities to other creditors of which:	(1,382,337)
a) demand	313,466
b) time	461,130
c) savings deposits	607,741
(Total of liabilities listed above)	(1,739,794)
Transmitted credits	107
Provisions	38,282
Other liabilities	1,825
Deferred credits	3,952
Special reserve item	1,018
Capital	35,000
Published reserves	43,000
Net profit	5,000
Total Liabilities	1,867,978
Endorsement liabilities	8,053
Guarantees	125,810

Receipts	DM 1,000
Interest and similar receipts	117,246
Current receipts from	
a) fixed-interest securities and Government-inscribed stock	2,874
b) "Other securities"	97
c) "Participations"	168
Commissions and other receipts from services	11,703
Other receipts, including those from writing back provisions in connection with lending business	3,054
Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	125
Total Receipts	135,267

**Commerzbank International S.A.,
Luxembourg**

Objectives

Commerzbank International S.A., Luxembourg, a bank mainly engaged in the short-term money and credit business in the Euro-markets, was set up in 1969 as a joint-stock company incorporated under Luxembourg law. The shareholders are Commerzbank Aktiengesellschaft, holding 99.9 per cent, and six of its subsidiaries.

The function of Commerzbank International is to make use of the chances offered by the Euro-money and Euro-capital markets in the interest of its world-wide clientele. Luxembourg, as a banking centre offering freedom for international money and capital movements, provides a particularly attractive basis for such activity.

Liable funds

In line with the expansion in the bank's volume of business, there was a capital increase in the autumn of 1975 yielding Lfrs 780 m (equivalent to DM 51 m). The bank's share capital at December 31, 1975, was thus Lfrs 1,180 m, or DM 77 m, and its reserves were Lfrs 905 m, or DM 59 m. After allocation from the 1975 earnings, the reserves will amount to Lfrs 995 m, or DM 65 m. In making global valuation reserves, maximum advantage was again taken of tax concessions. Over the last two years, the bank's liable funds have considerably more than doubled.

General performance

1975 was characterized by falling interest rates on the Euro-money market. Trends in the foreign exchange markets varied but activity was less turbulent than the year before. Commerzbank International again exercised all due care in availing itself of the resulting business opportunities.

The bank's international financing operations were further developed in 1975, again in close cooperation with the Parent Bank and the latter's foreign branches and international partner institutions.

The balance sheet total showed an advance of 88 per cent on the year, from Lfrs 60.6 bn, or DM 4,044 m, to Lfrs 114.0 bn, or DM 7,414 m. Nostro balances almost doubled and lending to customers rose by 58 per cent. Once again, deposits by other banks represented the chief source for financing the bank's lending. Customer deposits as before amounted to 12 per cent of total borrowed funds.

Service business

The volume of money and foreign exchange dealings was again expanded and the securities business continued to develop well.

Earnings position

The earnings position was completely satisfactory. For the financial year 1975, the bank will be paying a dividend of 18 per cent on the increased share capital of Lfrs 1,180 m; total dividend payments will thus go up from Lfrs 118.5 m to Lfrs 212.4 m, representing a rise by almost 200 per cent in only two years.

Annual Accounts 1975

Assets	Lfrs 1,000
Claims on banks for periods of	
a) up to 30 days	15,228,543
b) more than 30 days	55,569,026
Claims on finance companies	124,402
Bills of exchange	8,242,010
Claims on customers	31,427,540
Securities	1,343,725
Trusteeship accounts	44,515
Participations	1,443
Land and buildings	32,606
Furniture and equipment	9,051
Deferred charges	1,915,413
Other assets	42,718

Total Assets 113,980,992

= DM 7,414 million

Expenditure	Lfrs 1,000
Interest and commissions	5,800,449
Personnel and operating expenditure	105,937
Taxes	293,646
Valuation reserves	288,043
Depreciation	2,401
Other expenditure	120,596
Profit for the year	302,400
Total Expenditure	6,913,472

Lfrs 100 = DM 6.505

Liabilities	Lfrs 1,000
Liabilities to banks for agreed periods of	
a) up to 30 days	45,459,374
b) more than 30 days	49,280,407
Liabilities to other creditors for agreed periods of	
a) up to 30 days	2,655,123
b) more than 30 days	10,906,932
Liabilities to finance companies for agreed periods of	
a) up to 30 days	625,025
b) more than 30 days	597,635
Trusteeship accounts	44,515
Capital	1,180,000
Reserves	
a) statutory reserve	118,000
b) free reserves	107,500
c) from capital increase	679,500
Provisions and valuation reserves	726,860
Deferred credits	1,282,224
Other liabilities	15,497
Profit for the year	302,400
Total Liabilities	113,980,992

Receipts	Lfrs 1,000
Interest and commissions	6,779,514
Other receipts	133,958
Total Receipts	6,913,472

Rheinische Hypothekenbank, Frankfurt

First full business year since merger

Rheinische Hypothekenbank is now able to report on its first full year of business since the merger with Westdeutsche Bodenkreditanstalt as from October 9, 1974. Considerable effort has been put into the organizational work involved in the merger and much of it was completed during the period under review.

General performance

The bank's overall growth accelerated further in 1975 and even exceeded the already high rate achieved during the previous year. This was largely due to a sharp increase in lending to local authorities. The balance sheet total topped the DM 10 bn level with a rise of nearly DM 2 bn, or 24.1 per cent. The year's earnings again permit payment of a dividend of DM 9.- per DM 50.- nominal share, over and above the allocation of a total of DM 22.5 m to the reserves as planned (compared with DM 18.5 m in 1974).

The published reserves, which together with the share capital determine the maximum amount of bonds that may be outstanding, will add up to DM 203.3 m once the board's proposals for distribution of the year's earnings have been implemented. With liable funds totalling DM 255 m, the bank has available a margin of DM 3,426 m for new sales within the limit on bonds outstanding.

Lending

The bank's new credit business again developed satisfactorily, especially in loans to public authorities but also in mortgages, despite the continuing difficulties in the housing sector. New loan commitments, including DM 109 m of renewals, amounted to DM 2,435 m (DM 1,278 m in the previous year), of which DM 1,475 m were for loans to public authorities, DM 539 m for financing new housing, DM 235 m for renovating older residential buildings, and DM 186 m for commercial projects.

Including short and medium-term credits, a total of DM 2,442 m was paid out by way of mortgage loans and credits to public authorities. About 40.5 per cent of long-term lending as at December 31, 1975, represented mortgage loans and about 59.5 per cent advances to public authorities.

Borrowing

In 1975, sales of the bank's own bonds amounted to DM 2,022 m. Of this total, 29.2 per cent consisted of mortgage bonds, 67.3 per cent of municipal bonds and 3.5 per cent of bonds not requiring cover. 88 per cent of the bonds sold had a life of five to ten years and 12 per cent were shorter-dated. En-bloc loans were taken up by the bank to the tune of DM 60 m.

Including bonds not requiring cover, outstanding bonds at the end of 1975 totalled DM 9,048 m. Of these, 48.2 per cent were mortgage bonds, 48.0 per cent municipal bonds, and 3.8 per cent bonds not requiring cover.

Outlook

The current financial year has begun rather slowly. In view of the continuing demand for credit by public authorities, Rheinische Hypothekenbank regards this sector as particularly promising, although tough competition here has exerted considerable pressure on margins. Prospects for the mortgage business are seen with more reserve, since remarkable changes have occurred in this part of the market. Whilst there has been a fall in demand for loans to finance new housing, growing interest in loans for home modernization and renovation is likely, and funds for commercial projects should also be increasingly sought after.

Annual Accounts 1975

Assets	DM 1,000
Loans with agreed periods of four years or more	
a) mortgage loans	4,194,886
b) municipal loans	3,925,308
c) other	42,369
Equalization and covering claims on public authorities	22,662
Bonds	75,857
Other securities	30,986
Cash and items received for collection	882
Claims on credit institutions and on other debtors	1,603,193
Own bonds nominal value DM 97,531,000	84,366
Transmitted credits	77,439
Participations	1,313
Land and buildings	22,075
Furniture and equipment	1,498
Other assets	3,543
Total Assets	10,086,377

Expenditure	DM 1,000
Interest and similar expenditure	612,197
Non-recurrent expenditure on bonds issued and on loans granted	51,973
Expenditure on personnel	15,252
Current operating expenses	7,626
Depreciation on and valuation reserves for fixed assets	1,170
Taxes	27,895
Other expenditure	558
Year's earnings	32,600
Total Expenditure	749,271

Liabilities	DM 1,000
Bond issued	
a) mortgage bonds	4,009,089
b) municipal bonds	4,074,341
c) other bearer bonds	348,023
d) bonds drawn by lot and called for redemption	228
Commitments to deliver bonds	345,594
Loans taken up at long term	332,463
Liabilities to credit institutions and to other creditors	277,877
Interest on bonds issued and on loans taken up	282,066
Transmitted credits	77,439
Provisions and valuation reserves	43,492
Foundation	1,119
Capital	51,700
Published reserves	
a) statutory reserve	79,311
b) other reserves (pursuant to Article 7 of the Mortgage Bank Law-HBG)	117,789
Other liabilities	29,546
Net profit	16,300
Total Liabilities	10,086,377

Receipts	DM 1,000
Interest and similar receipts	683,071
Non-recurrent receipts from bonds issued and from loans granted	47,992
Receipts from "Participations"	19
Other receipts, including those from writing back provisions in connection with lending business	13,982
Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	3,786
Receipts from writing back "Special reserve item"	421
Total Receipts	749,271



Associated Companies of Commerzbank Aktiengesellschaft

Consolidated companies

Berliner Commerzbank Aktiengesellschaft, Berlin C DM 35.00 m	100.0%	Commerzbank International S.A., Luxembourg C Lfrs 1,180.00 m	100.0% *)	Rheinische Hypothekenbank, Frankfurt C DM 51.70 m	90.5%
Commercium Vermögensverwaltungs-GmbH, Hamburg C DM 0.05 m	100.0%	Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo), Düsseldorf C DM 1.00 m	100.0%	GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt C DM 0.02 m	95.0%
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt C DM 1.00 m	100.0% *)	Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg C DM 0.02 m	100.0% **)	C. Portmann, Frankfurt C DM 1.50 m	100.0%

Other participations in German banks

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken C DM 10.00 m	60.0%	Absatzkreditbank Aktiengesellschaft, Hamburg C DM 5.50 m	32.5%	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt C DM 4.80 m	27.1%
Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt C DM 10.00 m	10.0%	Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt C DM 1.00 m	12.7%	Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C DM 0.58 m	25.0%
Liquiditäts-Konsortialbank GmbH, Frankfurt C DM 250.00 m	3.7%	Lombardkasse AG, Berlin/Frankfurt C DM 1.50 m	9.4%	Münchener Hypothekenbank eG, Munich C DM 2.49 m	2.0%

Other participations in German companies

Almüco Vermögensverwaltungs-gesellschaft mbH, Munich a) C DM 39.00 m	25.0%	Beteiligungsgesellschaft für Industrieansiedlungsunternehmen mit beschränkter Haftung, Hamburg C DM 3.00 m	25.0%	Beteiligungsgesellschaft für Industrie und Handel mbH, Frankfurt C DM 0.25 m	50.0%
Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung, Frankfurt b) C DM 50.00 m	25.0%	Deutsche Grundbesitz-Anlagegesellschaft m.b.H., Cologne C DM 0.04 m	25.0%	Flender Werft Aktiengesellschaft, Lübeck C DM 25.00 m	68.9%
Kistra Beteiligungsgesellschaft mbH, Frankfurt d) C DM 7.20 m	25.0%	REGINA Verwaltungsgesellschaft mbH, Munich e) C DM 37.50 m	25.0%	Rossmas Beteiligungsgesellschaft mbH, Frankfurt f) C DM 20.00 m	40.0%

Participations in foreign financial institutions and holding companies

Europartners Bank (Nederland) N.V., Amsterdam C Dfl 40.00 m	60.0%	EuroPartners Securities Corporation, New York C US \$ 3.53 m	28.3%	International Commercial Bank Ltd., London C £ 5.00 m	12.0%
Banque Marocaine du Commerce Extérieur, Casablanca C dirham 50.00 m	2.2%	Banque Nationale pour le Développement Economique, Rabat C dirham 70.00 m	0.4%	Bondtrade, Brussels/New York C US \$ 4.13 m	9.2%
Europartenaires Leasing S.A., Paris C Ffrs 0.10 m	33.3%	Finance Company VIKING, Zurich C Sfrs 60.00 m	6.7%	Finatourinvest S.A., Luxembourg C Lfrs 194.60 m	0.6%
IRIS – Institutional Research and Investment Services S.A., Geneva C Sfrs 0.90 m	25.0%	Mithai Europartners Finance and Investment Ltd., Bangkok C baht 20.00 m	10.0%	Nigerian Industrial Development Bank Ltd., Lagos C ₦ 4.50 m	1.7%
Sifida Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg C US \$ 12.80 m	0.8%	Société de Gestion du Rominvest International Fund S.A., Luxembourg C Lfrs 40.00 m	10.0%	Société Européenne d'Édition et de Diffusion S.A., Luxembourg C Ffrs 0.82 m	6.1%
Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki C Fmk 71.00 m	0.6%	UBAE Union de Banques Arabes et Européennes S.A., Luxembourg/Frankfurt C DM 30.00 m	13.7%	UNIBANCO – Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C Cr\$ 157.25 m	5.0%

Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf C DM 3.50 m 100.0%	Commerz- und Industrie-Leasing GmbH, Düsseldorf C DM 1.00 m 100.0%**)	Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf C DM 0.10 m 100.0%	Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf C DM 0.10 m 100.0%
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg C DM 0.02 m 100.0%	von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld C DM 7.00 m 100.0%	Ilseder Bank, Sandow & Co., Peine C DM 2.00 m 100.0%	Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg C DM 0.05 m 100.0%
RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim C DM 0.02 m 92.9%*)	Friedrich W. Thomas, Hamburg C DM 0.90 m 100.0%	WEBO-Bau- und Verwaltungsgesellschaft Köln mbH, Cologne C DM 0.02 m 92.9%*)	
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt C DM 40.00 m 12.7%	Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne C DM 3.00 m 25.0%	Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen C DM 33.00 m 9.1%	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg C DM 25.00 m 28.5%
Liquidationskasse für Zeitgeschäfte AG, Munich C DM 0.50 m 10.0%			
Privatdiskont-Aktiengesellschaft, Frankfurt C DM 5.00 m 9.0%			
Canada-Anlagen-Gesellschaft mbH, Hamburg C DM 0.06 m 40.0%	CGT Canada Grundbesitz Treuhand GmbH, Frankfurt C DM 0.10 m 20.0%	Deutsche Canada-Grundbesitzverwaltungs-Gesellschaft mbH, Frankfurt C DM 0.10 m 20.0%	a) has holding*) in Heidelberger Druckmaschinen AG b) has holding*) in Horten AG c) has holding*) in Industriekreditbank AG – Deutsche Industriebank d) has holding*) in Hutschenreuther AG e) has holding*) in Gutehoffnungshütte Aktienverein f) has holdings*) in Bavaria-Filmkunst GmbH and in Didier-Werke AG g) has holding*) in Mercedes-Automobil-Holding AG l) increased to DM 75.00 m in early 1976
Gesellschaft für die Freigabe deutscher Vermögenswerte in Österreich mbH i. L., Frankfurt C DM 0.02 m 25.0%	Gesellschaft für Kreditsicherung mbH, Cologne C DM 0.30 m 26.7%	HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf C DM 30.00 m 33.3%	
STELLA Automobil-Beteiligungsgesellschaft mbH, Frankfurt C DM 0.02 m ^{l)} 25.0%	Treuhand- und Holdinggesellschaft mbH, Frankfurt C DM 0.14 m 50.0%		*) of at least 25%, entitling to inter-company tax privileges
Adela Investment Company S.A., Luxembourg/Lima C US \$ 61.78 m 1.4%	Atlas Participations – France S.A.R.L., Paris C Ffrs 10.50 m 100.0%*)	Australian United Corporation Ltd., Melbourne C A\$ 5.18 m 6.4%*)	Banco Urquijo S.A., Madrid C Ptas 6,075.84 m 0.8%
The Commercial Bank of Dubai Ltd., Dubai C DH 12.65 m 20.0%	Crédit Chimique S.A., Paris C Ffrs 34.00 m 10.0%*)	The Development Bank of Singapore Ltd., Singapore C S\$ 100.00 m 0.5%	Europartners Holding S.A., Luxembourg C Lfrs 1.00 m 25.0%*)
P.T. Finconesia Financial Corporation of Indonesia, Jakarta C IRp 680.00 m 9.0%	Gestinver S.A., Madrid C Ptas 187.50 m 2.5%	The Industrial Finance Corporation of Thailand (IFCT), Bangkok C baht 150.00 m 2.0%	The International Investment Corporation for Yugoslavia S.A., Luxembourg C US \$ 13.50 m 1.2%
Nippon Europartners Consulting Company, Tokyo C ¥ 100.00 m 25.0%**)	The Pakistan Industrial Credit & Investment Corporation Limited, Karachi C PR 70.00 m 0.4%	Private Investment Company for Asia (PICA) S.A., Panama City/Tokyo C US \$ 28.80 m 0.7%	Rifbank S.A.L., Beirut C L£ 4.00 m 31.8%
Société Financière de Développement – SOFIDE –, Kinshasa C zaïres 2.00 m 2.5%	Société Libano Européenne pour la Gestion Privée (Crédit Lyonnais) S.A.L., SLIGEST, Beirut C L£ 2.00 m 5.0%		
Union Internationale de Banques S.A., Tunis C TD 2.00 m 4.0%	Wobaco Holding Company, Luxembourg C US \$ 21.60 m 2.7%	*) held in part indirectly **) held wholly indirectly c) held through Atlas Participations – France S.A.R.L.	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.

Consolidated Annual Accounts as at December 31, 1975

Consolidated Balance Sheet pages 90/91

Consolidated Profit and Loss Account pages 92/93

Consolidated Balance Sheet as at December 31, 1975

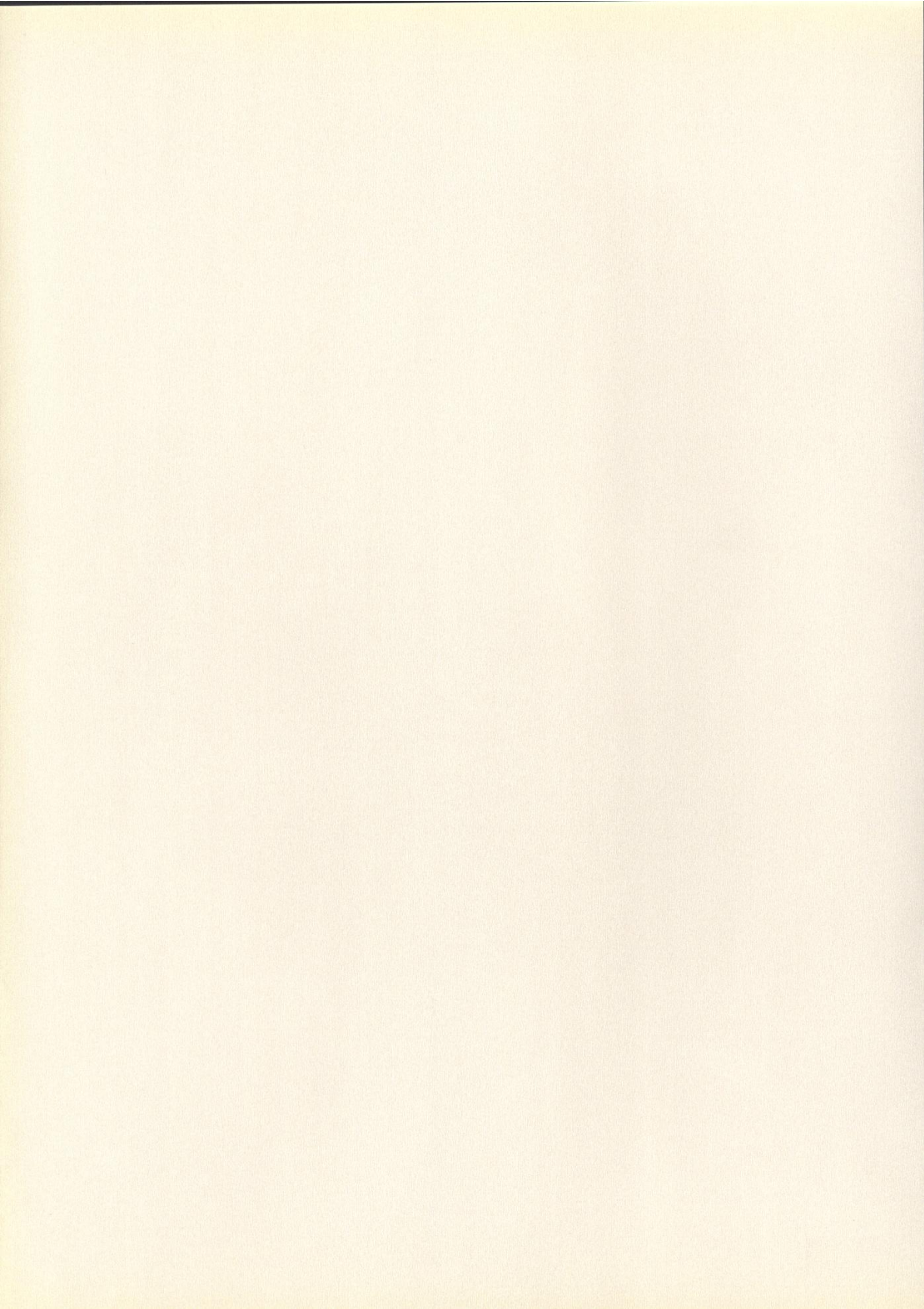
Assets	DM	DM	DM	Dec 31, 1974 DM 1,000
Cash			168,160,361.69	159,705
Balance at the Deutsche Bundesbank			2,466,677,391.45	2,591,193
Balances on postal cheque accounts			38,548,542.55	41,847
Cheques, maturing bonds, interest and dividend coupons, and items received for collection			310,399,235.16	265,055
Bills of exchange			4,658,639,621.17	3,697,878
including: a) rediscountable at Deutsche Bundesbank	4,122,696,882.55			
b) own drawings	1,425,725.05			
Claims on credit institutions				
a) payable on demand		1,420,180,658.73		1,525,084
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months		3,677,563,714.15		2,312,721
bb) at least three months, but less than four years		9,604,496,808.70		5,222,080
bc) four years or more		2,628,541,101.05		1,357,331
			17,330,782,282.63	10,417,216
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder Governments		555,656,250.—		—
b) other		—.—		—
			555,656,250.—	—
Bonds and notes				
a) with maturities of up to four years				
aa) of the Federal and Länder Governments	284,930,120.97			
ab) of credit institutions	31,324,715.67			
ac) other	—.—	316,254,836.64		109,825
including: eligible as security for Deutsche Bundesbank advances DM 302,399,056.22				
b) with maturities of more than four years				
ba) of the Federal and Länder Governments	211,646,024.30			
bb) of credit institutions	594,559,661.40			
bc) other	275,432,891.86	1,081,638,577.56		1,139,195
including: eligible as security for Deutsche Bundesbank advances DM 694,036,801.55			1,397,893,414.20	1,249,020
Securities, so far as they have not to be shown under other items				
a) shares marketable on the stock exchange and investment trust shares			648,286,214.63	642,922
b) other securities			8,857,916.50	22,139
			657,144,131.13	665,061
including: holdings of more than one-tenth of the shares of a joint-stock company or mining company, excluding "Participations"	526,465,922.81			
Claims on customers, for agreed periods, or at agreed periods of notice, of				
a) less than four years			11,325,422,857.15	11,826,100
b) four years or more			15,900,669,367.59	11,698,585
			27,226,092,224.74	23,524,685
including: ba) secured by mortgages on real estate	5,135,887,513.47			
bb) municipal loans	4,351,014,595.20			
Equalization and covering claims on public authorities			127,813,397.98	138,228
Transmitted credits (on a trust basis)			118,434,947.05	122,337
Participations			364,697,316.27	345,382
including: in credit institutions	113,233,360.49			
Land and buildings			577,424,994.61	517,888
Furniture and equipment			146,584,257.43	132,279
Own bonds, held by the Group			223,175,507.22	198,619
nominal amount	245,690,700.—			
including: eligible as security for Deutsche Bundesbank advances	212,535,233.23			
Other assets			99,943,439.17	87,489
Deferred charges				
a) difference pursuant to Article 156, paragraph 3, of the Companies Law (AktG)		180,893.—		—
b) other deferred charges		4,118,441.22		6,008
			4,299,334.22	6,008
Total Assets			56,472,366,648.67	44,159,890
The assets and the rights of recourse in respect of the claims shown on the liabilities side include				
a) claims on affiliated enterprises			219,681,041.49	129,409
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown under a)			139,998,780.51	144,036

Liabilities	DM	DM	DM	Dec 31, 1974 DM 1,000
Liabilities to credit institutions				
a) payable on demand		2,260,267,503.94		2,374,717
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	4,456,629,577.63			
bb) at least three months, but less than four years	8,729,241,734.37			
bc) four years or more	1,948,983,949.67	15,134,855,261.67		9,308,634
including: due in less than four years	DM 1,109,092,428.49			
c) customers' drawings on credits opened by us at other institutions		6,625,529.76		1,815
			17,401,748,295.37	11,685,166
Banking liabilities to other creditors				
a) payable on demand		6,741,342,187.72		5,535,648
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	7,258,342,062.66			
bb) at least three months, but less than four years	4,350,980,583.71			
bc) four years or more	674,773,088.72	12,284,095,735.09		10,374,608
including: due in less than four years	DM 321,985,248.83			
c) savings deposits				
ca) subject to the statutory period of notice	4,149,861,668.64			
cb) other	4,299,706,324.20	8,449,567,992.84		6,961,332
			27,475,005,915.65	22,871,588
Bonds outstanding, with maturities of				
a) up to four years		508,595,792.50		322,060
b) more than four years		8,277,747,347.48		6,858,565
including: due in less than four years	DM 2,461,890,709.07		8,786,343,139.98	7,180,625
Own acceptances and promissory notes outstanding			43,535,002.24	40,113
Transmitted credits (on a trust basis)			118,434,947.05	122,336
Provisions				
a) for pensions		373,407,659.—		278,598
b) other		278,095,908.61		228,575
			651,503,567.61	507,173
Other liabilities			35,326,661.13	24,182
Deferred credits				
a) according to Article 25 of the Mortgage Bank Law (HBG)		17,772,824.17		17,146
b) other		125,644,380.32		130,427
			143,417,204.49	147,573
Special reserve item pursuant to the fiscal regulation governing global valuation reserves			36,739,131.—	37,349
Share capital (authorized, contingent capital DM 15,500,000.—)			570,300,000.—	517,000
Published reserves				
a) statutory reserve		518,378,000.—		438,250
b) other reserves		459,000,000.—		409,000
			977,378,000.—	847,250
Difference pursuant to Article 331, paragraph 1, item 3, of the Companies Law (AktG)			67,148,647.80	44,720
Contra item for interests held by third parties including: from profit			25,182,955.—	24,571
	DM 1,567,988.—			
Foundations			6,791,075.02	6,681
Consolidated net profit			133,512,106.33	103,563
			Total Liabilities	56,472,366,648.67
				44,159,890
Endorsement liabilities on bills of exchange in circulation			310,868,630.88	793,995
Liabilities arising from guarantees, including guarantees of bills and cheques, and from indemnity agreements			6,032,966,786.41	5,343,241
Obligations in the event of buying back items sold under repurchase agreements, so far as these obligations have not to be shown here above the line			91,483,750.—	40,000
Savings bonuses under the Savings Bonus Law			179,545,312.24	158,004
The liabilities and the items shown here below the line include those to affiliated enterprises, amounting to			128,081,889.55	191,287

Consolidated Profit and Loss Account for the Year 1975

Expenditure	DM	DM	1974 DM 1,000
Interest and similar expenditure		2,508,921,871.81	2,809,804
Commissions and similar expenditure on services		9,813,477.73	6,611
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		21,900,118.71	107,835
Salaries and wages		567,238,555.10	501,975
Statutory social security contributions		70,258,424.20	58,810
Expenditure on pensions and other benefits		135,829,842.24	76,178
Current operating expenses		244,481,655.69	215,186
Depreciation on and valuation reserves for land and buildings, furniture and equipment		55,613,797.90	55,003
Depreciation on and valuation reserves for "Participations"		6,862,299.89	607
Taxes			
a) on income, earnings, and property	180,766,155.34		98,115
b) other	9,887,267.53		9,111
		190,653,422.87	107,226
Allocations to "Special reserve item"		—.—	37,343
Other expenditure		31,833,764.36	35,390
Consolidated year's earnings		189,223,595.93	138,326
		Total Expenditure	4,032,630,826.43
			4,150,294

	DM	DM	1974 DM 1,000
Consolidated year's earnings		189,223,595.93	138,326
Profit brought forward from the previous year		16,926,498.40	13,226
		206,150,094.33	151,552
Allocations from consolidated year's earnings to published reserves to other reserves			
a) Commerzbank Aktiengesellschaft	50,000,000.—		30,000
b) consolidated companies	21,070,000.—		16,523
		71,070,000.—	46,523
Profit attributable to interests held by third parties		135,080,094.33	105,029
		1,567,988.—	1,466
Consolidated net profit		133,512,106.33	103,563



Appendices

Issues and syndicate transactions, capital increases and stock exchange introductions

Domestic public entities' bonds

Land Baden-Württemberg
 Free State of Bavaria
 Land Berlin
 The Hanseatic City of Bremen
 Equalization of Burdens Bank
 German Federal Post Office
 German Federal Railways¹⁾
 Federal Republic of Germany¹⁾
 The Free and Hanseatic City of Hamburg
 Land of Lower Saxony
 Land North Rhine-Westphalia
 Reconstruction Loan Corporation
 Land Schleswig-Holstein

¹⁾ several issues

Other domestic bonds, including mortgage and communal bonds

Deutsche Genossenschaftsbank¹⁾
 Deutsche Hypothekbank (Actien-Gesellschaft)¹⁾
 Deutsche Schiffahrtsbank Aktiengesellschaft
 Deutsche Schiffsbeleihungs-Bank
 Aktien-Gesellschaft¹⁾
 Hoechst Aktiengesellschaft²⁾

¹⁾ several issues

²⁾ convertible bonds

Foreign issuers' DM bonds

Alusuisse International N.V.
 Asko Osakeyhtiö and Upo Osakeyhtiö³⁾
 Commonwealth of Australia
 Republic of Austria¹⁾
 Banque Française du Commerce Extérieur
 City of Bergen
 Caisse Centrale
 de Coopération Economique C.C.C.E.
 Caisse Nationale des Autoroutes
 Caisse Nationale des Télécommunications (CNT)
 Compagnie Française des Pétroles (C.F.P.)
 Electricity Supply Commission (ESCOM)
 Estel N.V. Hoesch-Hoogovens
 Eurofima European Company
 for the Financing of Railway Rolling Stock
 European Coal and Steel Community ("ECSC")¹⁾
 European Investment Bank (EIB)¹⁾
 A/S Follum Fabrikker³⁾
 Forsmarks Kraftgrupp Aktiebolag
 National Bank of Hungary
 (Magyar Nemzeti Bank)
 I.C.I. International Finance Ltd.
 Industrial Mortgage Bank of Finland Limited
 (Suomen Teollisuus-Hypoteekkipankki Oy)

International Bank for Reconstruction
 and Development (World Bank)¹⁾
 Internationales Amtssitz- und Konferenzzentrum
 Wien, Aktiengesellschaft
 Kawasaki Steel Corporation
 Municipality of Malmö
 Mo och Domsjö Aktiebolag
 New Zealand¹⁾³⁾
 Nippon Kokan Kabushiki Kaisha
 Nippon Telegraph & Telephone
 Public Corporation (NTT)¹⁾
 Norges Kommunalbank
 Norsk Hydro a. s
 Kingdom of Norway¹⁾
 NYK LINE (Nippon Yusen Kabushiki Kaisha)
 Österreichische Draukraftwerke AG
 City of Oslo
 N.V. Philips' Gloeilampenfabrieken
 Post- och Kreditbanken PKbanken
 Sandvik Aktiebolag
 The Sanko Steamship Co., Ltd.
 The Shipping Corporation
 of New Zealand Limited¹⁾³⁾
 South African Railways and Harbours (SAR)
 City of Stockholm
 The County Council of Stockholm
 Sumitomo Metal Industries Ltd.
 (Sumitomo Kinzoku Kogyo Kabushiki Kaisha)
 Svenska Tändsticks Aktiebolaget
 Swedish Investment Bank Limited
 (Sveriges Investeringsbank AB)
 Toray Industries Inc.³⁾
 Unilever N.V.
 United Mexican States
 Vereinigte Österreichische Eisen- und Stahlwerke –
 Alpine Montan AG (VÖEST-ALPINE AG)
 City of Vienna

¹⁾ several issues

³⁾ private placement

Foreign issuers' foreign currency bonds

Compagnie Nationale Air France
 Alusuisse International N.V.
 Société Concessionnaire des Autoroutes Paris-Est –
 Lorraine (A.P.E.L.)
 Société Nationale des Pétroles
 d'Aquitaine (S.N.P.A.)
 A/S Årdal og Sunndal Verk
 Asahi Chemical Industry Co., Ltd.¹⁾²⁾
 Australian Resources Development Bank Limited¹⁾
 Banque Française du Commerce Extérieur
 Banque de Paris et des Pays-Bas
 Barclays Bank International Limited
 Beneficial Finance International Corporation¹⁾
 Borg-Warner Acceptance Canada, Ltd.
 Municipal Finance Authority
 of British Columbia

The Broken Hill Proprietary Company Limited ¹⁾	New Zealand ¹⁾³⁾
Caisse Nationale de l'Energie	Nippon Seiko K.K. (NSK)
Canadian Pacific Securities Limited	Nippon Steel Corporation
Charbonnages de France	Nisshin Steel Co. Ltd.
Comalco Limited	Noranda Mines Ltd. ¹⁾
City of Copenhagen	Norsk Hydro a.s
The Copenhagen County Authority	The Kingdom of Norway Municipalities Bank (Norges Kommunalbank)
Copenhagen Telephone Company, Incorporated (Kjøbenhavns Telefon Aktieselskab)	Occidental Overseas Limited
The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe	Ontario Hydro ¹⁾
Crédit Foncier de France C.F.F.	City of Oslo
Creusot-Loire	The Regional Municipality of Ottawa-Carleton
CSR Limited	The Government of Papua New Guinea
DSM (Naamloze Vennootschap DSM)	Pechiney Ugine Kuhlmann International N.V. ¹⁾
Electricity Supply Commission (ESCOM) ¹⁾	Petróleos Mexicanos (Pemex)
Empresa Nacional del Petróleo S.A. (ENPETROL)	City of Quebec
Enso-Gutzeit Osakeyhtiö	Quebec Urban Community
Entreprise de Recherches et d'Activités Pétrolières (ERAP)	Compagnie Nationale du Rhône
European Coal and Steel Community ("ECSC") ¹⁾	Rhône Poulenc S.A.
European Investment Bank (EIB)	RoyMarine Leasing Limited
First Canadian Investments Limited	RoyNat Ltd.
Ford Motor Credit Company of Canada, Limited	Compagnie de Saint-Gobain-Pont-à-Mousson
General Motors Acceptance Corp. of Canada, Ltd.	Santa Fe International Finance Corporation
GENSTAR Limited	Sanyo Electric Co., Ltd. ²⁾
Gold Fields (Bermuda) Limited	Sociétés de Développement Régional (S.D.R.) ¹⁾
Gould International Inc.	Société Nationale des Chemins de Fer Français S.N.C.F.
Gränges Aktiebolag ¹⁾	South African Iron and Steel Industrial Corporation Ltd. (ISCOR) ¹⁾³⁾
Groupement de l'Industrie Sidérurgique (G.I.S.) ¹⁾	State Holding Company Limited (Statsföretag Aktiebolag) ¹⁾
Hammersley Iron Finance N.V.	Sumitomo Chemical Company Limited
City of Helsinki	Swedish Investment Bank Limited (Sveriges Investeringsbank Aktiebolag)
Hudson's Bay Company	Swedish Export Credit Corporation (Aktiebolaget Svensk Exportkredit)
Hydro-Quebec	Tokyo Shibaura Electric Co., Ltd. (Toshiba) ²⁾
Imatran Voima Osakeyhtiö	Toray-ITS B.V. ³⁾
The Industrial Bank of Japan, Limited	The Toronto-Dominion Bank
The Industrial Bank of Japan Finance Company N.V.	Trans Union Finance (Canada) Limited
Industrial Mortgage Bank of Finland Limited (Suomen Teollisuus-Hypoteekkipankki Oy)	Aktiebolag Volvo
International Harvester Credit Corporation of Canada Limited	Western Mining Corporation Limited
Ireland	¹⁾ several issues
Komatsu Ltd. ²⁾	²⁾ convertible bonds
The Long-Term Credit Bank of Japan Limited Province of Manitoba ¹⁾	³⁾ private placement
Marubeni Corporation	<u>Domestic shares</u>
Massey-Ferguson Nederland N.V.	Actien-Brauerei Dormagen
Matsushita Electric Industrial Co., Ltd. ²⁾	Aktiengesellschaft für Energiewirtschaft
McDonnell Douglas Overseas Finance Corp.	Allgemeine Elektrizitäts-Gesellschaft AEG-Telefunken
Miles Overseas Capital N.V.	Allianz Lebensversicherungs-Aktiengesellschaft
Mitsui and Co., Ltd. ²⁾	BASF Aktiengesellschaft
Mitsui O.S.K. Lines, Ltd. (Osaka Shosen Mitsui Sempaku Kabushiki Kaisha)	Bayerische Vereinsbank
Mitsui Shipbuilding & Engineering Co., Ltd.	Berliner Handels- und Frankfurter Bank
City of Montreal	Berliner Kraft- und Licht (Bewag)-Aktiengesellschaft
Mortgage Bank of Finland Oy	
Province of Newfoundland ¹⁾	

Bremer Vulkan Schiffbau und Maschinenfabrik
 Brown, Boveri & Cie. Aktiengesellschaft
 DEMAG Aktiengesellschaft
 Deutsche Balamundi Aktiengesellschaft
 Deutsche Lufthansa Aktiengesellschaft
 Deutsche Steinzeug- und Kunststoffwarenfabrik
 Verwaltungs-Aktiengesellschaft
 Gelsenwasser Aktiengesellschaft
 Gutehoffnungshütte Aktienverein
 Hannoversche Papierfabriken Alfeld-Gronau
 vormals Gebr. Woge
 Henninger-Bräu
 Kommanditgesellschaft auf Aktien
 Hoechst Aktiengesellschaft
 Industriekreditbank Aktiengesellschaft –
 Deutsche Industriebank
 Industrie-Werke Karlsruhe Augsburg
 Aktiengesellschaft
 Kabel- und Metallwerke Gutehoffnungshütte
 Aktiengesellschaft
 Karstadt Aktiengesellschaft
 Kölsch-Fölzer-Werke Aktiengesellschaft
 Losenhausen Maschinenbau Aktiengesellschaft
 Mannesmann Aktiengesellschaft
 Maschinenfabrik Augsburg-Nürnberg
 Aktiengesellschaft
 Nordwestdeutsche Kraftwerke Aktiengesellschaft
 F. Reichelt Aktiengesellschaft
 Rheinische Hypothekenbank
 Schering Aktiengesellschaft
 Siemens Aktiengesellschaft
 Standard Elektrik Lorenz Aktiengesellschaft
 Stern-Brauerei Carl Funke Aktiengesellschaft
 Vereinigte Elektrizitätswerke Westfalen
 Aktiengesellschaft

Foreign Shares

J. L. de Ball of Canada Limited
 Banco Central S.A.
 Cadbury Schweppes Limited
 General Shopping SA
 Guest, Keen and Nettlefolds, Limited
 Kawasaki Steel Corporation
 Nestlé Alimentana A.G./Unilac, Inc.
 Nippon Kokan Kabushiki Kaisha
 Norsk Hydro a.s
 Pakhoed Holding N.V.
 The Plessey Company Limited
 The Rank Organisation Limited
 The Rio Tinto-Zinc Corporation Limited
 Steyr-Daimler-Puch Aktiengesellschaft
 Sumitomo Metal Industries, Ltd.
 (Sumitomo Kinzoku Kogyo Kabushiki Kaisha)

Other syndicate transactions

Bürgerbräu GmbH
 Deutsche Texaco Aktiengesellschaft
 Dortmunder Union-Schultheiss Brauerei
 Aktiengesellschaft
 Gelsenwasser Aktiengesellschaft
 Holsten-Brauerei
 Karstadt Aktiengesellschaft
 Klöckner-Humboldt-Deutz Aktiengesellschaft
 J. F. Müller & Sohn Aktiengesellschaft
 Stern-Brauerei Carl Funke Aktiengesellschaft
 August Thyssen-Hütte Aktiengesellschaft

Head Offices

Düsseldorf 25 Breite Strasse, D-4000 Düsseldorf, Telephone 82 71, Telex 8581 381
Frankfurt 32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone 1 36 21, Telex 4 11 246
Hamburg 7-9 Ness, D-2000 Hamburg, Telephone 36 13 21, Telex 2 12 391

All International Departments are in Frankfurt

Domestic Branches

Aachen with sub-branches Adalbertstrasse Burtscheid Markt and paying office Vetschau	Bad Neuenahr with sub-branch Ahrweiler Bad Oeynhausen Bad Oldesloe Bad Salzuflen Bad Soden (Taunus) Bad Vilbel	Böblingen Bonn with sub-branches Bundeskanzlerplatz Markt Tannenbusch Bonn-Bad Godesberg with sub-branch Römerplatz Bonn-Beuel Bonn-Duisdorf Borken (Westphalia) Bottrop Brake	Bünde Burgdorf Butzbach Buxtehude Celle Cloppenburg Coburg Coesfeld Cologne: see under Köln Cuxhaven
Aalen Achim Ahlen (Westphalia) Ahrensburg (Holstein) with sub-branch Hamburger Strasse Albstadt-Ebingen Albstadt-Tailfingen Alfeld (Leine) Alsfeld Altena (Westphalia) with sub-branch Lennestrasse Andernach Arnsberg-Neheim Aschaffenburg Augsburg with sub-branches Donauwörther Strasse Göggingen	Bensheim Berenbostel Bergheim (Erft) Bergisch Gladbach Bergneustadt Biberach (Riss) Bielefeld with sub-branches Betheleck Brackwede Heeper Strasse Herforder Strasse Jöllenecker Strasse Sennestadt Sieker Stapenhorststrasse Wellensiek	Braunschweig with sub-branches Am Hauptbahnhof Celler Strasse Dankwardstrasse Heidberg Jasperallee Radeklint Bremen with sub-branches Dobben Findorff Gröpelingen Hemelingen Huchting Neustadt Schwachhausen Steintor West Woltmershausen Bremen-Vegesack Bremerhaven with sub-branches Geestemünde Lehe Bremervörde Bruchsal Brühl (Cologne district) Brunsbüttel Bückeberg	Dachau with paying office MAN-Allach Darmstadt with sub-branches Arheilgen Karlstrasse Delmenhorst Detmold Diepholz Diez (Lahn) Dillenburg Dinslaken Dissen (Teutob. Forest) Dormagen Dorsten Dortmund with sub-branches Aplerbeck Brackel Hörde Hohe Strasse Hombruch Kaiserstrasse Königswall Mengede Münsterstrasse Ruhrallee Dülmen
Backnang Bad Bramstedt Baden-Baden Bad Driburg Bad Harzburg Bad Hersfeld Bad Homburg v. d. H. Bad Honnef Bad Kissingen* Bad Kreuznach Bad Nauheim	Bietigheim-Bissingen Bingen Bocholt Bochum with sub-branches Ehrenfeld Hamme Laer Linden Stiepel Bochum-Wattenscheid with sub-branch Höntrop		

Düren	Eschborn	Friedrichshafen	Blankenese
Düsseldorf	Eschwege	Fürth (Bavaria)	Bramfeld
with sub-branches	Eschweiler	with sub-branches	Dehnhaiide
Am Hafen	Essen	Komotauer Strasse	Eidelstedt
Am Hauptbahnhof	with sub-branches	Waldstrasse	Eilbek
Brehmplatz	Altenessen	Fulda	Eimsbüttel
Eller	Borbeck		Eppendorf
Friedrichstrasse	Bredenev	Garmisch-	Esplanade
Garath	Essen-Süd	Partenkirchen	Freihafen (<i>free port</i>)
Gerresheim	Essen-West	Geesthacht	Fuhlsbüttel
Golzheim	Holsterhausen	Geislingen (Steige)	Gänsemarkt
Grafenberger Allee	Kupferdreh	Gelsenkirchen	Geschäftsstadt Nord
Heerdt	Rüttscheid	with sub-branches	Grindelberg
Heinrichstrasse	Steele	Am Stern	Grossneumarkt
Holthausen	Viehofer Platz	Erle	Hamm
Kaiserswerth	Wasserturm	Horst	Hammerbrook
Karolingerplatz	Esslingen	Neustadt	Hoheluft
Königsallee	Ettlingen	Gelsenkirchen-Buer	Lokstedt
Nordstrasse	Euskirchen	Gevelsberg	Lurup
Oberbilk		Giessen	Messberg
Oberkassel	Fellbach (Württ.)	Gifhorn	Mittelweg
Rath	Flensburg	Gladbeck	Mundsburg
Reisholzer Strasse	with sub-branches	Glinde	Neugraben
Schadowstrasse	Industriegebiet	Glückstadt	Osdorf
Unterrath	(<i>industrial estate</i>)	Goch	Osterstrasse
Wersten	Mürwik	Göppingen	Othmarschen
Worringer Platz	Norderstrasse	Göttingen	Rahlstedt
Düsseldorf-Benrath	Südermarkt	with sub-branches	Rothenburgsort
Duisburg	Frankenthal (Palatinate)	Eichendorffplatz	St. Georg
with sub-branches	Frankfurt	Weender Landstrasse	St. Pauli
Hochfeld	with sub-branches	Goslar	Schnelsen
Lutherplatz	Adickesallee	Greven (Westphalia)	Uhlenhorst
Marloh	Alt-Bornheim	Grevenbroich	Volksdorf
Meiderich	Am Eschenheimer Tor	Gross Gerau	Wandsbek
Wanheimerort	Am Opernplatz	Gütersloh	Wilhelmsburg
Duisburg-Hamborn	Berliner Strasse	Gummersbach	Winterhude
Duisburg-Homburg	Bockenheim	with sub-branch	and paying office
Duisburg-Rheinhausen	Bornheim	Hindenburgstrasse	Grossmarkthalle
Duisburg-Ruhrort	Dornbusch	Haan (Rhineland)	Hamburg-Altona
Duisburg-Walsum	Flughafen (<i>airport</i>)	Hagen	Hamburg-Bergedorf
Eckernförde	Galluswarte	with sub-branches	Hamburg-Harburg
Einbeck	Hanauer Landstrasse	Haspe	Hameln
Eislingen	Hauptwache	Mittelstrasse	Hamm (Westphalia)
Elmshorn	Kaiserstrasse	Wehringhausen	with sub-branch
Emden	Oederweg	Haltern (Westphalia)	Marktplatz
with sub-branch	Platz der Republik	Halver	Hanau
Rathausplatz	Rödelheim	Hamburg	Hanover
Emmerich	Sachsenhausen	with sub-branches	with sub-branches
with paying-office	Schwanheim	Altstadt	Am Klagesmarkt
Elten	Wächtersbacher	Am Hafen	Am Kröpcke
Emsdetten	Strasse	Barmbek	Am Küchengarten
Enger	Zeil	Billstedt	Am Steintor
Ennepetal	and paying office		Buchholz
Erkelenz	Airport Hotel		Herrenhausen
Erkrath	Frankfurt-Höchst		Hildesheimer Strasse
Erlangen	Frechen		Lister Meile
	Freiburg (Breisgau)		Sallstrasse
	with sub-branch		Südstadt
	Rathausgasse		Vahrenheide
	Friedberg (Hesse)		Vahrenwald
			Wülfel
			Heide (Holstein)

Heidelberg with sub-branches Innenstadt Neuenheim	Iserlohn-Letmathe Itzehoe	Hohenzollernring Hohe Strasse Kalk Lindenthal Neumarkt Neusser Strasse Sülz Weidenpesch Zollstock	Lübeck with sub-branches Am Schlachthof Buntekuh Fackenburger Allee Geniner Strasse Marli Travemünde and paying office Skandinavienkai
Heidenheim (Brenz)	Jülich	Köln-Mülheim	Lüchow
Heilbronn	Kaiserslautern	Königstein (Taunus)	Lüdenscheid with mobile sub-branch
Heiligenhaus	Kaltenkirchen	Konstanz with sub-branch	Lüdinghausen
Helmstedt with sub-branch Gröpern	Kamen	Petershausen	Lüneburg
Hemer	Kamp-Lintfort	Korbach	Lünen
Hemmingen- Westerfeld	Karlsruhe with sub-branches Am Mühlburger Tor	Krefeld with sub-branches Hochstrasse Zentrum (<i>downtown</i>)	Maintal-Dörnigheim
Hennef (Sieg)	Durlach Mühlburg	Krefeld-Uerdingen	Mainz with sub-branches Am Dom Rheinallee Schillerplatz
Herford with sub-branches Alter Markt Mindener Strasse	Kassel with sub-branches Altmarkt Bettenhausen Friedrich-Ebert-Strasse and paying office DEZ Niederzwehren	Kreuztal	Mainz-Kastel
Herne	Kaufbeuren with sub-branch	Kulmbach	Mannheim with sub-branches Käfertal Kaiserring Lindenhof Neckarau Neckarstadt Sandhofen Waldhof
Herne-Wanne with sub-branch Eickel	Neugablonz	Laatzen (Han.)	Marburg (Lahn)
Herten	Kelkheim (Taunus)	Lahr	Marl-Hüls
Herten-Westerholt	Kempen (Lower Rhine)	Landau (Palatinate)	Mayen
Herzberg	Kempen-Hüls (Lower Rhine)	Landshut	Meerbusch-Büderich
Herzogenrath	Kempen	Langen (Hesse)	Meerbusch-Osterath
Hilden	Kettwig	Langenfeld (Rhineland)	Memmingen
Hildesheim with sub-branches Dammstrasse Marienburger Platz Zingel	Kiel with sub-branches Arndtplatz Exerzierplatz Gaarden Holtenauer Strasse Nord Holtenauer Strasse Süd Kirchhofallee Wellingdorf and paying office Schlachthof (<i>slaughter-house</i>)	Langenhagen	Menden
Hockenheim	Kirchheim (Teck)	Lauf	Meppen
Hof (Saale)	Kirn (Nahe)	Leer (East Friesland)	Meschede
Hofheim (Taunus)	Kleve	Lehrte (Han.)	Mettmann
Hohenlimburg with sub-branch Elsey	Koblenz with sub-branch Bahnhofsplatz	Leichlingen	Metzingen
Holzminden	Köln (<i>Cologne</i>) with sub-branches Barbarossaplatz Braunsfeld Chlodwigplatz	Lemgo	Minden
Hoya (Weser)	Ehrenfeld Eigelstein	Lennestadt- Altenhundem	Misburg
Husum		Leonberg	Mönchengladbach with sub-branches Am Hauptbahnhof Headquarters Rheindahlen
Ibbenbüren		Leverkusen	Mönchengladbach-Rheydt with sub-branches Friedrich-Ebert-Strasse Odenkirchen
Idar-Oberstein with sub-branch Edelsteinbörse (<i>jewelry exchange</i>)		Limburg (Lahn)	
Idstein (Taunus)		Lingen (Ems)	
Ingelheim		Lippstadt	
Ingolstadt		Löhne	
Iserlohn with sub-branch Schillerplatz		Lörrach (Baden)	
		Lohne	
		Ludwigsburg	
		Ludwigshafen (Rhine)	
		Lübbecke	

Moers	Norden	Plettenberg	Schweinfurt
Monschau	Nordenham	Pullach- Höllriegelskreuth	Schwelm
Mühdorf (Inn)	Norderstedt		Schwerte (Ruhr)
Mühlheim (Main)	Nordhorn	Quickborn (Holstein)	Schwetzingen
Mülheim (Ruhr) with sub-branch Speldorf	Northeim (Han.)		Siegburg
München (<i>Munich</i>) with sub-branches Baldeplatz Berg am Laim* Grosshadern Hauptbahnhof/ Marsstrasse Herkomerplatz Hohenzollernstrasse Ingolstädter Strasse Laim Leopoldstrasse Lerchenauer Strasse Lindwurmstrasse Moosach Müllerstrasse Nymphenburger Strasse Pasing Reichenbachplatz Riesefeldstrasse Rosenheimer Platz Rotkreuzplatz Schleissheimer Strasse Schwanthalerstrasse Sendlinger Strasse Thalkirchner Strasse Thomasiusplatz	Nürnberg (<i>Nuremberg</i>) with sub-branches Friedrich-Ebert-Platz Fürther Strasse Gibitzenhof Landgrabenstrasse Plärrer Schweinau Stresemannplatz	Radevormwald Rastatt Ratingen Ratingen-Lintorf Ravensburg Recklinghausen with sub-branch Recklinghausen-Süd Rees Regensburg Reinbek (near Hamburg) Remscheid with sub-branches Alleestrasse Handweiser Hasten Remscheid-Lennep Remscheid- Lüttringhausen Rendsburg Reutlingen Rheda Rhede (near Bocholt) Rheine Rheinfelden Rietberg Rosenheim Rotenburg (Wümme) Rottweil Rüdesheim Rüsselsheim	Siegen with sub-branches Eiserfeld Kaan-Marienborn Weidenau Sindelfingen Singen (Hohentwiel) Sinsheim Soest Solingen with sub-branch Höhscheid Solingen-Ohligs Solingen-Wald Speyer Sprendlingen Sprockhövel Stade Stadt Allendorf Steinhagen Stolberg Straubing Stuttgart with sub-branches Degerloch Feuerbach Hauptstätterstrasse Marienplatz Ostendplatz Rosenbergplatz Rotebühlplatz Schlosstrasse Vaihingen a. F. Wangen Weilimdorf Zuffenhausen Stuttgart-Bad Cannstatt
Nettetal-Lobberich	Oberhausen with sub-branches Buschhausen Osterfeld		
Neuburg (Danube)	Oberhausen-Sterkrade		
Neuenkirchen (near Rheine)	Obertshausen		
Neuenrade	Oberursel (Taunus)		
Neu-Isenburg	Oer-Erkenschwick		
Neumünster	Offenbach (Main) with sub-branches Kaiserlei Sprendlinger Landstrasse Waldstrasse		
Neuss with sub-branch Dreikönigenstrasse	Offenburg		
Neustadt (Holstein)	Oldenburg (Oldb.) with sub-branch Grossmarkt		
Neustadt (Weinstrasse)	Olpe		
Neu-Ulm	Olsberg-Bigge		
Neuwied	Opladen		
Niebüll	Osnabrück with sub-branches Bramscher Strasse Johannisstrasse Lotter Strasse Schützenstrasse		
Nienburg (Weser)	Osterholz-Scharmbeck		
	Osterode (Harz)		
	Paderborn		
	Papenburg		
	Passau		
	Peine		
	Pforzheim		
	Pfungstadt		
	Pinneberg		
	Pirmasens		
		Saarburg (near Trier) Salzgitter-Lebenstedt St. Georgen Sarstedt Schleswig Schneverdingen Schöningen Schwabach Schwäbisch Gmünd Schwalbach (Taunus)	Trier Troisdorf Tübingen Tuttlingen Uelzen Uetersen (Holstein) Ulm (Danube)

Unna	Wiesbaden
Unterföhring (near Munich)	with sub-branches Biebrich Bismarckring Bleichstrasse Kirchgasse Rheinstrasse Wilhelmstrasse
Varel (Oldenburg)	Wildeshausen
Vechta	Wilhelmshaven
Velbert	with sub-branch Gökerstrasse
Velbert-Langenberg	Winsen (Luhe)
Verden (Aller)	Wipperfürth
Versmold	Wissen (Sieg)
Viernheim	Witten
Viersen	with sub-branches Annen Herbede
Viersen-Dülken	Wolfenbüttel
VS-Schwenningen	Wolfsburg
VS-Villingen	with sub-branches Detmerode Kästorf Tiergartenbreite
Vlotho	Worms
Voerde (Lower Rhine)	Würselen
Voerde-Friedrichsfeld	Würzburg
Wahlstedt	Wunstorf
Waldbröl	Wuppertal-Barmen
Waldkraiburg	with sub-branches Langerfeld Leimbach Oberbarmen Ronsdorf Unterbarmen Werth Wichlinghausen
Walsrode	Wuppertal-Elberfeld
Warburg	with sub-branches Cronenberg Friedrich-Ebert-Strasse Vohwinkel
Wedel (Holstein)	Xanten
Wegberg	Zirndorf
Weiden (Upp. Palat.) with paying office DEZ	
Weil (Rhine)	
Weinheim (Bergstrasse)	
Werdohl	
Wermelskirchen	
Wesel	
Wesseling	
Westerland (Sylt)	
Wetter (Ruhr)	
Wetter-Wengern (Ruhr)	
Wetzlar	
Weyhe-Kirchweyhe	
Weyhe-Leeste	
Wiedenbrück	
Wiehl (Cologne district)	Liaison Office Bonn: 124–132 Reuterstrasse (Bonn Center) D-5300 Bonn

* Opening shortly

Foreign Branches

London

Commerzbank AG, London Branch
10-11 Austin Friars
London EC 2N 2HE (United Kingdom)

New York

Commerzbank AG, New York Branch
55 Broad Street, New York, N.Y. 10004 (USA)

Chicago

Commerzbank AG, Chicago Branch
55 East Monroe Street, Suite 4640
Chicago, Ill. 60603 (USA)

Subsidiaries

BERLINER COMMERZBANK

Head Office and Main Branch:
125 Potsdamer Strasse, D-1000 Berlin 30

with sub-branches:

Charlottenburg	Spandau
Otto-Suhr-Allee	Nonnendammallee
Charlottenburg	Pichelsdorfer
Savignyplatz	Strasse
Kurfürstendamm	Spandau
Maison de France	Steglitz
Amtsgerichtsplatz	Albrechtstrasse
Reichsstrasse	Steglitz
Gedächtniskirche	Lichterfelde
with paying office	Lankwitz
Kaufhaus	Tempelhof
Wertheim	Am Flughafen
Kreuzberg	Tempelhof
Kottbusser Tor	Mariendorf
Kochstrasse	Tempelhof
Mehringdamm	Marienfelde
Mehringplatz	Lichtenrade
Neukölln	Tiergarten
Hermannstrasse	Moabit
Karl-Marx-Platz	Budapester Strasse
Neukölln	Kurfürstenstrasse
Buckow	Wedding
Hermannplatz	Badstrasse
Reinickendorf	Müllerstrasse
Wittenau	Wedding
Tegel	Wilmersdorf
Hermsdorf	Berliner Strasse
Reinickendorf	Halensee
Kurt-Schumacher-	Hohenzollerndamm
Platz	Wilmersdorf
Schöneberg	Schmargendorf
Hauptgeschäft	Zehlendorf
Friedenau	Zehlendorf
Schöneberg	Schlachtensee

COMMERZBANK INTERNATIONAL S.A.

22-24 Boulevard Royal, Luxembourg

VON DER HEYDT-KERSTEN & SÖHNE
Wuppertal-Elberfeld

ILSEDER BANK, SANDOW & CO.
Peine

BANK FÜR TEILZAHLUNGSKREDIT GMBH
Düsseldorf

COMMERZ- UND INDUSTRIE-LEASING GMBH
Düsseldorf

COMMERZBANK FONDS-VERWALTUNGS-
GESELLSCHAFT MBH (COFO)
Düsseldorf

Affiliated Banks

(Majority Holdings)

RHEINISCHE HYPOTHEKENBANK

Frankfurt · Cologne · Mannheim

COMMERZ-CREDIT-BANK
AKTIENGESELLSCHAFT EUROPARTNER
Saarbrücken
with 7 branch offices in the Saar

EUROPARTNERS BANK (NEDERLAND) N.V.
Amsterdam

Representative Offices Abroad

Arabian Peninsula

Dieter Fetz
Salahuddin Building, Suite 301,
P.O. Box 5400
Manama (Bahrain)

Argentina, Paraguay, Uruguay

Karl-Lutz Ammann
456 Avda. Corrientes, Depto. 73
Buenos Aires (Argentina)

Australia, New Zealand

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Stefan C. W. Stäcker
IAC Building, 54-62, Carrington Street,
G. P. O. Box 5358
Sydney, N. S. W. 2001 (Australia)

Brazil

Commerzbank Representação Ltda.
Central Management: Werner Menges
250 Rua Direita, 14° and.,
Caixa Postal 7441
01000 São Paulo, SP (Brazil)

Rio de Janeiro Office,
Director: Arno Noellenburg
123 Av. Rio Branco, conj. 706/707,
Caixa Postal 910/ZC-00
20000 Rio de Janeiro, GB (Brazil)

East Asia

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Horst G. Ahrens
521 & 522, Fuji Building 3-2-3 Marunouchi,
Chiyoda-ku, Central P. O. Box No. 939
100-91 Tokyo (Japan)

Egypt, Sudan, Ethiopia

Gert Solmsen
2, Aly Labib Gabr Street (ex: Behler),
P. O. Box 1944
Cairo (A. R. E./Egypt)

Denmark, Norway, Sweden, Finland

Joint Representative Office
for the Nordic Countries
Banco di Roma/Banco Hispano Americano/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Wilfried A. Reschke
4 Rådhuspladsen, P. O. Box 325
DK-1504 Copenhagen V (Denmark)

Iran, Pakistan

Dr. Helmut R. Töllner
13, Avenue Karimkhan Zand,
P. O. Box 33-467
Tehran (Iran)

Mexico, Central America, Caribbean Islands

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Joachim N. Soszna
445, Paseo de la Reforma, 7 Piso,
Apartado Postal 5-789
México 5, D.F. (Mexico)

Lebanon, Libya, Iraq, Jordan, Syria

Klaus Tjaden
416-421 Starco Bloc Nord,
Boîte Postale No. 11-3246
Beirut (Lebanon)

Peru, Bolivia, Chile, Ecuador

Wilhelm Zeise
266 Av. Emancipación, 7 Piso, Casilla 1127
Lima (Peru)

South East Asia

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Günter F. Strauch
314-317, ICB Building, 2 Shenton Way,
P. O. Box 3333
Singapore 1

Southern Africa

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Werner P. Kahrass
Standard Bank Centre, 78 Fox Street,
P. O. Box 61219, Marshalltown 2107
Johannesburg 2000 (Republic of South Africa)

Agency: Keller & Neuhaus
Trust Co. (Pty.) Limited
Kaiserstreet, P. O. Box 156
Windhoek (South West Africa)

Spain, Portugal

Günter Schönberner
11 Calle Cedaceros
Madrid-14 (Spain)

USSR

Hans-Gerd Göhmann
Hotel Ukraina, Komn. 472
Moscow (USSR)

Venezuela, Colombia

Gerhard Reinecke
Avda. Universidad Esq. Traposos,
Edif. Banco Hipotecario de Crédito Urbano,
Piso 9, Apartado 5074, Carmelitas 101
Caracas (Venezuela)

**Holdings
in Foreign Financial Institutions**

Australia

Australian United Corporation Ltd., Melbourne

Brazil

UNIBANCO –
Banco de Investimento do Brasil S. A. (B. I. B.),
Rio de Janeiro

Dubai

The Commercial Bank of Dubai Ltd., Dubai

Egypt

Misr International Bank, Cairo

Finland

Teollistamisrahasto Oy –
Industrialization Fund of Finland Ltd., Helsinki

France

Crédit Chimique S.A., Paris
Europartnaires Leasing S.A., Paris

Indonesia

P. T. Finconesia Financial Corporation
of Indonesia, Jakarta

Japan

Nippon Europartners Consulting Company,
Tokyo
Private Investment Company
for Asia (PICA) S.A., Panama City/Tokyo

Lebanon

Rifbank S.A.L., Beirut
Société Libano Européenne pour la Gestion
Privée (Crédit Lyonnais) S.A.L., SLIGEST,
Beirut

Luxembourg

Adela Investment Company S.A.,
Luxembourg/Lima
Europartners Holding S.A., Luxembourg
Finatourinvest S.A., 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 Union de Banques Arabes
et Européennes S.A., Luxembourg/Frankfurt
Wobaco Holding Company, Luxembourg

Morocco

Banque Marocaine du Commerce Extérieur,
Casablanca
Banque Nationale pour le Développement
Economique, Rabat

Netherlands

Europartners Bank (Nederland) N.V.,
Amsterdam

Nigeria

Nigerian Industrial Development Bank Ltd.,
Lagos

Pakistan

The Pakistan Industrial Credit & Investment
Corporation Limited, Karachi

Singapore

The Development Bank of Singapore Ltd.,
Singapore

Spain

Banco Urquijo S.A., Madrid
Gestinver S.A., Madrid

Switzerland

Finance Company VIKING, Zurich
IRIS – Institutional Research
and Investment Services S.A., Geneva

Thailand

The Industrial Finance Corporation
of Thailand (IFCT), Bangkok
Mithai Europartners
Finance and Investment Ltd., Bangkok

Tunisia

Union Internationale de Banques S.A., Tunis

United Kingdom

International Commercial Bank Ltd., London

USA

EuroPartners Securities Corporation,
New York

Zaire

Société Financière de Développement
– SOFIDE –, Kinshasa

The International Presence of the Europartners

	Foreign branches and subsidiaries	Representative offices abroad	Bank affiliations and participations 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 subsidiaries at Saarbrücken and Geneva, their joint holdings at Brussels and Cairo, and their joint representative office at Copenhagen, also of Banco Hispano Americano).

The Europartners in Europe

page 109

The Europartners Overseas

pages 107/108

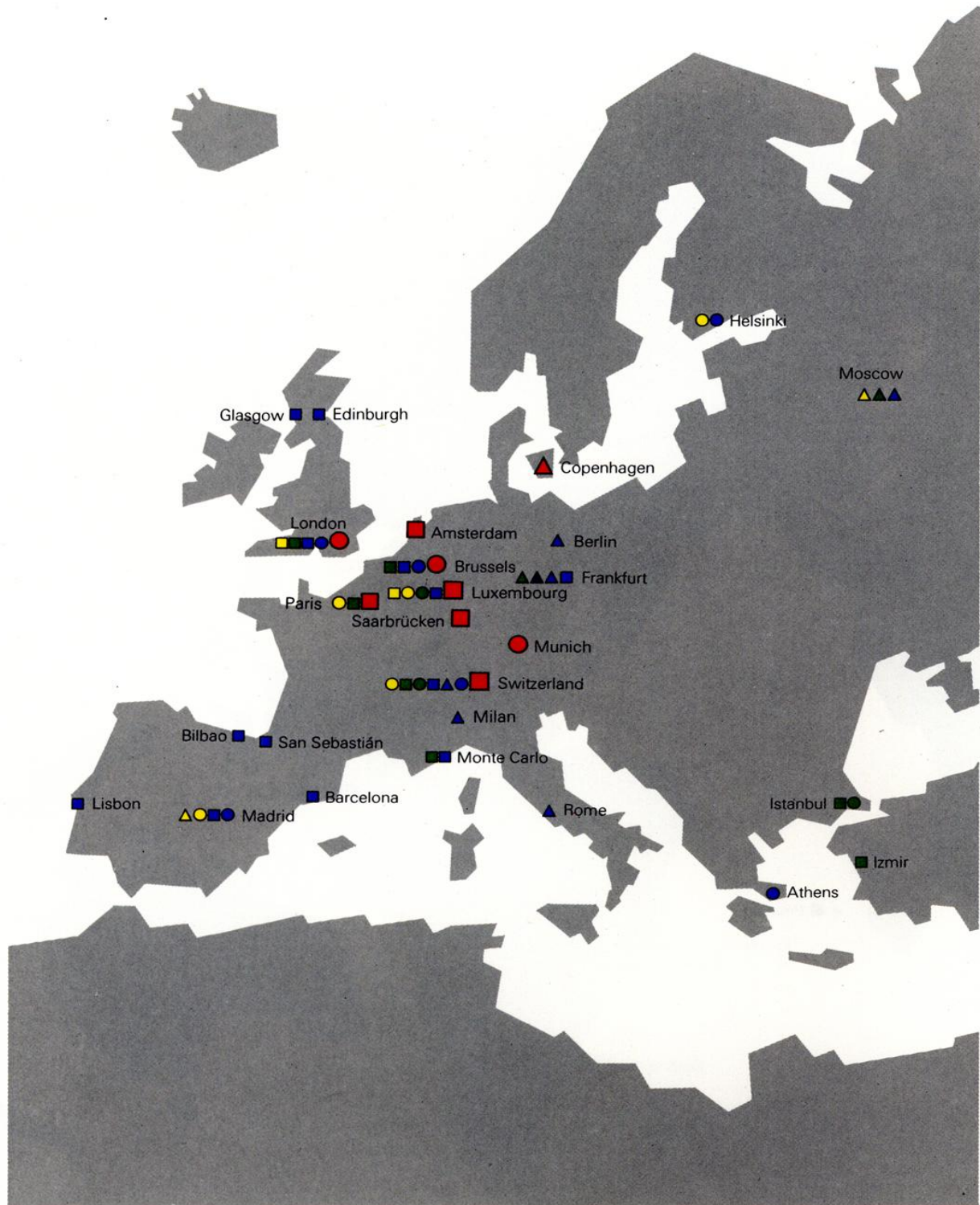
The Europartners Overseas



the Europartners in Europe" see overleaf



The Europartners in Europe



Europartners Highlights¹⁾

BANCO DI ROMA

	Year-end, 1975 ²⁾	Year-end, 1974	Change
Balance Sheet Total	Lire 11,078 billion	Lire 10,477 billion	5.7%
Deposits	Lire 8,013 billion	Lire 6,982 billion	14.8%
Capital and Reserves	Lire 169 billion	Lire 167 billion	1.2%
Branches	275	275	0.0%
Number of accounts	1,694,900	1,674,600	1.2%
Staff	12,561	11,691	7.4%

BANCO HISPANO AMERICANO

	Year-end, 1975 ²⁾	Year-end, 1974	Change
Balance Sheet Total	Ptas 461,925 million	Ptas 384,567 million	20.1%
Deposits	Ptas 353,440 million	Ptas 301,913 million	17.1%
Capital and Reserves	Ptas 28,757 million	Ptas 23,044 million	24.8%
Branches	774	607	27.5%
Number of accounts	2,186,413	1,933,500	13.1%
Staff	17,117	16,345	4.7%

COMMERZBANK

	Year-end, 1975	Year-end, 1974	Change
Balance Sheet Total	DM 38,536 million	DM 31,436 million	22.6%
Deposits	DM 36,128 million	DM 29,340 million	23.1%
Capital and Reserves	DM 1,548 million	DM 1,364 million	13.5%
Branches	782	765	2.2%
Clients	2,007,000	1,954,400	2.7%
Staff	17,328	16,585	4.5%

CREDIT LYONNAIS

	Year-end, 1975 ²⁾	Year-end, 1974	Change
Balance Sheet Total	Ffrs 144,612 million	Ffrs 126,753 million	14.1%
Deposits	Ffrs 134,825 million	Ffrs 115,459 million	16.8%
Capital and Reserves	Ffrs 966 million	Ffrs 966 million	0.0%
Branches	2,487	2,467	0.8%
Clients	3,732,000	3,876,000	*)
Staff	48,839	48,013	1.7%

*) not comparable

The Group³⁾

	Year-end, 1975 ²⁾	Year-end, 1974	Change
Balance Sheets Sum Total	DM 186,014 million	DM 162,755 million	14.3%
Deposits	DM 161,341 million	DM 136,995 million	17.8%
Capital and Reserves	DM 4,026 million	DM 3,583 million	12.4%
Branches	4,318	4,114	5.0%
Staff	95,845	92,634	3.5%

¹⁾ parent banks only

²⁾ provisional figures; capital and reserves of Crédit Lyonnais before appropriation of profit

³⁾ conversion made according to the official Frankfurt middle rates of Dec 31, 1975:

Ffr 1 = DM 0.5853; Lire 100 = DM 0.384; Ptas 100 = DM 4.394

