

Volkswirtschaft und Information

Annual Report
1974



EUROPARTNERS
BANCO DI ROMA
BANCO HISPANO AMERICANO
COMMERZBANK
CREDIT LYONNAIS

COMMERZBANK
AKTIENGESELLSCHAFT

COMMERZBANK Key Data

Parent Bank

	1974		1973	
Dividend paid per DM 50 nominal share	DM	8.50	DM	8.50
Year's earnings	DM	109.6 m	DM	79.6 m
Capital and reserves at year-end	DM	1,364.3 m	DM	1,213.0 m

Group^{*)}

in DM m, at year-end			in DM m, at year-end		
Assets	1974	1973	Liabilities	1974	1973
Cash	2,793	3,603	Liabilities to credit institutions	11,685	9,192
Cheques, collection items	265	250	Liabilities to customers	22,872	21,728
Bills of exchange	3,698	1,736	of which:		
Claims on credit institutions	10,417	8,726	sight deposits	(5,536)	(5,001)
Bonds and notes	1,249	1,115	time deposits	(10,375)	(10,636)
Shares	665	763	savings deposits	(6,961)	(6,091)
Claims on customers	23,525	21,620	Bonds outstanding	7,181	5,996
of which:			Own acceptances outstanding	40	51
for agreed periods of less than four years	(11,826)	(11,536)	Other liabilities	846	754
for agreed periods of four years or more	(11,699)	(10,084)	Capital and reserves	1,432	1,279
Participations	345	200	of which:		
Land and buildings	518	457	share capital	(517)	(469)
Own bonds, held by the Group	199	124	published reserves	(847)	(744)
Other assets	486	504	so-called "difference"***)	(45)	(34)
Total Assets	44,160	39,098	interests held by third parties***)	(23)	(32)
			Consolidated profit	104	98
			Total Liabilities	44,160	39,098
Branches	834	826	Endorsement liabilities	794	887
Customers	2,295,100	2,268,300	Business volume	44,954	39,985
Staff	17,950	18,006	Guarantees	5,343	3,347

*) for complete Consolidated Annual Accounts see pages 86 to 89

**) 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 1974

COMMERZBANK 

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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.

Note: throughout this Report, the term "billion" represents "1,000 million".

23rd Annual General Meeting

23rd Annual General Meeting
of Shareholders

**at 10 a. m.
on Friday, May 16, 1975,**

at the Robert-Schumann-Saal,
4 Ehrenhof, Dusseldorf.

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 1974.**

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 79,645,000.–
for the financial year 1974
be used to pay a dividend of
DM 8.50 per share of DM 50.– nominal.

3

**To approve the acts
of the Board of Managing Directors
and of the Supervisory Board
during the financial year 1974.**

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

4

**To elect Members of the Supervisory Board,
to fill vacancies.**

The Supervisory Board proposes that
Professor Dr.-Ing.
Dr.-Ing. E. h. Heinrich Mandel, Essen,
Member of the Board of Managing Directors
of Rheinisch-Westfälisches Elektrizitätswerk AG,
and Dr. Dietrich Wilhelm von Menges,
Oberhausen, Member of the Supervisory Board
of Gutehoffnungshütte Aktienverein,
be elected.

Proposals for election are not binding on
the Annual General Meeting. The composition of
the Supervisory Board is governed by Article 96,
paragraph 1, and Article 101, paragraph 1, of the
Companies Law and by 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.

5

**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 42,500,000.–
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 57,500,000.–
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 100,000,000.–
nominal and to decide, in so doing, on the
exclusion of shareholders' subscription rights".

6

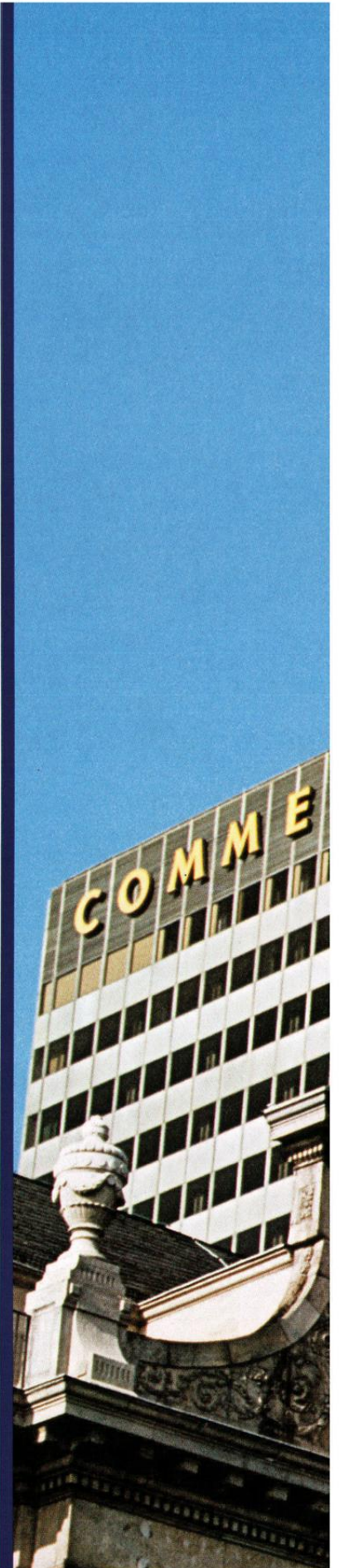
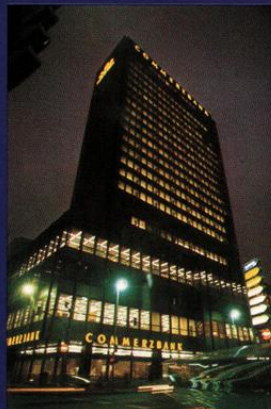
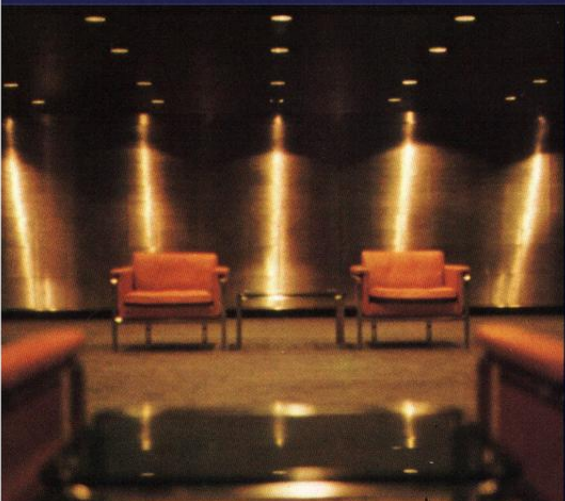
**To elect the Auditors
for the financial year 1975.**

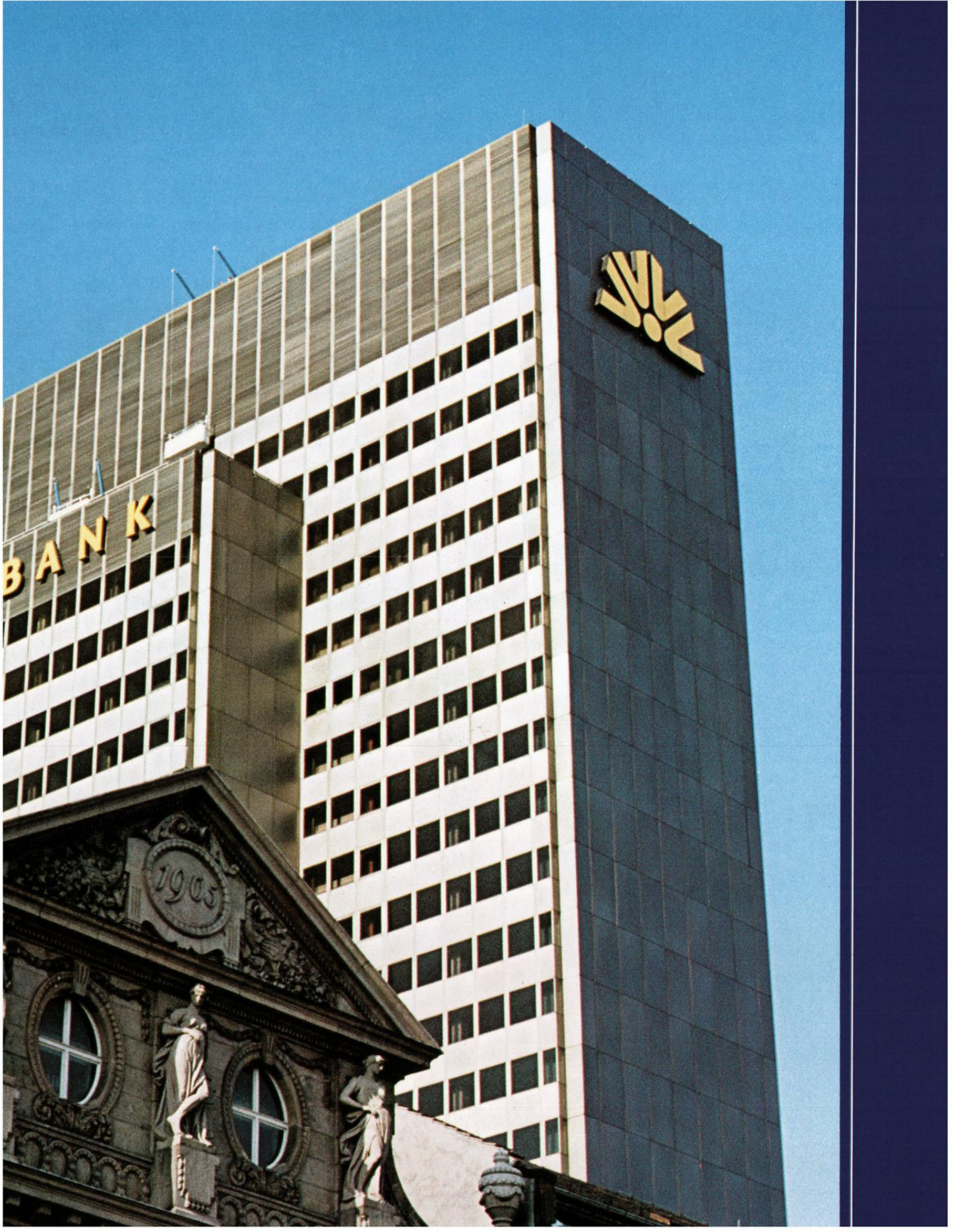
The Supervisory Board proposes that
Treuarbeit Aktiengesellschaft,
Wirtschaftsprüfungsgesellschaft,
Steuerberatungsgesellschaft, Dusseldorf,
be elected.



FRANKFURT ADMINISTRATIVE CENTRE OF THE BANK

Frankfurt has become Commerzbank's administrative centre since the Bank moved into its new headquarters: the high-rise building now housing the majority of the Bank's central departments is the dominant feature of the "Commerzbank block" bordered by Neue Mainzer Strasse, Grosse Gallusstrasse, Kirchnerstrasse and Kaiserplatz.





Aufsichtsrat

(Supervisory Board)

DR. HANNS DEUSS

Dusseldorf
Chairman

CONSUL DR. FRANZ HILGER

Dusseldorf
Industrialist
Deputy Chairman
deceased Dec. 20, 1974

HELMUT LORENZ-MEYER

Hamburg
General Partner, 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

PROFESSOR DR. DR. h. c. mult.

DR. E. h. mult. OTTO BAYER

Leverkusen
Honorary Chairman
of the Supervisory Board
of Bayer Aktiengesellschaft

ROLF BECKMANN

Dusseldorf
Commerzbank AG

KARIN BEHRENS

Berlin
Berliner Commerzbank AG

EWALD FAJKUS

Frankfurt
Commerzbank AG

URSULA FAMERS

Essen
Commerzbank AG

CONSUL-GENERAL DR. HANS GERLING

Cologne
until Dec. 9, 1974

HONORARY SENATOR DR.-ING. E. h.

FRANZ GRABOWSKI

Wetzlar
until May 3, 1974

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

RUDOLF AUGUST OETKER

Bielefeld
Owner, Dr. August Oetker

GÜNTER MAX PAEFGEN

Dusseldorf
General Manager
of Friedrich Flick KG
since May 3, 1974

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 Aktiengesellschaft

ERNST VOSSEN

Dusseldorf
Commerzbank AG

HELMUT WEINERT

Frankfurt
Commerzbank AG

HERIBERT WERHAHN

Neuss
Partner, Wilh. Werhahn

LISELOTTE WÖHRLE

Stuttgart
Commerzbank AG

DR. GERD WOLLBURG

Augsburg
Deputy Chairman
of the Board of Managing Directors
of Maschinenfabrik Augsburg-Nürnberg AG

Verwaltungsbeirat

(Advisory Board)

HANS REINTGES

Frankfurt-Höchst
Member of the Board of Managing Directors
of Hoechst Aktiengesellschaft
Chairman

DR.-ING. WALTER BARTELS

Hanover
Chief Executive,
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 Aktiengesellschaft

DR.-ING. E. h. HELMUTH BURCKHARDT

Herzogenrath
Chairman of the Supervisory Board
of Eschweiler Bergwerks-Verein

DR. HANS COENEN

Essen
Member of the Supervisory Board
of Kepa Kaufhaus GmbH
until May 3, 1974

DR. MAX GÜNTHER

Munich
Member of the Board of Managing Directors
of Siemens AG
since March 19, 1974

DR. OSKAR JANSON

Oberhausen
Member of the Board of Managing Directors
of Thyssen Niederrhein AG
Hütten- und Walzwerke

MAX KÜPPERS

Wesel
Managing Partner, 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

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
since May 3, 1974

DR.-ING. ALBRECHT SCHUMANN

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

FRITZ SEYDAACK

Dusseldorf
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

Vorstand

(Board of Managing Directors)

DR. RUDOLF BEHRENBECK
Frankfurt

DR. HELMUT BRANDS
Dusseldorf
deceased on Sept. 29, 1974

DR. PETER DEUSS
Hamburg

ROBERT DHOM
Frankfurt

ENGELBERT DICKEN
Frankfurt

DR. WOLFGANG JAHN
Dusseldorf

GÖTZ KNAPPERTSBUSCH
Dusseldorf

PAUL LICHTENBERG
Frankfurt and Dusseldorf

HEINZ NIEDERSTE-OSTHOLT
Dusseldorf

ARMIN RECKEL
Dusseldorf

JÜRGEN REIMNITZ
Frankfurt

DR. RABAN FREIHERR VON SPIEGEL
Frankfurt

DR. JÜRGEN TERRAHE
Frankfurt

DR. FRIEDRICH GRUNDMANN
Hamburg
Deputy Member, since Nov. 1, 1974

Generalbevollmächtigte und Chefjustitiar

(Assistant General Managers and Chief Legal Adviser)

Assistant General Managers:

SIEGFRIED ERNST
Munich

DR. PETER GÖTZ
Frankfurt

KLAAS-PETER JACOBS
New York

MANFRED KRAFFCZYK
London

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

The world economy: consolidation ahead

For three decades, the standard of living of the industrialized nations increased rapidly. Now, the sharp slow-down in economic activity throughout the world has entailed an interruption to growth. Grippled between the cost climb on the one hand and recession on the other we have seen disproved the erroneous belief that an inflationary economic structure would not interfere with a continuing rise of living standards.

The world economy is at a turning point, with disillusionment and fear of crises widespread, but it is our expectation that the current consolidation process will be followed by a phase of moderate growth.

Slump in economic activity

It has to be admitted, however, that at the turn of 1974/75 all the industrialized countries of the free world were a long way from realizing the fundamental aims set by general economic policy, and the situation is still characterized by price increases, stagnation, under-employment and imbalances in foreign trade. Both the United States and Japan suffered sharp economic set-backs, and almost everywhere existing social tensions were aggravated by inflation rates running into double figures. Current account positions as a rule underwent serious deterioration, with West Germany being one of the few countries to succeed in gradually escaping this vicious circle.

The question, so decisive for the fortunes of the world, as to how the urgent problems of employment and food supplies in developing countries not rich in raw materials can be overcome is still no nearer a solution. The worsening of chronic trade deficits which was the result of higher oil prices meant serious disadvantages not only for such countries but also for some industrialized nations—and for Britain and Italy in particular.

Cause: excessive demands on resources

Although world-wide difficulties were made more acute by the oil price explosion, the basic fault must be laid at the door of the industrialized countries themselves where years of expansionary monetary and fiscal policies aggravated by an oversupply of international liquidity and combined with a blind faith in unlimited growth resulted in excessive demands being made on available resources. In many places, overcapacity occurred in

industry and house-building, and this is now delaying a recovery.

Long-term interest rates at record levels

There was hardly a country free from political crises in the year under review and the failure of a number of banks further contributed to the loss of confidence which caused the world stock market slump. However, the main reason for the fall in share prices was the sharp rise in interest rates which increasingly mirrored expected inflation rate levels, and even the long-term interest rates in most countries reached double-digit figures at times. The disequilibria in the world economy were also reflected by extreme market fluctuations in foreign exchange rates and in the price of gold and raw materials.

Large budget deficits in 1975

In all industrialized countries, growth expectations had to be repeatedly revised downwards in the course of the year—a parallel development which had not previously been obvious. As the country sank further into recession, priority in economic policy was switched from combating inflation to reducing unemployment. Counter-cyclical measures have primarily included massive budget deficits, but this policy, which was nearly always prematurely implemented, is not soundly based since there is a risk that the stimulus given to demand could soon set the price-wage spiral moving again.

Only gradually was it realized that the drastic increase in the cost of energy imports would entail a redistribution of wealth at the expense of the oil-consuming countries. Ultimately these imports can be financed solely by forgoing consumption and not by borrowing, since international capital movements—i. e. the much discussed recycling of petrodollars—cannot but delay the painful process of readjustment.

Price mechanism rather than rationing

The failures resulting from the application of wage and price controls have confirmed that there is no convincing alternative to the market economy; thus there has again been a trend towards global policies. In fact, the price mechanism at work in the competitive economy has succeeded in solving problems of raw material and energy supplies much more flexibly than would have been possible by rationing or by a price freeze.

Inflationary expansion of world trade

World trade was inflated in 1974 as a result of higher oil prices and rises in the cost of industrial raw materials, with the latter having since been reversed. In terms of US dollars, international trade expanded by nearly 50 per cent although the increase in volume terms was no more than 6 to 7 per cent. Any further growth in 1975 will probably be only very modest in real terms, and this solely on the assumption that protectionism does not spread.

Trade deficits multiplied

Divergent import and export prices, a tendency which weakened only in the second half of 1974, pushed up the overall deficit for the OECD countries to nearly US \$ 70 billion despite the large German trade surplus—almost five times the average for the previous three years. Even if the improvement in the terms of trade should be sustained, these deficits will remain very high in 1975.

West Germany has gradually assumed a key role in world trade. Thanks to its successful stabilization policies and its particularly advantageous foreign trade position, it could afford to change over to expansionary business policies more quickly than other countries; this means that demand for imported goods, hitherto held in check by restrictive economic policies, will pick up again.

**West Germany:
sharply conflicting economic trends**

The braking action of the combined stabilization measures of 1973 is still having an effect. In a climate of widespread uncertainty, domestic economic activity has become very slack, and for many industries exports were again a welcome sales outlet.

Economic growth in 1974 failed to match the expectations which had in any case been modest, and in fact even fell from quarter to quarter in real

terms. The 7 per cent increase in gross national product over the year as a whole to DM 995 billion resulted almost exclusively from higher prices.

The trends in the various sectors of the economy conflicted to an extent never seen before. Whereas the exporting industries in most cases maintained a high level of employment and operated with satisfactory profit levels, companies mainly supplying the home market experienced increasing sales difficulties. The situation in the house-building and automotive industries became critical, and there was a general cooling off in the investment climate. Demand for consumer goods and household durables dwindled due to the hesitant attitude of consumers caused by the rather small expansion of real incomes together with the growing risk of unemployment. On the other hand, some important basic materials enjoyed a temporary boom, principally because of production bottlenecks throughout the world.

Energy crisis caused fundamental changes

Long after the oil crisis actually occurred it is still influencing economic affairs. Coal is staging a comeback, and the future prospects for several industries have fundamentally changed. The upsurge in energy prices resulted in all sectors having to operate within a new economic framework. While it is considered essential now to speed up the changeover to nuclear power, the search for oil and natural gas is likewise being pushed ahead.

Excessive wage increases

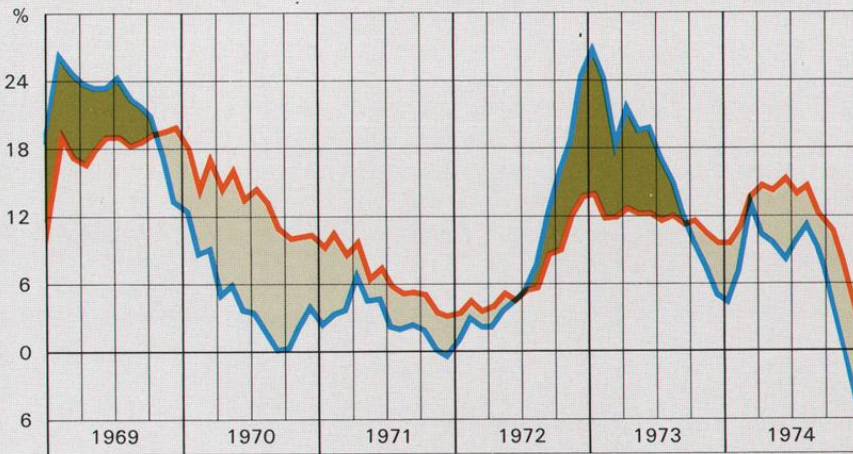
The excessive wage increases negotiated at the beginning of 1974 have proved a heavy burden. They had their origin in the price-rise neurosis experienced at the time which followed the stiffest restrictions ever placed on an economy, the effects of which were initially under-estimated. We know now that wages actually rose much faster in 1974 than had officially been expected, whilst the increase in prices remained below official estimates—an occurrence unique by national as well as international standards.

Performance of the German economy

Change on year, in %	1971	1972	1973	1974 ¹⁾
Gross national product, nominal	+11.1	+ 9.5	+11.5	+ 7.0
Gross national product, real	+ 3.0	+ 3.4	+ 5.3	+ 0.4
Capital spending, nominal	+12.2	+ 7.0	+ 5.8	- 2.3
Mass income, net	+11.0	+10.3	+ 9.7	+10.1
Cost of living ²⁾	+ 5.3	+ 5.5	+ 6.9	+ 7.0

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

Performance of German industry propped by exports

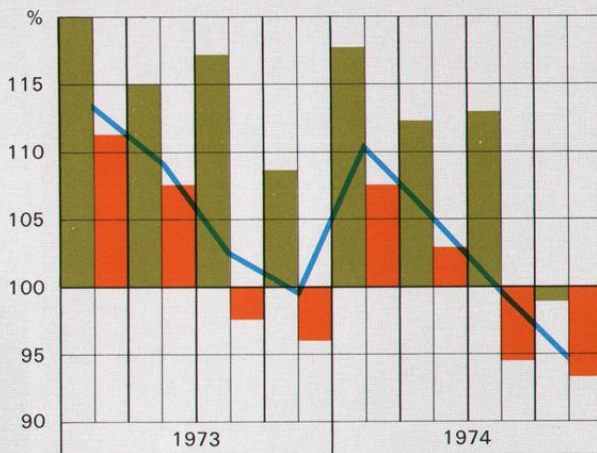


New orders and turnover

Owing to the slow-down of the economy, orders on hand declined in almost all sectors.

manufacturing industry:
change on year, adjusted for prices

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

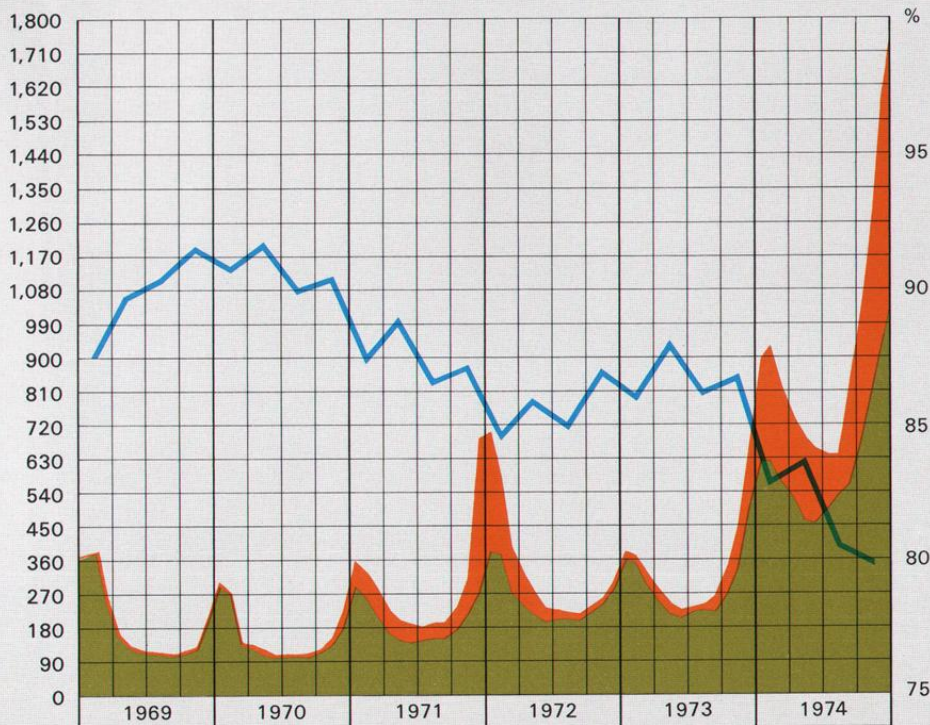


New orders as percentage of turnover

Brisk export business prevented an even more pronounced down-turn.

quarterly figures:

- foreign orders
- domestic orders
- total orders



Labour market

Declining sales, decreasing capacity utilization, and shrinking earnings had companies rationalize their labour input.

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

Performance of German industry				
Change on year, in %	1971	1972	1973	1974 ¹⁾
Output	+ 1.8	+ 3.9	+ 7.4	- 1.1
Employees	- 0.6	- 2.3	+ 0.3	- 2.7
Wages and salaries	+ 10.8	+ 9.7	+ 11.2	+ 10.1
Productivity ²⁾	+ 5.1	+ 6.6	+ 7.4	+ 3.4

¹⁾ provisional; ²⁾ output per man-hour

Although the prices of industrial finished products rose by a good 10 per cent over the year, the cost of living was up by only 6 per cent. Lively competition, which put considerable pressure on the profit margins in the consumer goods and even more so in the distribution sector, made a decisive contribution to cooling off the inflationary climate. The closer products were to the consumer stage the more difficult it became for producers to pass on costs.

Entrepreneurial income declined on the whole. Net earnings in this field, after deduction of entrepreneurs' remunerations and self-employed persons' incomes and after allowing for fictitious profits resulting from price increases, fell by about a quarter. Against this, wage and salary earners came off with a slight increase in their net income even in real terms.

Unemployment fears for first time in many years

The contrary movements of costs and prices caused bankruptcies to sky-rocket and led to widespread under-employment such as had not been known in West Germany since the fifties. The result was that despite a sharp increase in short-time working, the number of jobless at the beginning of 1975 exceeded one million.

The wage explosion of 1974, which pushed West German labour costs upwards making them among the highest in Europe, marked the beginning of a fundamentally new phase. Since, at the same time, the D-mark has appreciated, it is now in some cases cheaper to produce even in a country like the United States than in the Federal Republic. Throughout German industry, labour input is now being subjected to much stricter calculation. This means that production is rapidly becoming more and more capital intensive.

Problems largely due to costs

There is more talk than ever before of the need for restructuring. We see as one of the essential causes of this the far-reaching changes in costs by which 1974 was marked.

- Labour costs rose steeply in the industrialized countries, with social security contributions and other wage-related expenditure accounting for an increasing share in the total;
- the overall level of energy prices was abruptly pushed up;
- on the other hand, land and property prices which owing to the prevalent inflation psychology shot up in recent years, have stabilized again; this is true at least for West Germany;
- long-term interest rates, which were previously to be relied on for prolonged periods, fluctuated sharply while at the same time rising generally—reflecting the fact that investors have been taking into account the latent risks of inflation as well as the disproportionate demand for longer-term funds.

Restructuring...

Companies everywhere will have to adjust their business policies to these changed conditions. In the Federal Republic, there is the additional difficulty that in terms of the country's overall foreign trade, the D-mark is floating against the currencies of almost three quarters of the free world. Taking the weighted average between the realignment in late 1971 and the end of January, 1975, the D-mark appreciated by 23 per cent—a rise of almost 10 per cent in the twelve months to January 31, 1975, alone. It would seem that the end of this upward movement, which encourages imports and discourages exports, has not yet necessarily been reached.

This permanent tendency of the D-mark to rise in value has been very painful for many sectors of the West German economy. However, the country's industry has for the most part reacted to this challenge with a resilience that has commanded respect throughout the world. For the national economy as a whole, the continuous appreciation of the D-mark must be regarded as a basically

COMMERZBANK WORLD-WIDE PRESENCE

Our foreign branches constitute an important element in our world-wide representation. The first overseas office was opened in New York to give us a foothold in the dollar area.

Following that we went to London because of the City's key role in the Euro-finance markets. Subsequently we set up a branch in Chicago to give us access to the industrially important Middle West of the United States.

Already in the early fifties, Commerzbank began to establish a comprehensive network of foreign agencies now extending throughout the world.

1



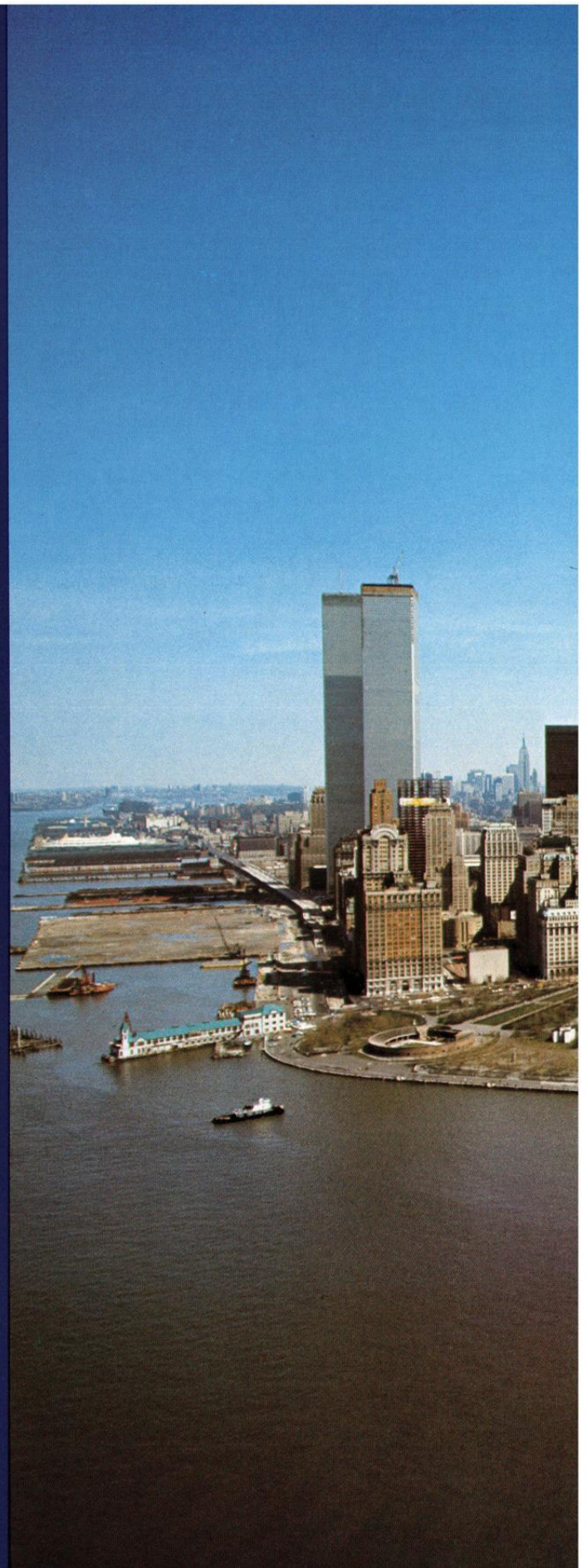
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3



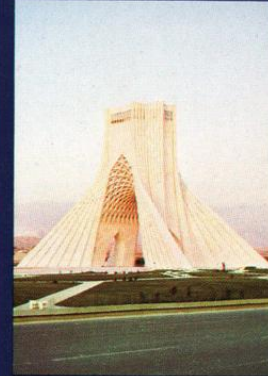
- 1 Chicago
- 2 London
- 3 Copenhagen, Rådhuspladsen
- 4 New York
- 5 Tehran, Shahjad Monument



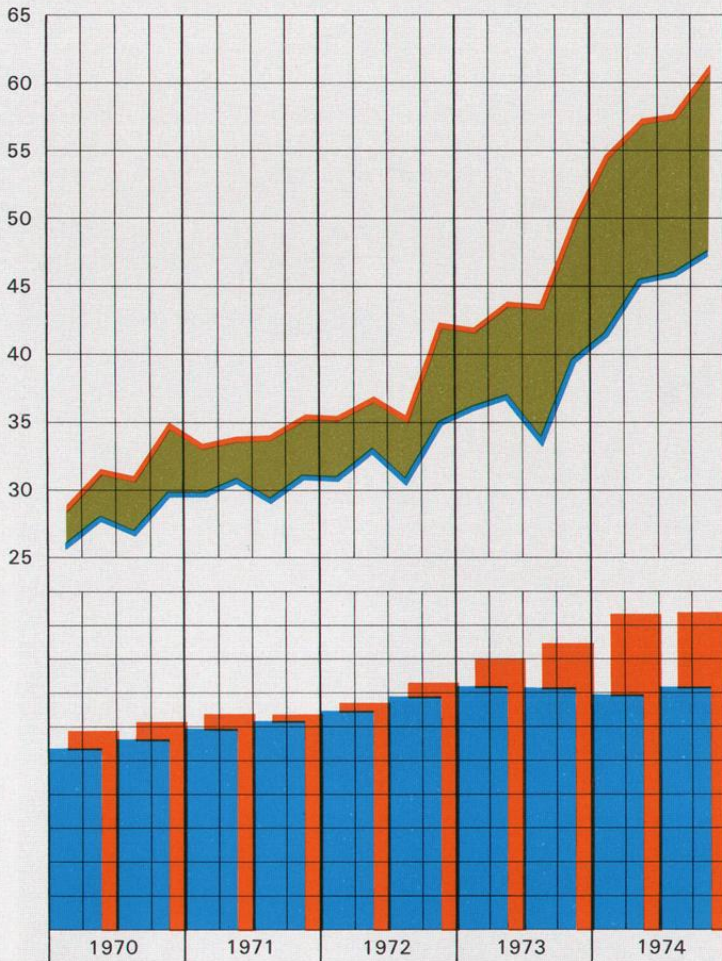


These representative offices serve to provide information and to solicit new business. Depending upon the local situation, they are either operated by Commerzbank alone, as is the case in Tehran, or are run as joint representative offices in cooperation with our Europartners, like the latest such office opened in Copenhagen.

5



German foreign trade figures inflated by higher prices



Exports and imports

In 1974, West Germany recorded her highest visible trade surplus ever, although both export and import figures were inflated by increased prices.

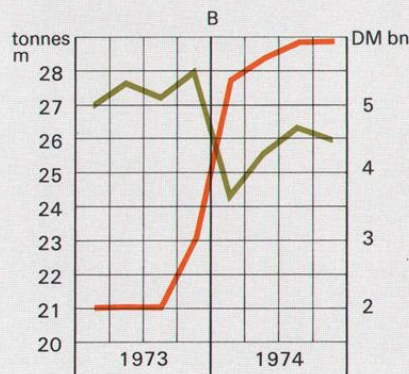
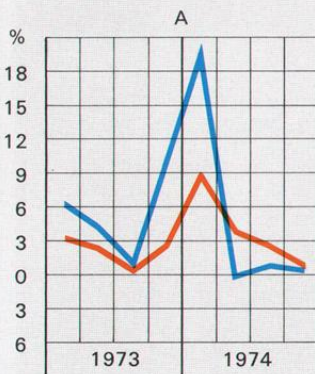
quarterly figures:

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

The volume of West Germany's exports grew by 12% in 1974, whereas the import volume declined by 1%.

half-yearly figures:

- volume of exports
- volume of imports



A: Prices of exports and imports

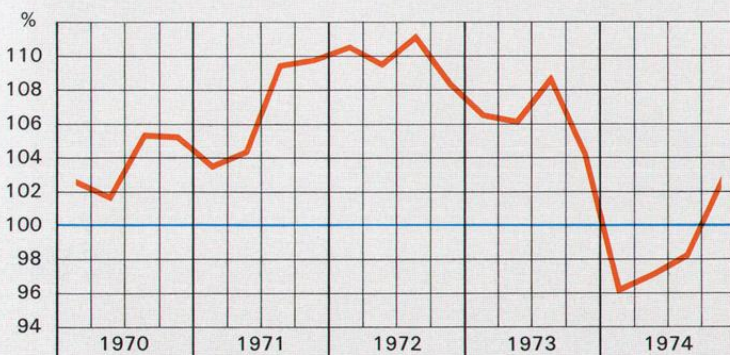
change on quarter in %

- export prices
- import prices

B: Crude oil imports

Although West Germany in 1974 imported less mineral oil than in 1972, she had to pay DM 15 bn more for it.

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



Terms of trade

West Germany's terms of trade reflected the burden the economy had to bear due to higher oil and commodity import costs: since the autumn of 1973, the country had to export more of her own goods in order to pay for the same quantity of imported products.

- average export values as percentage of average import values (1962 = 100)

Increase in unit wage costs¹⁾ in major industrialized countries

Increase on year, in %	basis: national currencies			increase 1974 on 1971	basis: SDR's ²⁾ increase 1974 on 1971
	1972	1973	1974 ³⁾		
Federal Republic of Germany	6.1	7.8	9	25	36
France	6.1	8.6	11	28	20
UK	9.1	8.0	16.5	37	16
Italy	8.0	13.3	18	44	15
Netherlands	7.3	9.2	11	30	41
Total EEC	7.3	9.1	12.5	32	28
USA	3.6	5.0	9.5	19	0
Japan	6.8	13.4	29	56	53

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

Source: Deutsches Institut für Wirtschaftsforschung (DIW), Berlin

favourable development, though, since it furthers necessary restructuring and, above all, protects the Federal Republic against damaging price influences from abroad.

... demands respite from political experiments

Given this situation of strain, companies cannot also be subjected to higher tax burdens and socio-political experiments—a fact which a short time ago used to be ignored when the nation's economic policies were discussed. Fear of excessive reforming zeal still weighed heavily on the economy during the first half of the year under review, and it was only the pressure produced by the economic down-turn that caused the exaggerated enthusiasm for experimenting to ebb.

Investment decline now in fifth year

However, without a more sober approach to the socio-political debate it will hardly be possible to overcome the fall-off in investment. In the manufacturing industries capital spending in real terms has now decreased for five years in succession. Contributory to this were the investment tax and the restrictions on depreciation imposed in 1973 to cool down the economy. For this reason alone it was in our opinion appropriate to give the investment premium pride of place in the economic programme for 1975.

The building industry will nevertheless have to adjust itself to a fairly long period of slackness in the rented apartment sector. Following the flight into "concrete gold", which had produced a misallocation of capital and labour for several years, a

restructuring crisis was unavoidable. For the future, however, there is the danger that the recently amended regulations governing rents for apartments, which considerably limit the scope for increases, will have an excessively crippling effect on home building.

Unexpectedly strong export performance

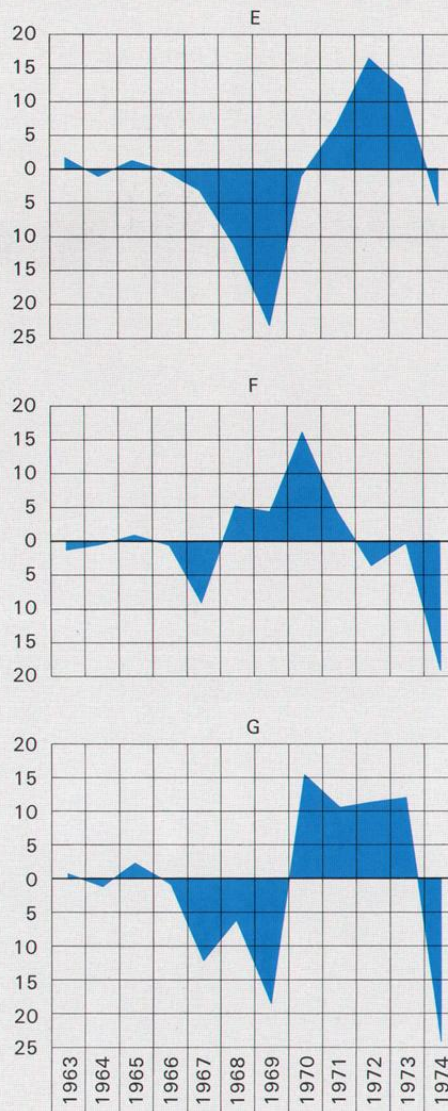
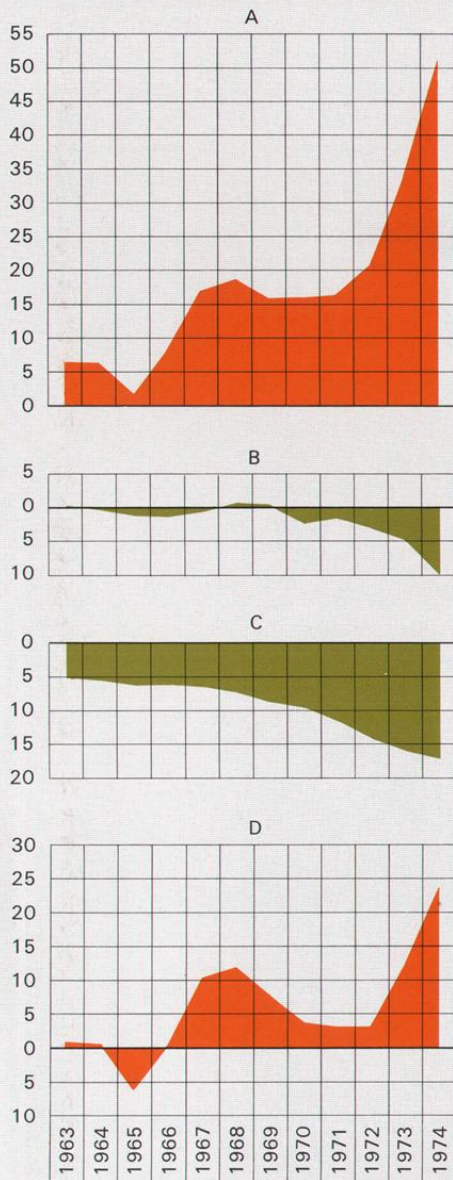
The export performance of German industry has exceeded all expectations. Contributory factors were not only international price differences and the attractive range of products offered but also favourable delivery terms.

In the context of sluggish demand at home, German exports in terms of volume showed a 12 per cent growth in 1974, while the volume of imports shrank by 1 per cent during the period. Although the continuous appreciation of the D-mark limited the rise in import prices they were still up by a good quarter. At the same time, export prices rose by about one-seventh. Despite this worsening in the terms of trade, export earnings showed stronger growth than import values. The result was an exceptionally high export surplus of more than DM 50 billion, almost equalling those of the previous two years taken together. Since, in the meantime, the terms of trade have again been improving, we expect another very high surplus in 1975.

Export trade shifts East and South East

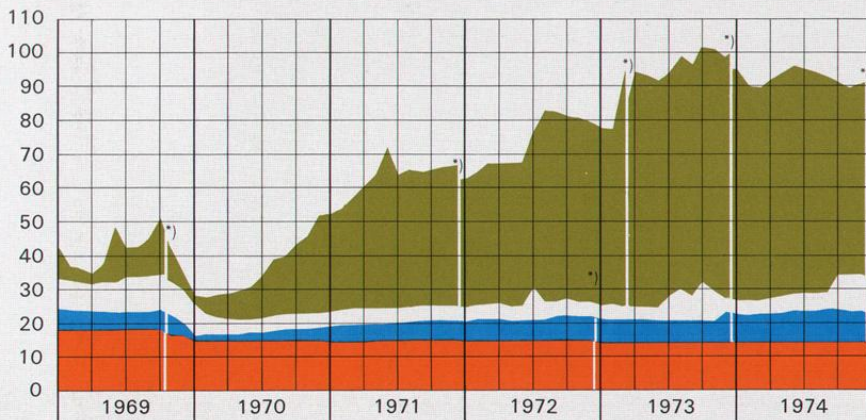
For West Germany's visible foreign trade, the state-controlled economies and, in particular, the oil-producing nations have become increasingly

West Germany's balance of payments: visible trade surplus compensated for by capital exports



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
- F: short-term capital transactions (incl. unclassifiable transactions)
- G: total capital transactions (total, E plus F)



Breakdown of official West German monetary reserves (in DM bn):

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

Breakdown of West Germany's balance of payments				
in DM m	1971	1972	1973	1974
Current account ¹⁾	+ 3,116	+ 3,349	+ 12,115	+ 23,854
Capital account ²⁾	+ 12,068	+ 12,761	+ 19,462	- 16,027
Overall balance of monetary movements	+ 15,184	+ 16,110	+ 31,577	+ 7,827
Short-term capital movements of banking sector ³⁾	+ 1,174	- 420	- 5,149	- 9,733
Special factors ⁴⁾	- 5,369	- 496	- 10,279	- 7,231
Official foreign exchange balance ⁵⁾	+ 10,989	+ 15,194	+ 16,149	- 9,137

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; ⁴⁾ allocations of special drawing rights (DM 627 m in 1971, DM 490 m in 1972) and compensatory amounts for revaluation losses (resulting from revaluation of monetary reserves); ⁵⁾ changes in monetary reserves.

important. Exports to these two groups of countries more than doubled over the last two years, with their share in total German exports now amounting to about 15 per cent. A further increase in orders from these regions, which are undergoing a rapid industrialization process, could at least to some extent compensate for the weaker demand from Western Europe.

Current account surplus doubled

The doubling of the deficit on services notwithstanding, the higher trade surplus had a very favourable effect on the overall current account balance. The Federal Republic was thus the only industrialized country which, despite a burden of some DM 15 billion in additional crude oil costs, achieved a high surplus on current account.

Commercial credits at a higher level than ever

In capital transactions with abroad, outflows were predominant throughout the year. Sellers' credits to foreign buyers contributed to this in a greater measure than ever before, with a further DM 17 billion of commercial credits being granted from January to September.

Growing German foreign investment ahead?

German companies in 1974 expanded their direct investment abroad by about the same amount as in the previous year. Although the de facto revaluation of the D-mark would in principle have tended to strengthen the trend towards manufacturing abroad, the world-wide recession combined with increased capital costs resulted in a slowing down of such investments for the time being. On the basis of company plans known to us, however, we expect capital spending abroad, and particularly overseas, to grow again over the next few years.

Foreign investment in the Federal Republic in 1974 once more exceeded German direct investment abroad. Towards the end of the year there was for instance the spectacular effect of the sale of a block of Daimler-Benz shares to Kuwait. This transaction as well as other investment plans by some of the oil-producing countries have sparked off a lively debate as to whether and how such acquisitions should and could be limited. While we accept that companies of national interest or importance cannot be allowed to fall under the controlling influence of foreign Governments, we would warn against an intolerant limitation of investment opportunities in West Germany.

We are firmly opposed to all attempts aimed at discrimination against individual countries. Moreover, it is inconsistent to expect the oil-producing countries to recycle their surpluses into long-term investments but to deny them suitable possibilities for doing so.

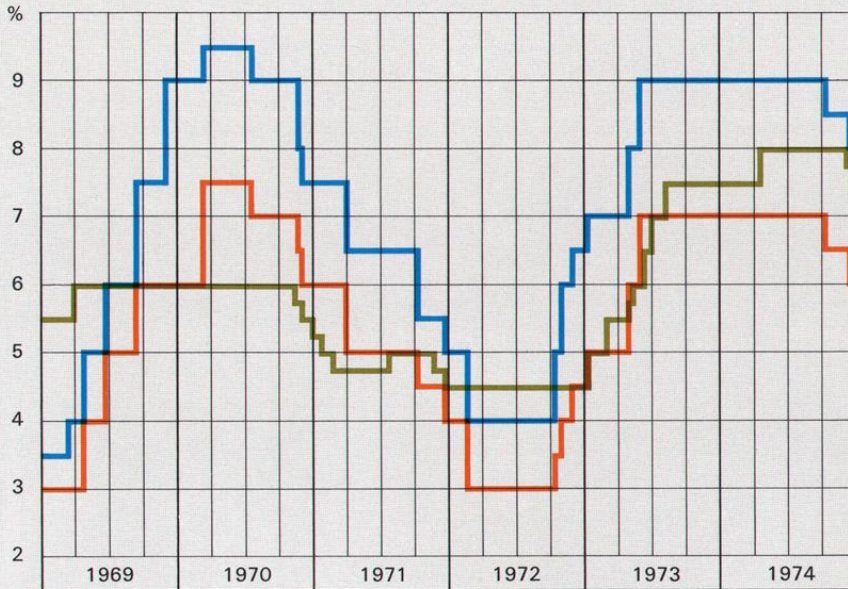
German monetary reserves lower but foreign position improved

Although the German current account surplus in 1974 reached a very high level, the official foreign exchange balance showed a deficit. Accordingly, the net position of the German economy vis-a-vis foreign countries has improved. Once again, the monetary reserves of the Bundesbank were substantially eroded mainly as a result of the rise in the D-mark exchange rate against the US dollar.

Halfhearted policy of interest rate cuts

After the easing of restrictive measures on the fiscal side, the main responsibility for the fight against inflation has been with the Bundesbank which, now that its obligation to intervene in the

Financial markets: expensive lombard loans hampered decrease in interest rates



Discount and lombard rates

Since the autumn of 1974, the Bundesbank has increasingly eased its high-interest policy.

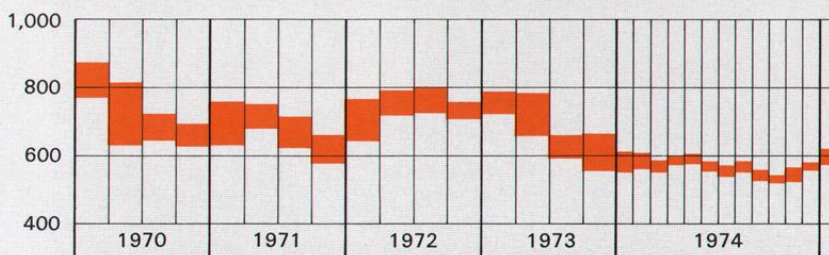
— discount rate
 — lombard rate
 for comparison:
 US discount rate (applied by the Federal Reserve Bank of New York)



Bond yields (as compared with living costs)

Long-term funds could only be raised at extremely high interest rates; interest income from savings in real terms was between 3 and 4 per cent.

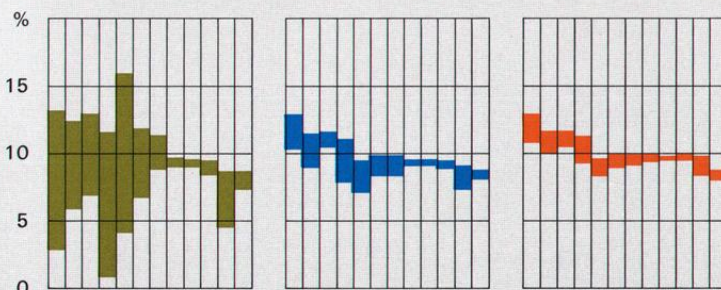
current yields:
 — domestic bonds
 — foreign DM bonds
 — living costs



Stock markets

In 1974, stock markets throughout the world were depressed due to a crisis of confidence, and it was only towards the end of the year that a price recovery got under way.

Commerzbank index, highs and lows, of periods shown



Money markets in 1974

On the money markets, the central bank through more flexible policies succeeded in controlling fluctuations better than during the preceding year.

highs and lows:
 — call money
 — one-month deposits
 — three-month deposits

Bank lending						
Change on year, in DM billion	at short and medium term			at long term (4 years or more)		
Bank lending ¹⁾ to:	1972	1973	1974	1972	1973	1974
Business ²⁾ and private customers	+36.1	+16.2	+14.9	+42.4	+39.9	+24.3
Public authorities	+ 0.7	- 0.2	+ 4.4	+10.1	+10.9	+10.1
Domestic non-banks, total	+36.8	+16.0	+19.3	+52.5	+50.8	+34.4

¹⁾ excluding purchases of securities; ²⁾ including Federal Railways, Federal Post Office, and other public enterprises

foreign exchange markets has been limited, is able to control liquidity with much greater independence than hitherto. Although restrictions were initially relaxed only slightly, the clamp-down on the banks was less severe than in 1973 because the financing requirements of industry and commerce were on the decline. The fall was most pronounced in new long-term loans to both industry and private customers, which was partly due to the reduced demand for mortgages. On the other hand, credit to public authorities showed above-average growth.

Despite the fundamental change in the economic climate, the Bundesbank was very cautious in reducing interest rates. We had been in favour of the rigorous tight-money policy pursued in 1973 because this appeared to be the only effective way of fighting demand-pull inflation. We doubt, however, whether the high interest rates which the German economy was forced to cope with up to the autumn of 1974 were still desirable when cost-push inflation had in the meantime gained the upper hand.

Flexible liquidity control

Fluctuations in the supply of liquidity resulted mainly from the repeatedly changing mood on the foreign exchange markets. Both the fulfilling of West Germany's obligations as a participant in the European "mini-snake" and the endeavour to limit fluctuations in the US dollar rate forced the Bundesbank alternately to purchase and sell foreign currencies. Overall, restrictive effects on the national economy predominated over the year, although on balance Government budget policies had an expansive effect on the money supply.

The Bundesbank this time succeeded in containing the varying effects resulting from foreign exchange flows and Government fiscal policy by skilfully applying compensatory monetary measures, largely employing its rediscounting and related instruments vis-a-vis the banking community. Through changes in the minimum reserve ratios, the rediscount quotas, and the lombard facilities for lending against securities but also, to

a lesser extent, through open market operations, the monetary markets were kept under control. Lombard credits in particular provided the banks with a liquidity buffer.

Focus on the money supply

Overall, the central bank aimed at a moderate increase in the volume of money. A characteristic feature of the greater importance attached by the Bundesbank to monetarist rather than interest rate policies was in our opinion the fact that the tendency for interest rates to fall was supported by a reduction in both the discount and the lombard rates only in late October. The scope for bank rate cuts was limited, however, since even at the height of the restrictive course followed in the previous year, the discount rate had been frozen at only 7 per cent.

We consider that liquidity control and interest rate policies should be more harmoniously related. Since official changes in interest rates tend to have an indicator effect, it can be assumed that in this way the intentions of the central bank would be conveyed to the market more quickly.

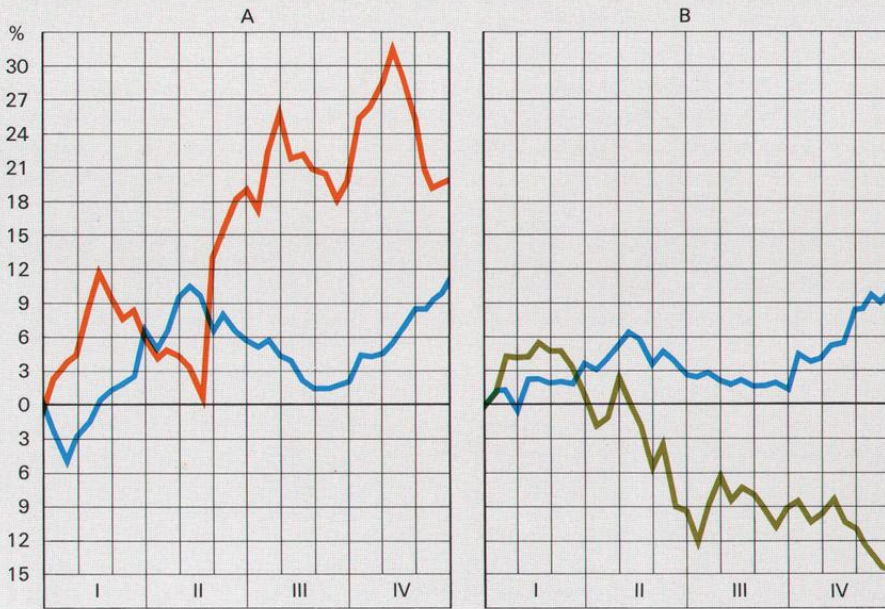
The announcement of a growth target for the so-called "central bank money stock" in 1975 appears to us somewhat questionable, especially since the movement of this parameter is strongly dependent on imponderables, but particularly so as the Bundesbank could thus unnecessarily hamper its own freedom to manoeuvre.

Quick reaction to Herstatt failure

By again offering unlimited lombard facilities to the banks the Bundesbank quickly reacted to the after-effects caused by the collapse of the Herstatt bank. However, we consider it regrettable that the margin between lombard and discount rates which used to be only 1 percentage point was long kept at 2 percentage points.

In the critical period immediately following the Herstatt failure, the Bundesbank together with the commercial banks made a large-scale gesture of

Nervous markets made costing difficult

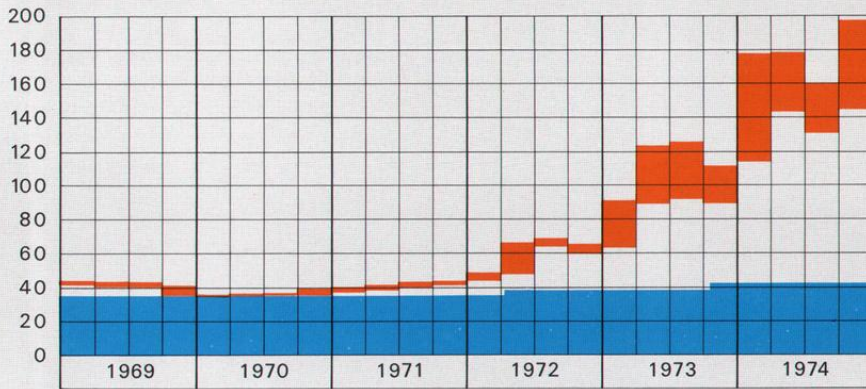


Commodity prices and DM exchange rates in 1974

Thanks to the strength of the D-mark, German import prices often did not fully reflect higher commodity costs.

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

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

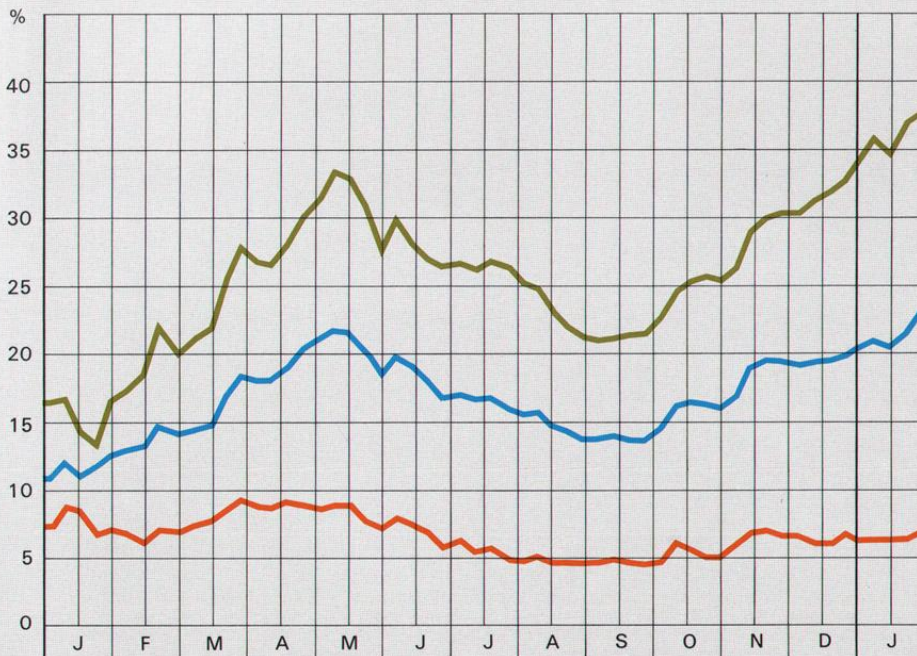


Gold markets

In a world of uncertainty gold appeared an attractive investment.

London fixing prices:
 Dec 30, 1974: US \$ 197.50
 Jan 31, 1975: US \$ 176.25

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



Performance of the D-mark in 1974

The US dollar and the D-mark again suffered wild fluctuations on the foreign exchange markets.

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

Saving activity in the Federal Republic of Germany

Yearly volume, in DM billion	1972	1973	1974	change	
				1973 on 1972	1974 on 1973
Savings deposits ¹⁾	+30.8	+14.1	+30.0	-54%	+113%
Savings certificates	+ 3.5	+ 5.5	+ 4.8	+59%	- 13%
Building society savings	+ 7.6	+ 7.9	+ 7.1	+ 4%	- 10%
Life assurance premiums ²⁾	+ 9.1	+ 9.9	+ 7.7 ⁷⁾	+ 9%	+ 12% ⁸⁾
Bond purchases (net) ³⁾					
domestic bonds	+26.3	+19.0	+28.1	-28%	+ 48%
foreign bonds	- 4.3	- 0.2	+ 0.7	—	—
Share purchases on stock exchange					
domestic shares ⁴⁾	- 1.5	+ 2.2	+ 1.0	—	- 54%
foreign shares ⁵⁾	+ 0.6	- 0.1	+ 0.3	—	—
Investment saving					
securities funds ⁶⁾	+ 2.9	+ 1.7	0.0	-43%	—
open-end property funds	+ 1.1	+ 0.2	- 0.1	-85%	—

¹⁾ institutions reporting monthly; including interest credited; ²⁾ increase in assets of life assurance companies and pension funds; ³⁾ at market prices; 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, 1974; ⁸⁾ end of Sept, 12-month comparison.

solidarity and set up the Liquiditäts-Konsortialbank (Liquidity Consortium Bank) which has since been prepared to intervene in the case of a bank's experiencing difficulties for which it is not to blame. The mere presence of this institution was sufficient to provide rapid and sustained reassurance to a market which had already been unsettled by the bankruptcy of several small privately run banks and by the heavy losses suffered by some public-law institutions. The amended version of principle Ia of the German banking law imposed by the supervisory authority, which limits a bank's uncovered foreign exchange position to 30 per cent of its liable funds, is directed to the same end.

Banking law to be amended — extended insurance for deposits planned

Although caused by enormous foreign exchange speculation, the Herstatt failure sparked off a discussion on large-scale loans as well. The Federal Finance Ministry wishes in its draft for an amendment to the banking law to narrow the existing limits quite substantially.

We agree that in order to protect investors greater emphasis should be placed on the liable capital resources appropriate for banks. However, if variety is to be maintained in the German banking sector, a more flexible solution than that initially proposed will be necessary.

The banking year 1974 also stimulated consideration as to how the safety of deposits in the private banking sector could be substantially improved. In the large-scale solution now taking shape, the branch banks will again assume the main responsibility, thus hoping to strengthen the private-enterprise element in the banking market.

Higher savings, but shorter maturities

As a result of the worsened situation in the labour market and of the fall in the prices of shares, fixed-interest securities, and real estate, there was a change in the liquidity attitudes of private households. These reacted with increased net savings, clearly preferring shorter-term deposits, and at the same time reduced their indebtedness. The private savings ratio thus rose again to over 14 per cent of disposable income, after the decline to 13.5 per cent in 1973.

Predominance of short-dated bonds

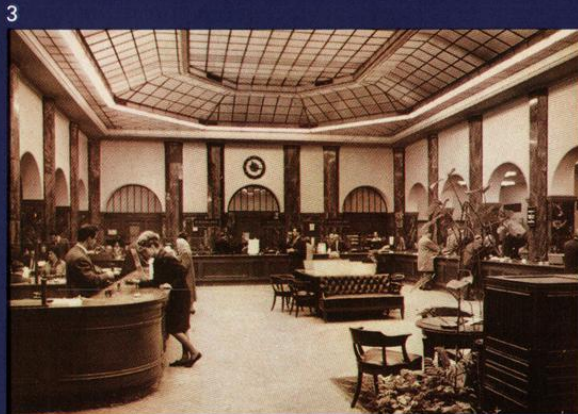
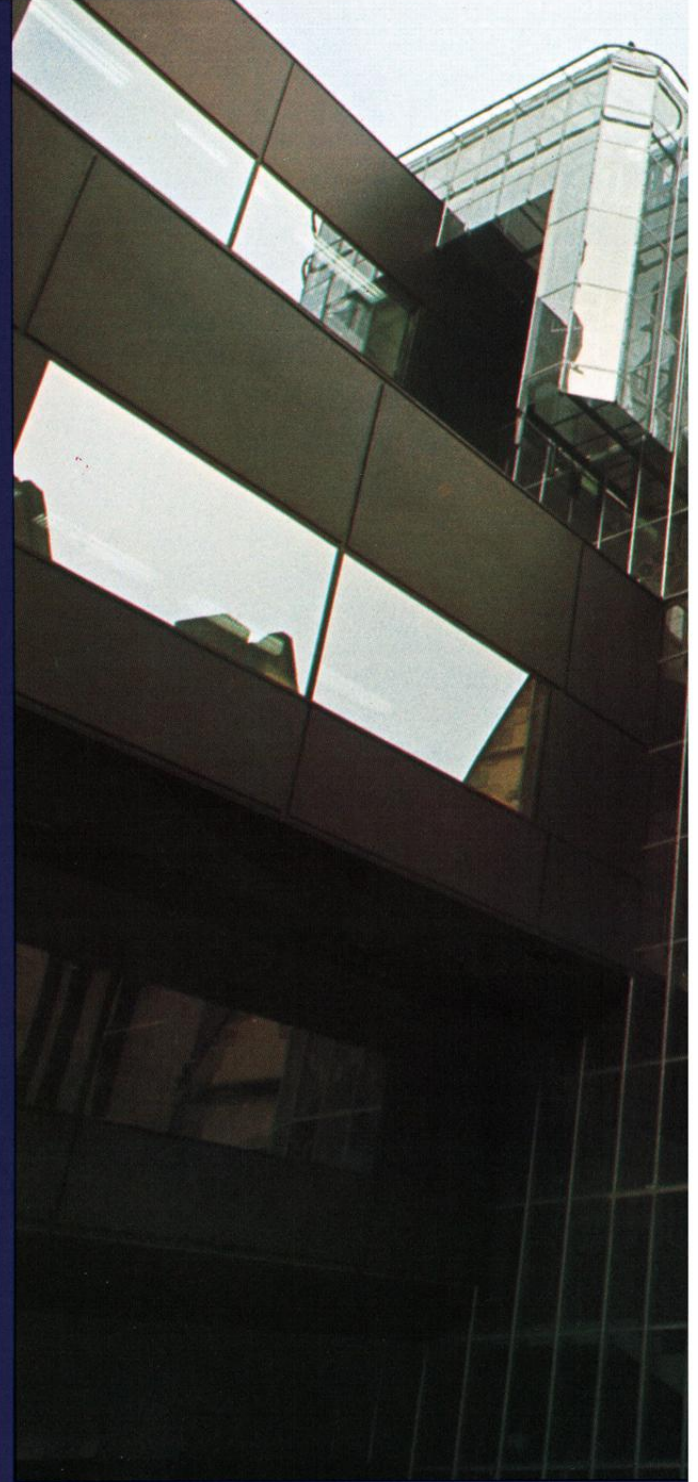
Private investors not only increased their savings deposits but again bought more securities, particularly in the second half of the year. All the same, the marked growth in securities sales was mainly a result of purchases by credit institutions and other institutional investors. The recovery of the bond market was supported and accelerated by a rapid downward movement of interest rates,



TRANSFORMATION IN BANK ARCHITECTURE

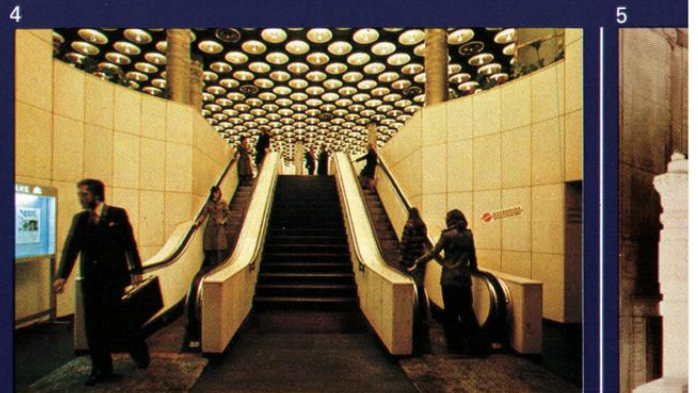
The external appearance of banks has changed perceptibly over the past decades: the palatial buildings of yesteryear with their imposing entrances have given way to functional, yet attractive buildings.

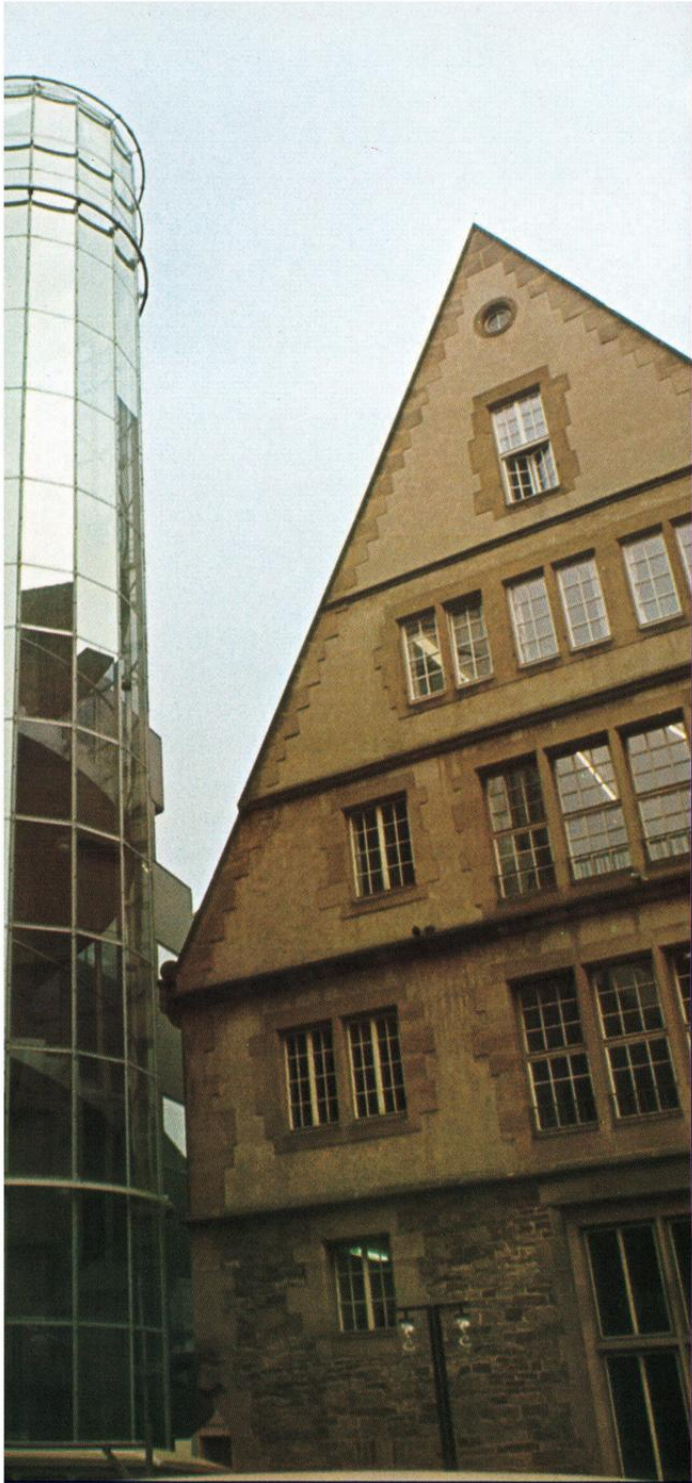
In many cases a prime consideration has been to achieve a harmonious blend of old and new.



- 1 Recklinghausen (1920)
- 2 Stuttgart, extension building (1972)
- 3 Dusseldorf, banking hall (until 1967)
- 4 Dusseldorf, entrance (since 1967)

- 5 Dusseldorf, entrance (until 1967)
- 6 Schwalbach (Taunus) (1974)
- 7 Osnabrück (renovated 1964)
- 8 Frankfurt (until 1969)





8



6



with current yields falling by 1.3 percentage points from October to year-end alone. On the other hand, it still proved impossible to overcome completely the preference for shorter-term investments. In fact, in the mortgage bond sector five-year paper still predominated at the end of 1974. Ultimately, only sustained success in the fight against inflation can revive the interest of savers in longer-term commitments.

Few share issues

The economic problems resulting from a long-continuing fall in share prices were reflected in a sharp reduction in the overall volume of new issues. Although industry had a greater need than ever of additional liable funds, barely DM 1 billion of new equity capital was raised through share issues; this was substantially less than in any of the four preceding years.

A more detailed examination of the performance of the German securities markets can be found in our annual booklet "Stock Market Round-up" which also contains a survey on employees' shares; the latter we regard as a useful and recommendable instrument for the formation of private assets. (For our own securities business, see below, pages 38 and 39.)

Unprecedented budget deficits

As a result of the excessive demand characteristic of recent years, public finances have reached a critical state; the situation has been aggravated further by the loss of tax revenue caused by the economic down-turn. The problem of the Federal, Länder, and Municipal Governments rapidly increasing their indebtedness now hangs like a black cloud over the capital markets. Their combined budget deficits will double in the current year and will even be three times the annual average for the 1971/73 period. Such deficits, probably amounting to more than DM 50 billion in 1975, may be justified in principle as a means of combating recession. However, the major part of this sum will be required for the paying of wages, salaries, and social security benefits, and will thus stimulate consumption and not capital spending.

Financing of deficits secured in 1975

With industrial activity slack, the building sector still on the decline, and private households' propensity to save high, it should be possible to finance all of the 1975 budget deficits without overstraining the capital markets. However, in the following years, for which further high deficits are expected, these could prove dangerous for the

economy as a whole, particularly since fiscal restrictions may then again be necessary. What is deserving of criticism is less the current extent than the rapid growth of Government borrowing, for by international standards the overall public debt in West Germany, which at the end of 1975 will amount to no more than just under one quarter of GNP, can still be considered small.

To limit public expenditure must in future be the Government's urgent aim. If the infrastructure is not to go on being neglected, this will require intensified rationalization of public administration. Tax increases will be virtually unavoidable, although the capacity and will to work ought by no means be further impaired.

Extreme international imbalances

In 1974, extreme current account imbalances bore markedly on international capital transactions, although the financial markets have hitherto proved very flexible. Several deficit countries even succeeded in bringing about a "visible" improvement in their official monetary reserves by obtaining large loans.

The recycling of the oil earnings into international capital flows has nonetheless sown the seeds of future tension, chiefly because of the preference for short-term commitments. Transfer to longer-term investments has been frequently avoided. At the same time roll-over financing, particularly on the Euro-markets, has increased the interest rate risk of borrowers.

Recycling problem less acute

In the meantime, the oil-producing countries have modified their investment policies, giving development aid and making investments in the industrialized countries at longer term, too. At the same time, they are using their oil income for higher imports. This absorptive power has been substantially greater than was originally expected so that the recycling issue has become less acute. There remains, however, the problem of the unattractiveness of the deficit countries which are now approaching their borrowing limits and wish to seek more help from the international institutions. Large-scale facilities are being planned for this purpose. In addition to these credit lines, bilateral support actions are swelling currency reserves, thus easing the pressure towards monetary discipline.

Excessive liquidity

The International Monetary Fund and the European Community could, it is true, attach strong obligations to their credits, but we nevertheless have the impression that the process of arranging for financial safety nets has gone too far. We regard this danger as particularly serious since the way has been cleared for an upward revaluation of official gold holdings. Potential international liquidity (and hence also purchasing power) may thus expand abruptly. For this reason the international monetary scene, although it has lost some of its drama, still gives cause for concern.

Initial set-back for gold speculators

In 1974, there was considerable private demand for gold as an "inflation-proof investment". However, the high prices expected when gold was released for private ownership in the United States were, at least initially, not obtained. Still, at the expense of the capital markets, private gold purchases amounting to a minimum of US \$ 4 billion have tied up considerable potential investment funds.

Europe: the Community did not break up

The European Community once again withstood a number of breaking tests in 1974. In addition to the monetary problems of individual states, national energy interests and the British Labour Gov-

ernment's demand for re-negotiation were the main sources of conflict, with the result that no progress was made in the necessary strengthening of the European institutions.

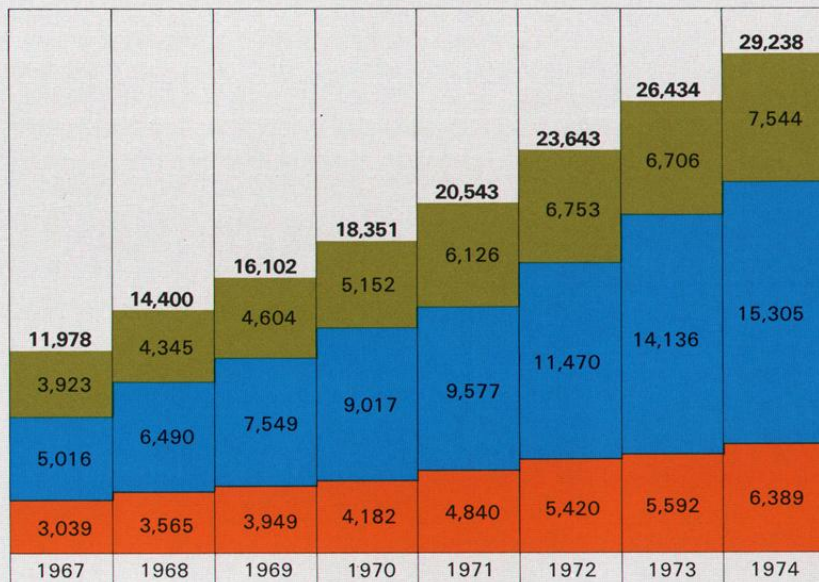
The issue of political union is little talked about at present. Similarly, the great plans for economic and monetary union which were to be realized by 1980 have now become an indefinite aim for the remote future. The European Regional Policy is taking shape but very slowly. The Common Agricultural Policy is only just being held together. Solely the gradual reduction of tariff barriers between the older and newer members is proceeding according to schedule; in all other fields, it is regarded as something to be thankful for if what has already been painfully achieved can be maintained.

Nonetheless, there is increasing international recognition of the Community, particularly as it is now fully prepared to honour its world-wide commitments. It is cooperating constructively in the solution of the international monetary problems, is defending a liberal concept at the Geneva customs negotiations and has prepared the way for a European-Arab dialogue. Furthermore, 46 developing countries have obtained free access to the European market through the Lomé Convention.

What the Community lacks above all is serious political initiatives, which alone will make possible further progress in European unification.

(The German edition of this Report went to press in early March 1975.)

Commerzbank: balanced growth

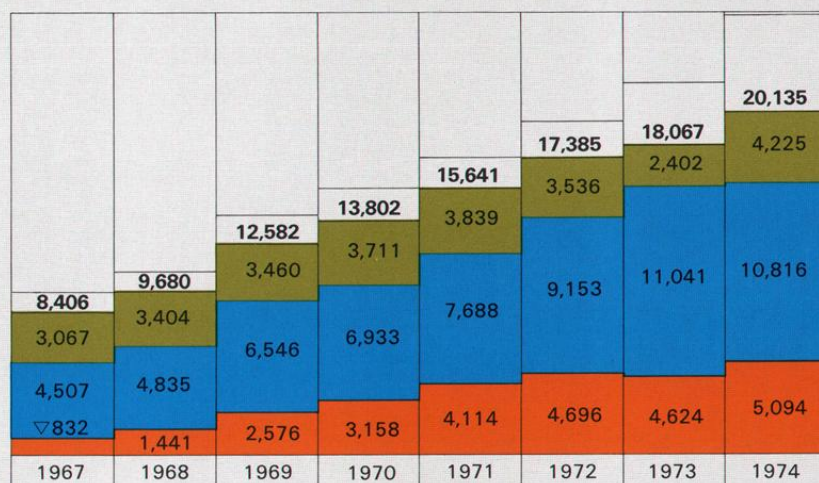


Deposits

In 1974, the strongest growth was recorded by savings deposits.

in DM m

- sight deposits
- time deposits
- savings deposits

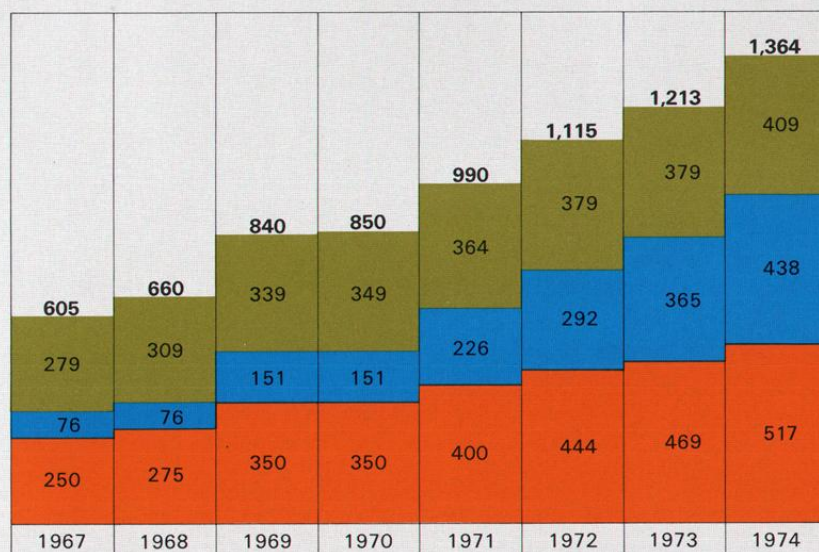


Volume of lending

Discount lending experienced a revival thanks to the broader range for recourse offered by the Bundesbank.

in DM m

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



Liabale funds

Capital and reserves showed a 12.5% increase, thus outgrowing the expansion of the balance sheet total.

in DM m

- other reserves
- statutory reserve
- share capital

General performance of Commerzbank

In 1974, a year laden with problems for the banking community, Commerzbank further consolidated its position. The Balance Sheet total of the Parent Bank increased by DM 3.0 billion, or 10.7 per cent.

Taking the average over the year under review, however, the volume of business (i.e. Balance Sheet total plus rediscounted bills) increased by only 7.1 per cent, such restraint being considered appropriate in view of the weak domestic demand for credit.

Salient features of the Annual Accounts for the year under review include the Balance Sheet total exceeding DM 30 billion and total lending reaching DM 20 billion. The most significant items are summarized below:

- Balance Sheet total DM 31.4 billion
- Deposits DM 29.2 billion
- Total lending DM 20.1 billion
- Capital and reserves DM 1.364 billion

Extension of the branch network

In 1974, Commerzbank further extended its network of branches and sub-branches, although a number of offices whose progress had not come up to expectations were closed. Furthermore, the branches in the Saar, together with the branch Cr dit Lyonnais had operated there, were brought into Commerz-Credit-Bank Europartner AG, Saarbr cken.

Thus, with the opening of 19 new branches, four closures, and the "detachment" of the six branches in the Saar, Commerzbank at the end of the year maintained 765 offices, including three branches abroad. In 1975, the Bank will continue the carefully planned expansion of its branch network on the basis of detailed study of each place. Five new offices have already been opened up to early March.

Centralization in Frankfurt

According to schedule, Commerzbank's Frankfurt head office moved in the autumn of 1974 into the new high-rise building where all of the departments with central functions are now installed. Thus, the efficiency of the Bank's organization has been strengthened.

Commerzbank Group

At the turn of 1974/75, the banks affiliated within the Commerzbank Group

- through 834 branches
- with 17,950 employees
- looked after 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.

At December 31, 1974, the Commerzbank Group had a Consolidated Balance Sheet total of DM 44.2 billion. The Consolidated Annual Report is published on pages 68 to 89.

The following major affiliated banks, abridged versions of whose annual reports appear on pages 74 to 79, form part of the Group:

- Berliner Commerzbank, Berlin,
balance sheet total DM 1,477 million;
- Commerzbank International S.A., Luxembourg,
balance sheet total DM 4,044 million;
- Rheinische Hypothekenbank (merged with
Westdeutsche Bodenkreditanstalt), Frankfurt,
balance sheet total DM 8,123 million.

Pronounced recovery of interest margin...

The 1974 result for the Parent Bank showed a sharp recovery after the steep fall in earnings in the year before. This was mainly due to the improved interest margin in domestic business. Net interest income in fact increased by 59 per cent.

...but hardly any growth in commission earnings

Commission income, on the other hand, grew only slightly, mainly because there was a further fall in the turnover in stock exchange transactions compared with the previous year. On the other hand, lively activity in foreign commercial business produced a perceptible rise in commission receipts.

Depreciation on the securities portfolio was markedly below the amounts which had been necessary in 1973 because of the extreme slump in stock prices; but profit-taking from securities transactions for our own account was likewise down from the year-ago figure. Foreign exchange dealings, by contrast, produced a further increase in trading profit.

On account of the difficult economic situation we made high allocations to individual valuation reserves and, as a further precaution, we have shown the maximum permissible amount of liabilities in respect of such global valuation reserves as we were required to write back under the new tax regulations.

Higher net income

The growth in net earnings (i.e. net interest and net commission income plus "Other receipts", after having been set off against depreciation and provisions in the lending and securities business) exceeded that in overheads. Staff and social security expenditure was up by 15.9 per cent, part of which was due to a substantial increase in provisions for pensions. Current operating expenses climbed 16.6 per cent. The exceptionally steep rise in "Other expenditure", which more than quadrupled, is accounted for by our special contribution to the "deposits insurance fund" of the German Bankers Association (cf. also page 57).

For the Commerzbank Group, the profit growth was essentially due to a recovery in the earning power of the Parent Bank. In addition, the major subsidiaries likewise achieved better results; the ensuing higher dividends will only be paid to us in 1975, though.

Development of deposits at Parent Bank

In 1973, time deposits had been the only category to grow substantially; this was followed by a recovery in sight and savings deposits in the year under review. On the other hand, there was a slight fall in time deposits of non-bank customers, since our interest rate expectations led us in the second half of 1974 to give preference to deposits for shorter terms such as one or two months.

The decline in time deposits, which was general throughout the German banking system, was not only brought about by interest rate levels returning to normal, but was also largely a result of fundamental changes in liquidity trends. At present, private households have more funds available than in 1973, whilst the business sector and particularly the public authorities hold lower financial reserves.

Once again our foreign branches contributed strongly to the expansion in bank deposits, accounting for about two-thirds of the rise.

More liquid funds

Higher discounts represented more than half the additional volume of business. Next in importance was an increase in nostro balances which corresponded to the rise in deposits of other banks with our foreign subsidiaries.

Utilization of new funds in 1974

Source of funds	DM m	Application of funds	DM m
Increase in liable funds	151	Increase in liquid or easily realizable funds	1,371
Inflow of deposits	2,804	nostro balances	(1,311)
bank deposits	(1,967)	securities	(60)
customers' deposits	(837)	Increase in loans	2,069
Reduction of assets	739	loans to credit institutions	(21)
cash	(736)	claims on customers	(225)
other assets	(3)	discounts	(1,823)
Increase in other liabilities	139	Increase in fixed assets	321
Depreciation on fixed assets	50	"Participations"	(197)
		land and buildings	(71)
		furniture and equipment	(53)
		Reduction of liabilities	122
	3,883		3,883

5
6
7
8

We controlled the liquidity of the Bank in a manner permitting us at all times to meet any demands. Our minimum reserve requirement decreased to an average of DM 2.5 billion over the year, against DM 3.0 billion in 1973.

During the second half of the year, we raised our holdings of fixed-interest securities.

New participations

Of the new holdings acquired during the year under review one worthy of note is that in Gutehoffnungshütte Aktienverein, of Oberhausen and Nuremberg, purchased through REGINA Verwaltungsgesellschaft acting as an intermediary. Jointly with the Allianz and Münchener Rückversicherung insurance companies we now own more than 25 per cent in this mechanical engineering group, which entitles us to tax privileges. Through another intermediary holding company, HOSTRA Beteiligungsgesellschaft, we acquired an interest in Industrielkreditbank AG-Deutsche Industriebank, of Dusseldorf, a specialized institution whose business is mainly to provide longer-term financing for medium-sized companies.

Further increase in liable funds

The Bank's capital and reserves which had last been augmented in November, 1973, through the conversion of bonds outstanding, were raised further in December, 1974, by a DM 121 million share increase 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 share of DM 50.- nominal in early 1975.

Including the allocation to reserves from the 1974 earnings, share capital and reserves of the Bank now amount to DM 1,364 million.

Commerzbank shares also quoted in Amsterdam

In July, 1974, Commerzbank shares were admitted for official trading on the Amsterdam Stock Exchange; this followed their quotation in Luxembourg in January. Our shares are now officially dealt in on twelve European bourses outside West Germany; in each case, Commerzbank was the first German bank to have its shares listed.

Servicing our business customers

Under the changed economic conditions we consider it our particular duty to provide advice to our customers on all problems of finance. A sound structure of both the balance sheet and the terms of funds due for payment and collection is of critical importance at the present time. In the year under review, however, the problems were greater than ever before. A sharp reduction in the level of self-financing coincided with extreme difficulty in raising long-term funds. For this reason, we are now carefully examining with our customers the possibilities of consolidating their debts.

Despite substantially longer periods for payment granted to foreign buyers, overall demand from industry and commerce for additional bank loans remained slack. In our opinion the main reasons for this are the continuing reduction in stocks of raw materials—or of finished goods in the retail trade—and above all the postponement of planned capital investment. In addition, a cautious assessment of growth prospects in many industries imposed a stricter calculation of current credit requirements. Even the revival in the late autumn, when due to the forthcoming higher sales at Christmas borrowing is usually at a peak, was limited and as a result credit lines were less drawn upon than in the previous year.

Recovery in discount credits

Because of improved rediscounting facilities we were able to grant more credit on bills on favourable terms. At the end of last year, total discounts amounted to more than DM 4 billion, thus coming close to the trend of earlier years after we had been forced to restrict such credits to an exceptional extent between early 1973 and the autumn of 1974. We hope that during the current year we shall again be in a position to offer on attractive terms this proven instrument for providing working funds, but whether we shall be able to do so will depend largely upon the rediscounting policy of the Bundesbank.

Total long-term loans to customers, which had initially been kept down to some DM 4¹/₄ billion, tended to rise more sharply towards the end of the year, when we temporarily took over some borrower's note loans, placing of which had been planned for 1975.

More foreign loans

Overall, our total lending was up by a good 11 per cent. Domestic credit business had a lower than

usual share in this growth, whereas loans to public authorities were at an above-average level. Thanks in particular to the activities of our foreign subsidiaries, there was a noteworthy step-up in lending to international borrowers with a good credit rating.

Marked increase in guarantees

The Bank achieved an exceptional expansion of its guarantee business, the total amount of which rose by about 78 per cent. This derived largely from major foreign orders booked by our industrial customers, but also from a growing trend towards the use of documentary credits as a means of

payment in foreign trade (cf. also page 40). The expansion was further assisted by our guarantees for foreign currency loans which Commerzbank customers were granted by our international partner banks under the TransCredit system.

More stringent creditworthiness requirements

The changed economic context forced us to greater stringency as regards creditworthiness. Adequate provision was made for all foreseeable risks through the formation of valuation reserves.

A breakdown of our lending according to sector reveals a marked increase in loans to utilities and engineering firms:

Breakdown of lending to business and private customers*)	31-12-1974	31-12-1973
Mining and public utilities	5.3%	3.9%
Chemical industry	8.4%	9.1%
Electrical engineering, precision instruments, optical goods, metal products, and plastics	12.8%	12.3%
Production of iron, steel, and other metals; foundries	6.5%	6.8%
Steel construction, mechanical engineering, vehicle and shipbuilding	14.4%	12.6%
Building and civil engineering	2.3%	2.6%
Food, drink, and tobacco; animal feeding stuffs	4.3%	4.1%
Textiles, clothing, and leather	4.8%	4.8%
Wood, paper, and printing	3.5%	3.5%
Trade and commerce	13.4%	13.5%
Other services; professions	8.0%	8.0%
Other borrowers ¹⁾	16.3%	18.8%
(of which: instalment credits)	(4.4%)	(4.9%)
	100.0%	100.0%

*) Excluding guarantees, but including transmitted credits (on a trust basis); ¹⁾ especially private customers

Wide spread of risks

We regard the healthy structure of our lending, i.e. its wide geographical diversification and the spread over various industries, as an essential component of our strength. Even in so difficult a year as 1974, discrimination in selecting our loan customers, which has been one of our long-standing principles, protected us from significant bad

debts. In particular, we benefited from the fact that we had always placed considerable restraint on our financing of building firms, and we were therefore hardly affected by the spectacular collapses which occurred in this sector. On the other hand, we have remained generous in our assistance in financing soundly planned homes of the one, two, or three-family categories.

Servicing our private customers

Our retail business in 1974 was given substantial impetus by a revived propensity to save.

Savings deposits well recovered

Savings deposits, which in the first half of the year had still suffered from a preference for investments with higher yields, recovered strongly from the autumn onwards. The uncertainty as to the overall economic situation resulted in a greater willingness to save. At the same time, funds were shifted back to savings accounts following the downward movement of interest rates to more normal levels. In all, savings deposits placed with the Bank grew by over 14 per cent in 1974.

Savings business was concentrated on deposits subject to legal period of notice and on those yielding bonuses or involving extra payments by employers under the Law on the Formation of Private Assets. By contrast, other deposits with individually agreed periods of notice declined, even in absolute terms. As a result, deposits with legal period of notice amounted to almost half of the total savings deposited with us, and balances on bonus accounts also further increased their share in the overall volume of deposits to 13.5 per cent.

Our "standing order savings plan" helped greatly to restore our savings business; through this scheme, an increasing number of customers regularly transfer either fixed amounts or the remaining balances from their current to their savings accounts. The average amount thus automatically transferred each month has now reached over DM 6 million.

The average balance on savings accounts rose by one-tenth.

Size of savings accounts in DM	Number of accounts	Total amount in DM m
up to 1,000	937,506	219.4
from 1,000 to 10,000	668,130	2,098.3
from 10,000 to 50,000	119,647	2,210.7
over 50,000	12,652	1,861.1
	1,737,935	6,389.5

"Combined savings" scheme revised

The amount contracted under the "combined savings" scheme offered by Commerzbank increased by 6 per cent to DM 522 million in 1974. This scheme was improved last autumn to yield a 2 per

cent cash bonus, instead of an extra payment of a minimum of one per cent in the form of investment fund shares, upon completion of a contract period of at least five years. Most of our customers link the funds they deposit under this scheme with contracts under the Savings Bonus or the Formation of Private Assets Laws—hence the term "combined savings"—, thus taking advantage of Government savings incentives.

In 1974, the total amount of Commerzbank savings bonds outstanding rose from DM 60 million to DM 98 million; these bonds run for five years and offer a fixed rate of interest. Recently, the lowest denomination was reduced to DM 500.

Net purchases of securities financed through the withdrawal of savings deposits almost doubled compared with the previous year, to reach DM 576 million. Although investment fund saving suffered from the predominantly bearish stock markets, Commerzbank customers placed DM 66 million in "build-up accounts" of the affiliated ADIG investment company.

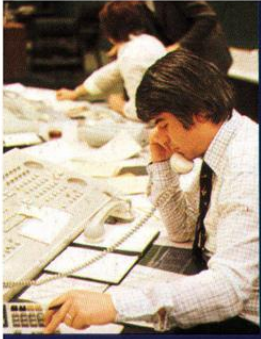
Lower demand for instalment credits

Lively savings business in 1974 contrasted with restraint in consumer borrowing. Sharply reduced car sales, which are mainly financed through instalment credits, were one important factor, but this area of our activity also suffered from the after-effects of the banks' voluntary abstention from advertising consumer loans, a measure which was only eased in the summer of 1974. Nevertheless, the overall volume of our instalment credits fell by no more than just under 3 per cent.

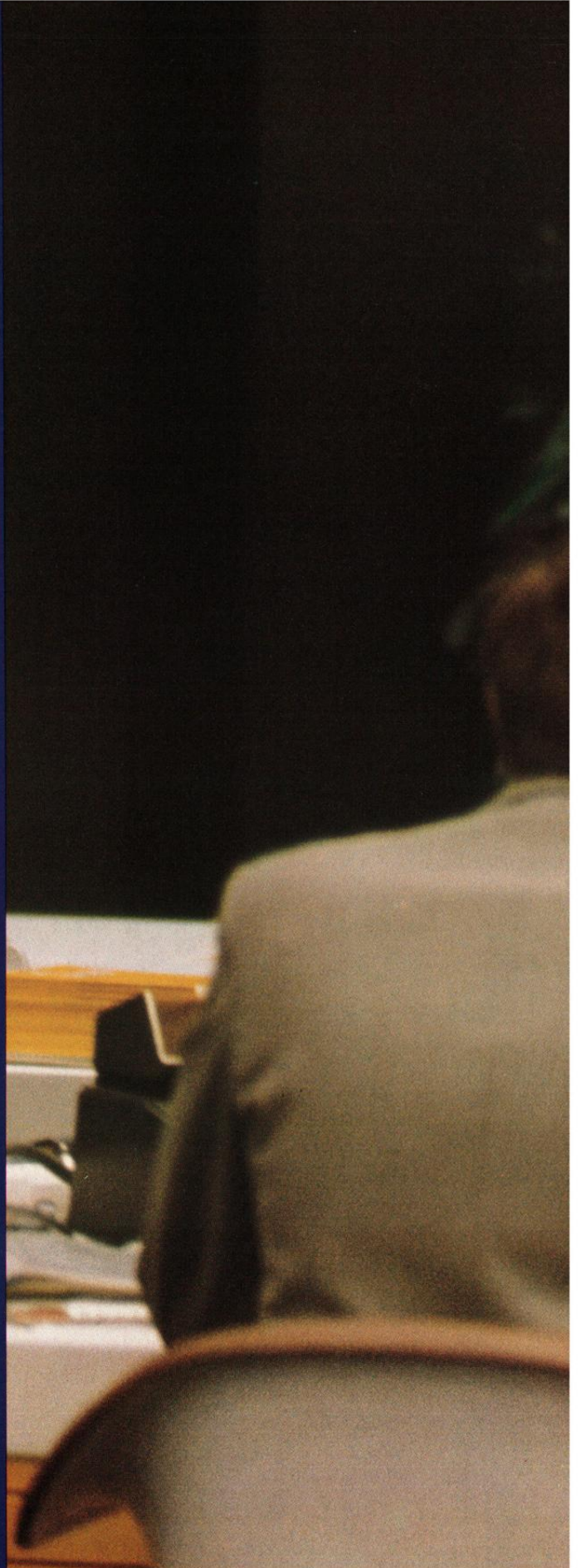
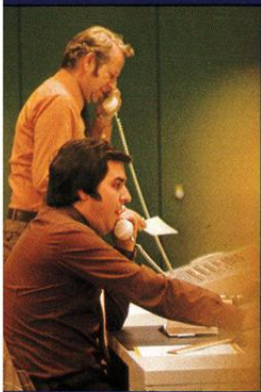
The Bank's instalment credits, previously offered separately as short-term "purchase loans" and medium-term "consumer credits", now constitute a uniform loan offer up to a maximum amount of DM 25,000 with terms of between six months and five years.

The volume of personal loans against real estate, which are available up to an amount of DM 150,000 and are particularly recommended for the modernization of old houses, was slightly up in 1974. As the recovery of the capital market has permitted us gradually to improve the terms of these credits, we are confident of future trends in this field. The same applies to Commerzbank's "package" building finance scheme through which future house owners are offered one overall loan instead of the combination of borrowed funds usually necessary.

Total lending to private customers under our personal loan schemes amounted to DM 1,165 mil-



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IS A MUST
IF CUSTOMERS ARE TO
BE ADVISED EFFICIENTLY
AND ORDERS ARE TO BE
PROCESSED RAPIDLY





lion at the end of 1974. This figure also includes short-term overdrafts on private accounts within the agreed limits.

Extension of eurocheque service

At the turn of 1974/75 we issued 265,000 new eurocheque cards. Interest in the eurocheque system has grown even further now that virtually all of Europe is covered by it. A new development was the extension of the cheque guarantee to non-bank drawees abroad, with the new regulation applying initially to Benelux and Finland. As a result it has now become possible in these countries to make out cheques in the local currency as well.

Issue and stock market business

The high level of interest rates, with long-term yields temporarily going into double-digit figures and with bond terms at the same time sharply reduced, proved to be prohibitive for industrial financing. As a result, bond issues by public authorities again predominated in the domestic issuing business. Industrial companies came to the market only for two convertible bond issues and for a sharply reduced number of share issues.

Loans against borrower's note, the placing of which was likewise only possible on the basis of substantially shorter terms, proved to be of special interest to public authorities and also to utilities. Again, we were very active in this sector. It should be mentioned, too, that the insurance industry benefited from better placement opportunities.

Euro-credits displace Euro-bonds

The general trend towards shorter terms also greatly affected the international capital markets. Medium-term Euro-credits, particularly in the form of roll-over financing with variable interest rates, at times predominated over Euro-bond issues of the normal type. D-mark denominated bonds suffered particularly, and it was not until the last quarter that a sustained recovery occurred.

During the year under review, Commerzbank acted as lead manager of a bond issue for Société Concessionnaire des Autoroutes Paris-Est-Lorraine (A.P.E.L.) and as a joint syndicate leader for another foreign D-mark bond loan. Furthermore, the Bank co-managed five foreign currency bond issues and assisted in placing 33 foreign currency bond loans equivalent to a total value of US \$ 760 million.

More foreign shares introduced

In the expectation that the foreseeable future would bring an end to the world-wide slump in share prices, we were again instrumental in having the stocks of major foreign companies listed in West Germany.

In six cases, Commerzbank acted as chief manager in introducing foreign shares for quotation on German stock exchanges, viz. for Guest, Keen and Nettlefolds of Britain, for Otis Elevator of the USA, and for Kubota, Mitsui O.S.K. Lines, Mitsui Shipbuilding, and Toray Industries of Japan. The Bank was also a joint syndicate leader in having the stocks of seven other foreign companies quoted in Germany.

Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues (incl. convertible bonds)	Foreign DM bond issues
1965	43 totalling DM 2.2 bn	25 totalling DM 3.8 bn	13 totalling DM 1.3 bn
1966	21 totalling DM 1.3 bn	9 totalling DM 0.9 bn	7 totalling DM 0.7 bn
1967	21 totalling DM 0.4 bn	32 totalling DM 4.2 bn	8 totalling DM 0.7 bn
1968	16 totalling DM 1.3 bn	25 totalling DM 3.9 bn	44 totalling DM 4.6 bn
1969	28 totalling DM 0.7 bn	9 totalling DM 1.8 bn	54 totalling DM 6.0 bn
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

*) cash proceeds

In addition we participated in placing 724 foreign currency bond issues between 1965 and 1974.

Stock market recovery

Our stock exchange business suffered in 1974 from the manifold adverse factors which depressed the German share market. Commerzbank's share index, based on the prices of 60 leading stocks, at the beginning of October showed a drop of 7 per cent from the level at the end of 1973, following which there was a recovery of 8.5 per cent up to the end of the year. By international standards this development was very satisfactory.

Correspondingly, market capitalization of the 426 quoted companies covered by special Commerzbank statistics remained practically unchanged on the year at just under DM 100 billion.

Bond market largely "self-supporting"

In 1974 for the first time, well over DM 50 billion of fixed-interest securities were sold on the German capital market. This record result, it is true, has to be seen against the background of sharply reduced maturities, a trend already evident for a number of years. Consequently, redemptions reached a high level, meaning that for the first time the market was almost 50 per cent "self-supporting".

Securities turnover down further

Overall turnover in securities dealings with our customers again fell short of the 1973 results, as the volume of transactions in both domestic and foreign shares was notably reduced. On the other hand, turnover in fixed-interest securities for the year as a whole was again well maintained, although fluctuating markedly from month to month. In the second half of the year there was a re-awakening of domestic customers' interest in foreign issuers' DM bonds, yields on which at times substantially exceeded long-term domestic interest rates (see diagram on page 22).

Our efforts to place investment fund shares continued to centre on the funds of ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, an investment company for which we act both as consultants and depository bank. The eight funds managed by ADIG held total assets of DM 2.1 billion at the end of 1974.

Our subsidiary, Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo) administered assets of DM 283 million in its investment funds, principally on behalf of pension funds and insurance companies.

Poll on proxy rights

A poll on proxy rights, carried out at the instigation of the German Bankers Association among banks' securities deposit customers, clearly confirmed that the overwhelming majority of customers considered their interests to be properly represented as regards voting at shareholders' meetings. More than three-quarters of our customers replied and of these, only 4.8 per cent believed that proxy rights should be exercised solely on express instruction (a possibility open in any case to every securities deposit customer under the existing system of proxy rights). A further 9.7 per cent thought that banks should only exercise a proxy voting right on the basis of an express instruction "in particularly important cases", such as mergers and takeovers. Only 0.3 per cent of those questioned thought that an entirely different procedure—which would not involve the depository bank—should be adopted for the exercise of proxy rights.

Foreign business and international activities

1974 proved an especially fruitful year for our foreign organization, with the Bank opening a branch in Chicago, a representative office in Tehran, and a joint representative office in Copenhagen.

The extent and aims of our international business are dealt with in the chapter "Commerzbank: world-wide activity" on pages 44 to 50 of this Report.

Our Luxembourg subsidiary, Commerzbank International (more detailed information on which is given in the Consolidated Annual Report), in terms of total assets increased its business by one-third to an amount equivalent to over DM 4 billion.

Our international affiliates have developed satisfactorily. The good start made by Europartners Bank (Nederland) N.V., of Amsterdam, in which Commerzbank holds a 60 per cent interest, has already caused its capital to be doubled to Dfl 40 million. In 1974, the bank completed its first full business year with a balance sheet total of Dfl 230 million and a profit which exceeded initial expenses. International Commercial Bank Ltd., of London, succeeded in consolidating its position as one of the leading institutions of its kind, and had no difficulty in adapting its business volume to the changed market situation.

Our affiliates in the Middle East, Rifbank in Beirut and Commercial Bank of Dubai, achieved above-average growth, both in terms of earnings and business volume.

TransCredit for Commerzbank customers

In our cooperation within the Europartners group, the TransCredit system again proved its value even under the difficult conditions of 1974. So far, working funds equivalent to over DM 500 million have been made available under this scheme with more than half of the amount being paid out to foreign subsidiaries of business customers of Commerzbank. We wish to express our sincere thanks to our international partner banks for their continued cooperation within the TransCredit scheme despite the sharp credit restrictions in their respective countries.

Strong growth in foreign commercial business

Growth in the volume of import and export transactions effected through us exceeded the rates recorded in any of the previous ten years. Thanks to the care and attention given to this aspect of our activity by the experienced staff in our branches, our foreign business expanded across the board. In the export field, German firms obtained more orders on a general contractor basis, with the result that major transactions played a greater role in overall export business.

There was an above-average rise in documentary credits because German suppliers became more critical of the risks in those customer countries strongly affected by the oil crisis, including some European industrialized countries. In general, we observed a remarkable change in payment habits. Whereas previously industrial plant had been financed mainly on a longer-term basis, it has recently become more frequent for cash payment to be offered, particularly by the OPEC countries with their strong foreign exchange reserves. In Western Europe, on the other hand, the tight liquidity situation in some neighbouring countries meant that German exporters had increasingly to allow longer periods for payment even when supplying basic materials and durables.

Foreign exchange markets consolidated

On the international financial markets, the extent of the uncovered positions of some banks in forward exchange dealings combined with at times excessive money market transactions took its toll. Our Bank was in no way involved in the activities leading up to these events.

We are gratified to see a return to conservative principles. Within the context of this process of stabilization, foreign exchange dealings declined abruptly last summer and at present are being kept within limits defined by the volume of trade in goods and capital. We are fully in accord with the strict rules governing foreign exchange dealings which have been imposed in West Germany for the first time (cf. page 23) and which in some quarters are regarded as too confining. Our foreign exchange transactions, which have always been conducted on the basis of a careful assessment of risks and under very close and continuing control, were again carried out successfully despite the fact that 1974 was a particularly difficult year.

The Bank's foreign position, by which we mean the internal record of the foreign assets and liabilities of our domestic branches, developed a strong positive balance over the year, chiefly as a result of depositing more funds on the international money markets, but also because of increased lending to international borrowers.

Longer-term export financing

We were again heavily involved in the provision of longer-term export finance. We continued to provide help through Euro-credit lines, mainly in cooperation with our Luxembourg subsidiary and with International Commercial Bank, London.

Towards the end of the year, our exporting customers again turned increasingly to domestic sources of finance, and buyers' credits available under ceiling C of AKA export finance are gaining importance here.

Where normal means of finance could not be made use of, we in many cases also assisted our customers by purchasing without recourse their medium and longer-term export claims. We provided this facility particularly for firms in the capital goods sector. The improvement in the balance sheet position thus achieved gives exporters greater scope for new business.

Participation in trade fairs abroad

To ensure that our services are available to our customers at the very moment when new deals are being negotiated, we have extended our foreign trade fair service. In 1975, Commerzbank will thus be represented at 14 East and West European trade fairs, either alone or jointly with its international partners.

Staff and welfare report

Some statistical data

In spite of expanding our branch network and increasing our international activities, we were able to make a slight reduction in our total staff. At the closing date the Parent Bank's personnel, calculated as full-time staff, numbered 16,585. This figure no longer includes the employees of our branches in the Saar which, in mid-1974, were merged with the branch operated there by Crédit Lyonnais, to form Commerz-Credit-Bank Aktiengesellschaft Europartner, but does for the first time include the staff working at Commerzbank's foreign branches.

If we take into account the 2,000 part-time personnel and the 1,615 people being trained, a total of 17,585 persons were employed by the Parent Bank at the end of 1974. All these figures ignore the 142 members of staff called up for military service.

The proportion of women among our personnel increased again from 48 to 49 per cent, calculated on a full-time basis. As in the previous year, the average age for staff overall was 36.

In 1974, two of our colleagues, Mr. Rudolf Hertel from Hamburg and Mr. Karl Roebers from Dusseldorf, celebrated 50 years' employment with Commerzbank. 17 members of our staff completed 40 years' service and 209 completed 25 years' service with the Bank.

151 employees retired during the year under review, at the end of which we were providing for 2,902 pensioners or their widows.

We regret to announce the death of 28 members of our staff and of 117 of the Bank's pensioners.

Three-stage rise in negotiated salaries

During the year under review, the salaries of those of our staff covered by collective agreements were increased in three stages. Since, initially, no understanding had been reached between trade unions and employers, the Bank voluntarily raised scale salaries by 11 per cent, or a minimum of DM 140.—, with effect from March 1, 1974. After agreement was reached on new collective scales in June 1974, the minimum increase was augmented to DM 155.— and salaries were put up a further 1 per cent with effect from August 1. On October 1, collectively agreed salaries were again raised another percentage point. From the same date we increased the employer's contribution in

the context of promoting the formation of private assets from an annual amount of DM 312.— to DM 468.—. The Bank incurred further costs as a result of the provision in the collective agreement for a reduction in the working week from 41 $\frac{1}{4}$ to 40 hours as from July 1, 1974. As in previous years, we again paid voluntary bonuses to all scale-salaried personnel.

Total staff and social security expenditure was up from DM 501.3 to DM 580.9 million. This takes into account the fact that the Bank raised its support payments to a large number of pensioners and widows as from October 1, 1974, and accordingly increased provisions for pensions, the total amount of which rose to DM 240.9 million. Pension and support payments taken together required DM 66.8 million.

In December 1974, a law enlarging the scope for claims on individual company pension schemes took effect. The provisions safeguarding pension rights against invalidation and company failures are a further burden placed upon employers by the legislature.

Staff again offered shares

August 1974 was the ninth occasion on which we offered Commerzbank shares on preferential terms to the staff and pensioners of both the Parent Bank and its subsidiaries. The offer was again two shares per person, but owing to the bearish stock market, the response was more restrained than in previous years.

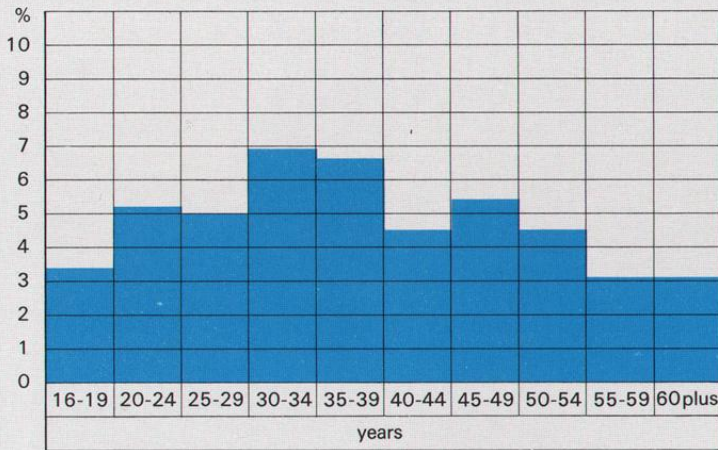
Some 13,300 staff and pensioners of the Commerzbank Group hold employees' shares in their securities portfolio. This figure represents a slight decline due to the fact that for a considerable number of shares acquired in earlier years, the immobilization period expired.

Way open for flexitime

Following test runs in several of the Bank's staff departments and branches, an outline agreement reached with the employees' council provides for flexible working hours. The way is now open for the introduction of flexitime on a uniform basis throughout the Bank. This affords our employees more freedom in arranging their own working schedules, but at the same time exacts from them a greater degree of responsibility.

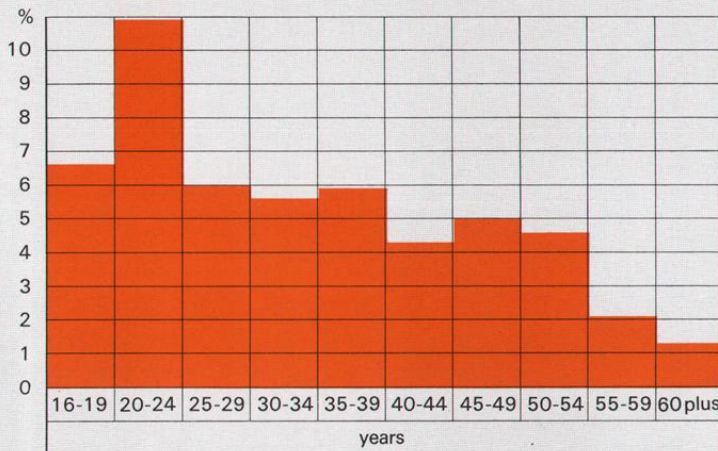
In December 1974, an improvement was made in the holiday assistance we voluntarily provide for staff covered by collective agreements. As from 1975, such benefits will be granted annually in-

Statistical data on Commerzbank staff

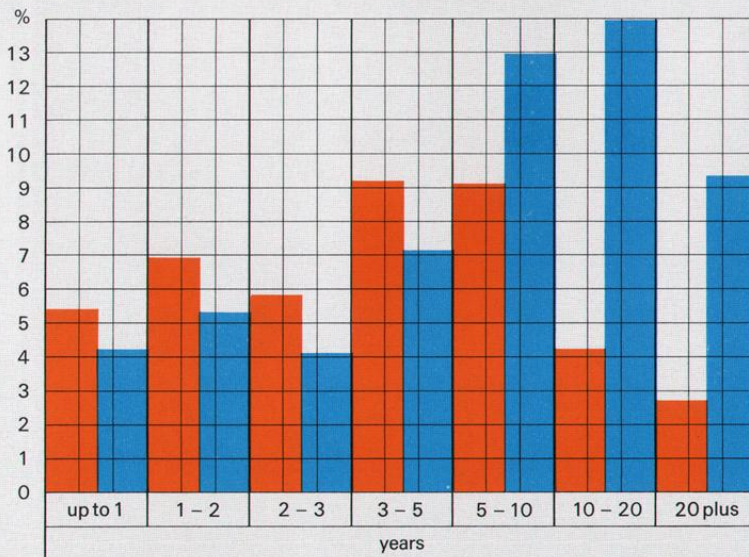


Age structure of staff

The age structure of the Bank's personnel has changed but little: while the majority of the male staff are between 20 and 49 years old, most of the female employees fall within the 16 to 39 years range.



male
female



Years of service with Commerzbank

The Bank can 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.

male
female

stead of every other year as previously. At the same time, the Bank is increasing these annual holiday assistance payments by some 50 per cent.

Changes in training schemes

In the year under review, we continued to improve our training schemes at all levels.

As previously, we considered it particularly important to provide our apprentices with a thorough theoretical grounding and comprehensive introduction to banking practice. Certain changes were made as regards theoretical training, with the result that banking instruction previously given at individual branch offices will now be largely concentrated in 33 training centres, 13 of which were already set up in 1974. Teaching at these centres will be in the hands of full-time instructors.

Growing importance of additional training

We have always attached great importance to the further education and advanced training of our staff. In 1974, we organized in all some 230 seminars which were attended by about 3,400 members of our personnel. Half of these courses were run on a regional level and the other half (mainly for junior and senior management staff) on a central basis. Great attention is paid both to further training in specialist fields and to the provision of customer-oriented training.

The increasing internationalization of banking business has been reflected in the schemes we offer for further education and training. Joint seminars organized in cooperation with the other Europartners banks as well as seminars for trainees from foreign banks with which we maintain close links now form part of our standard training programme.

The training centre at Glashütten near Frankfurt, to be opened in the autumn of 1975, will mean a further improvement in our advanced training facilities. Every year some 2,500 of our staff attending the centre will be given the opportunity to extend their knowledge and discuss their experience with others in optimum conditions.

Once again in 1974, some 200 junior and senior management staff took part in special internal courses.

Staff exchange with Europartners

The exchange of personnel with our international partners Banco di Roma, Banco Hispano Americano, and Crédit Lyonnais has continued on

an increased scale. Senior Commerzbank managers have been seconded to each of the three banks for periods of several years. There is also a broad programme of exchanges at junior manager level involving secondments of several months to enable those concerned to learn on the spot how the partner banks operate.

In addition, during the main holiday season younger Commerzbank staff fluent in other languages worked at the tourist counters of our partner banks to provide assistance to our customers travelling abroad.

Quite separately from this scheme, we are continuing to send qualified personnel to correspondent banks world-wide with whom we have good business relations, thereby giving our employees a chance to extend their specialist knowledge while learning more about the language and people of the country concerned.

Cooperating with the staff councils

Once again in 1974, cooperation between the Bank's central management and the general staff council and, at branch level, with the local employees' councils continued in an atmosphere of objectiveness and open-mindedness. Staff, welfare, and economic matters were thoroughly discussed.

Gratitude to staff

During the year under review we once again had to make exacting demands on our employees. We should like to thank all those who contributed to our success by their initiative and hard work.

Commerzbank: world-wide activity

(I) The initial situation

The dynamic revival of West Germany's export trade which began in the early fifties was greatly assisted by the banking system. Initially, this was done by reestablishing former links with foreign countries and by the creation of suitable financing facilities. Thus, after years of isolation dating back as far as the world economic crisis, the way was once more clear for international cooperation. In particular, the major banks with extended branch networks specializing in foreign trade transactions became very actively involved in handling payments and credit business with abroad.

One important step was the formation by the banks of AKA Ausfuhrkredit-Gesellschaft m.b.H.—a consortium formed in 1952 to provide finance for medium and long-term periods of payment which foreign buyers of capital equipment had come to expect from their German suppliers under the pressure of the world shortage of capital.

The banks acquired new responsibilities when far-seeing industrial companies began in the early fifties to overcome the tariff barriers, which were particularly high at the time, and to avoid import controls by establishing assembly and even production plants abroad. The setting-up of foreign marketing organizations by German industry was another enterprise requiring the help of the German credit institutions.

Payment transactions and credit business with foreign countries during the fifties and even in the following decade were still almost exclusively carried out within the traditional framework of the correspondent bank network. Only as a complementary—and initially isolated—activity did the banks acquire holdings or establish their own offices in foreign places considered promising.

As West German industry became increasingly involved in world trade, the question which had to be faced from the early sixties onwards was whether the German banks, particularly the large ones, should not also be present in the main international financial centres with their own branches. At first the answer failed to be positive owing to the fact that it was then still possible to arrange international financing, which by this time was assuming increasing importance compared with commercial banking business, from head offices in Germany.

Looking back, one might critically wonder whether the major German banks perhaps delayed their

decision to set up their own overseas branch networks for too long. However, one should point out that this defensive foreign policy, which was still generally advocated at the Düsseldorf Bank Congress as late as 1968, did not derive from psychological barriers alone. After all, the German banks had twice experienced the expropriation of their assets abroad, and protectionist thinking was still widespread. Hard economic facts also prompted some reserve, in particular as regards the high costs of West German reconstruction and recovery which involved a large amount of capital and substantial organizing ability. Besides, the use of the D-mark as a currency for international transactions—especially as compared with the US dollar—was still very limited at the time.

The growth of the Euro-finance markets and the increasing prestige of the West German currency from the late sixties and early seventies onwards have improved prospects for direct business abroad. Successive upward revaluations of the D-mark have acted as an incentive for German industry to expand its production abroad and hence to make greater demands on their bankers. Possible inhibitions which might initially have constituted an obstacle to business by German banks abroad were dissipated by the increasing "invasion" of Europe by foreign banks which flourished particularly on the liberal soil of the Federal Republic.

(II) New foreign strategy

This new orientation of the German banks' "foreign strategy" is clearly reflected in the international activities of Commerzbank. Over the last ten years, in particular, the Bank has developed from an institution with some foreign business involvement to one operating at international level.

Commerzbank has planned and carried out its international activities along various lines. In the first place it built a network of representative offices and holdings abroad. Then it established a firm position both in the Euro-finance markets and in the dollar area through its foreign subsidiaries and branches. In addition, in 1971 it entered into a cooperation agreement within the Europartners group of banks (see below under section V), whose prime object, it is true, is to work closely together in Western Europe and to achieve a division of functions in that region, but who also aim at joint operations overseas wherever possible. The Bank's international business policy is marked by the great importance that Commerzbank attaches to its cooperation within the Europartners group.

Of course, a very important part of the Bank's foreign business is still handled in the Federal Republic. For business customers involved in foreign trade, the Bank's branch offices carry out international payments transactions via the head offices and provide export and import finance, also in foreign currencies. The Bank's private customers are offered manifold international services, ranging from money changing to the purchasing of foreign securities.

The Frankfurt head office directs and controls the Bank's foreign business and through specialized departments handles specific transactions such as the arranging of finance credits and foreign bond issues. It is also in charge of Commerzbank's foreign exchange operations, the advising of German customers on matters concerning international investment, and of securities dealings with institutions abroad.

The volume of Commerzbank's foreign business such as is reflected by the assets and liabilities in the Balance Sheet is not merely restricted by foreign banking laws but also by the Bank's self-imposed limits set especially with a view to minimizing the risks incurred in different countries.

Whereas the assets of the London, New York, and Chicago branches are included in the Annual Accounts of the Parent Bank, the balance sheet of the Luxembourg subsidiary, Commerzbank International S.A., forms part of the Consolidated Accounts.

(III) Representative offices

The setting-up of our first representative offices abroad dates back some considerable time. They are operating as information and business solicitation bureaus particularly in places where our German customers expect us to give them assistance, especially overseas. Important contacts are being maintained by our foreign representatives with the local banks of the country concerned, and it is through them that among other things customers for loans and bond issues can be obtained. As in the context of the international activities of Commerzbank financing transactions became increasingly important, the functions of the representative offices, which initially had mainly served to handle foreign trade, underwent considerable expansion. Managers and personnel of these bureaus are experienced Commerzbank staff.

Over the years, a world-wide network of representative offices has been built up. A typical

example is Latin America where initially the Bank had representatives only in Rio de Janeiro and Buenos Aires. Today with further offices operating in Caracas, Lima, Mexico City, and São Paulo, virtually all of the Latin American countries are well covered.

Depending on the local situation, these offices are either run by Commerzbank alone, or as joint representative offices of the Europartners, with the most recent bureau opened in late 1974 in Copenhagen being the group's sixth joint undertaking of this kind.

(IV) Foreign subsidiaries and branches

Commerzbank's first step towards direct business abroad was its participation in 1967 in the formation of International Commercial Bank Limited (ICB), whose five shareholder banks came from the three most important currency zones in the world economy. ICB was founded in London to allow its parent banks to operate jointly in the medium and longer-term Euro-credit markets just developing at the time.

The second major manoeuvre followed shortly afterwards. In 1969, Commerzbank set up Commerzbank International S.A. in Luxembourg, a favourable centre for banking known for its liberality. The Luxembourg subsidiary is primarily concerned with Euro-market dealings, with much of its steadily growing business done in D-marks. Foreign Governments, which increasingly wish to expand the D-mark share in their monetary reserves, play an important role among the depositors of Euro-D-mark. Domestic customers of Commerzbank have been given access to the Euro-finance markets through the Luxembourg subsidiary, whose assets are predominantly made up of shorter-term loans and deposits. Commerzbank International is also active in securities dealings.

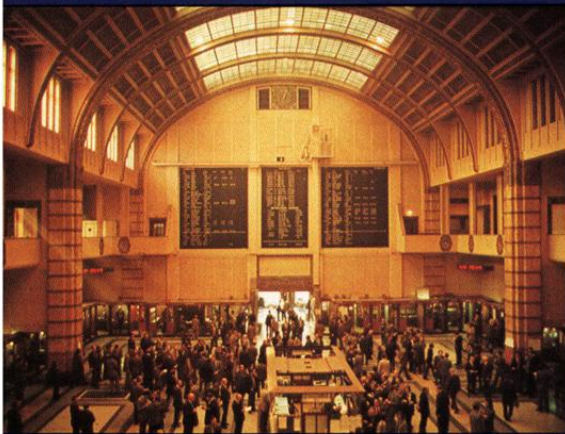
The establishment of the Luxembourg subsidiary was followed in 1971 by a "jump across the Atlantic", Commerzbank being the first German bank to open a branch in New York, a development preceded by maintaining a representative office there since 1967. The branch was given the dual task of serving both as a foothold in the home country of the dollar—the most important currency for international financial dealings—and as a transfer station, particularly for payments transactions. The setting up of this branch was based upon the assumption of substantial growth of direct investment in the USA by German companies, an expectation which has since proved correct.



INTERNATIONAL FINANCING

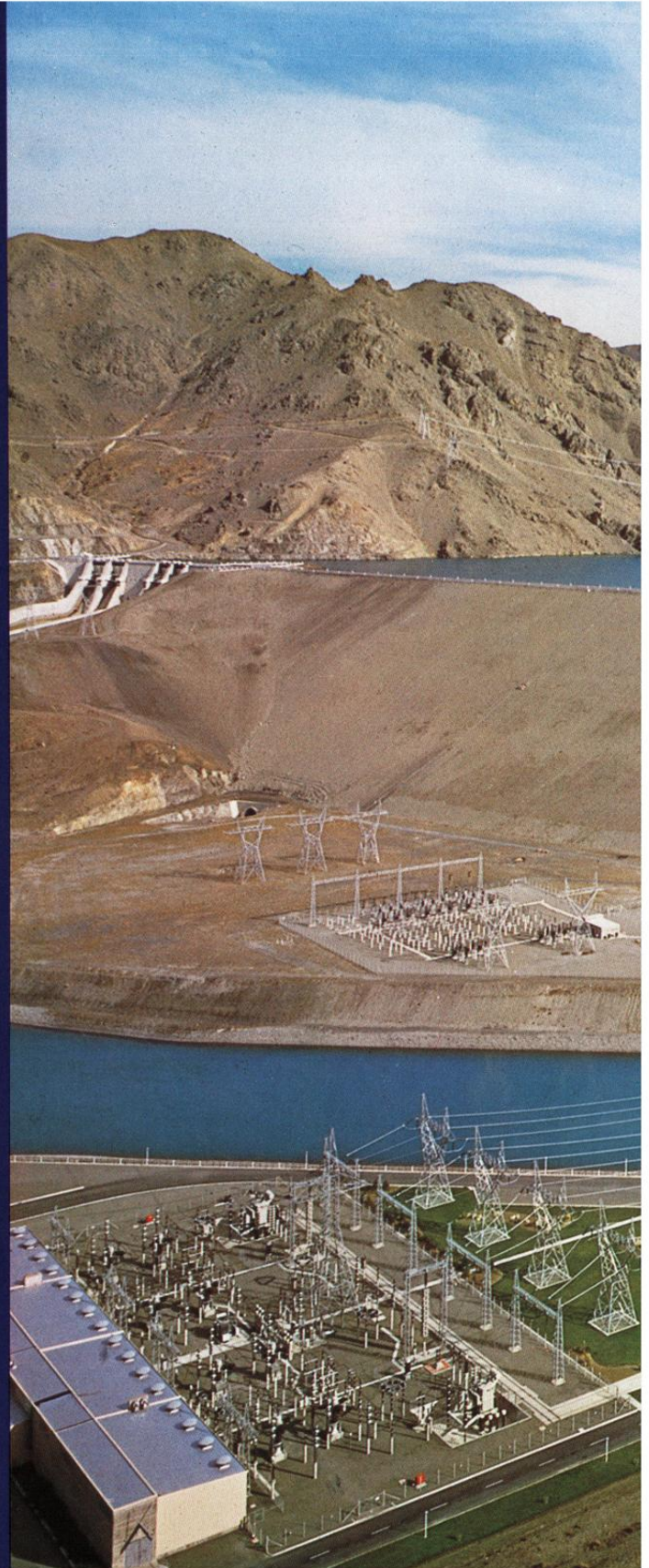
Throughout 1974 the Bank continued its intensive activity in the international syndicate business. Thus Commerzbank managed inter alia a bond issue for Société Concessionnaire des Autoroutes Paris-Lorraine (A. P. E. L.), providing funds for the construction of a super-highway from Paris to Lorraine. The Bank also helped to arrange substantial loans for New Zealand and Denmark.

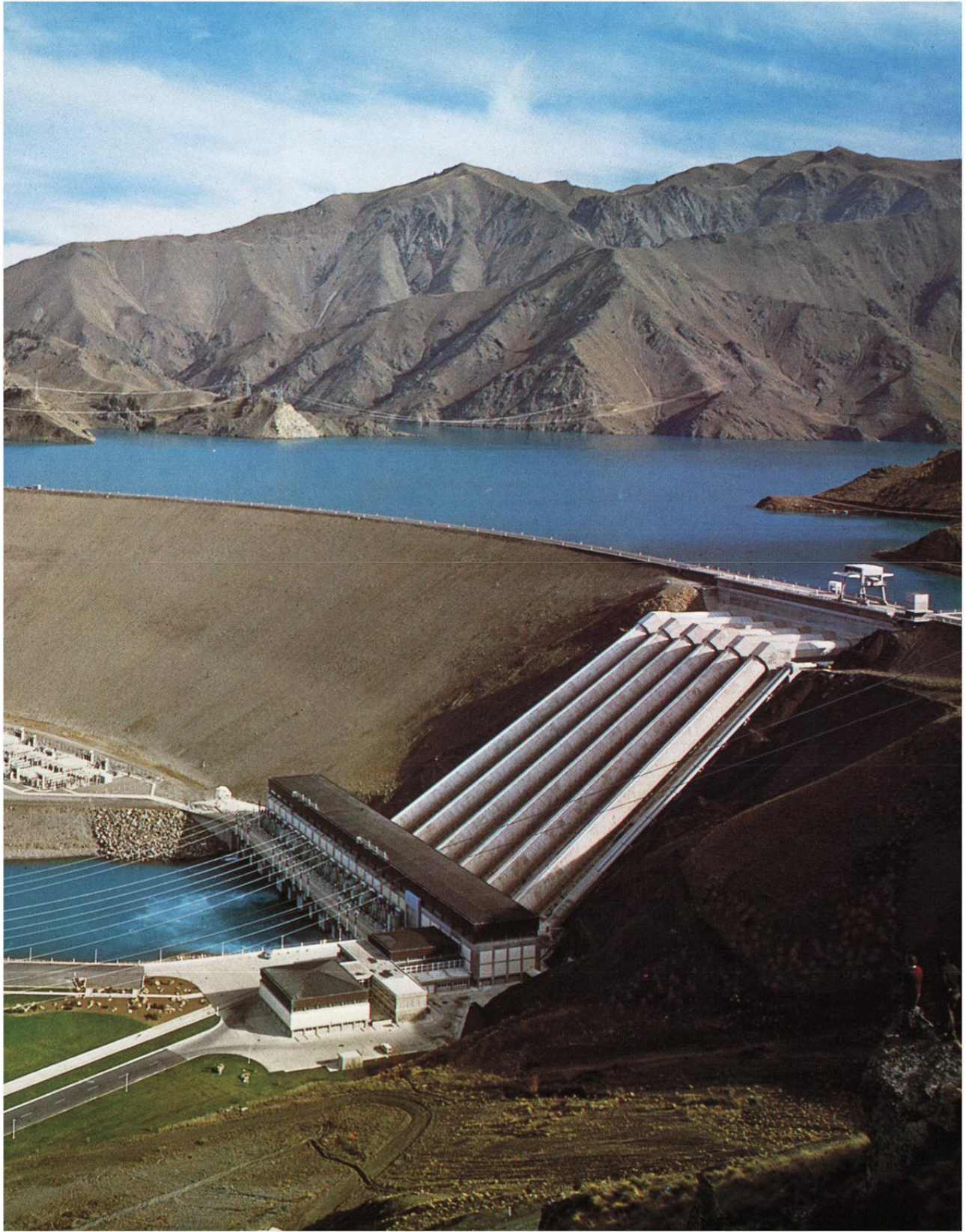
The Bank continued its policy of having its shares listed on international stock exchanges by introducing them on the Luxembourg and Amsterdam bourses in 1974. Commerzbank's shares are now quoted on twelve foreign stock exchanges.



45.50	HOLL. BETON	45.50
54.70	HOOGOVENS	55.20
32.	N. C. B.	30.60
04.	PONTHOUT	204.
74.50	TELEGR.	73.

1 France, construction site of super-highway built by A. P. E. L.





In 1973, the Bank's second foreign branch began to operate in London—a city which was attractive from the point of view of Britain's entry into the European Community but even more so because of the key role played by the City in the Euro-finance markets. In addition, many German industrial companies with marketing or manufacturing subsidiaries in the UK wished their banking needs to be efficiently looked after by their home bank.

Indeed, the branches maintained by Commerzbank in both London and New York already rank high in terms of business volume and earnings.

Owing to the successful start of the New York branch and in view of the opportunities offered by the large American market, it was soon decided to open a third foreign branch in Chicago as early as in the autumn of 1974. As the centre of the industrially important Middle West of the United States, Chicago has at the same time a relatively strong economic orientation towards Europe.

A feature common to all three foreign branches of Commerzbank is that they are both organizationally and technically completely integrated into the Bank. This has been facilitated by a system of on-line connections with the Frankfurt headquarters which permits constant telephone and telex contact between the latter and the foreign branches and makes possible the complete processing of accounts by the central computer in Frankfurt.

This technical integration at the same time assists Commerzbank's foreign exchange dealings which are effected in a fully coordinated manner between the three head offices in West Germany, the Luxembourg subsidiary, the three foreign branches and, in addition, Europartners Bank in Amsterdam which is also linked to this system, and for whose management Commerzbank has special responsibility.

(V) The Europartners

An essential component of Commerzbank's business policy since 1970/71 has been the cooperation within the Europartners group which now comprises four leading West European banks:

Banco di Roma, Rome,
Banco Hispano Americano, Madrid,
Commerzbank, Dusseldorf/Frankfurt,
Crédit Lyonnais, Paris.

Detailed information on the group's growing and increasingly intensive cooperation has been given in our previous Annual Reports*). We shall there-

fore limit our remarks here to a description of a few basic features.

The Europartners group has met the "American challenge" in Europe by using a concept which aims at offering an integrated branch system; this permits them to serve their customers on a European scale. With a division of functions being their guiding principle, the partner banks are also attempting to work together in other countries, particularly overseas. Backed by assets of an equivalent of almost US \$ 60 billion, representing the sum total of the deposits and the liable funds of the four banks taken together, and thanks also to its substantial placing power in the issuing business, the Europartners group has become an important factor in large-scale international financing. Through mutual exchange of information and experience, the partner banks have been strengthening their position in all sections of business.

This concept is borne witness to by numerous newly formed or reorganized subsidiaries. In Western Europe, the Europartners in 1973 set up Europartners Bank (Nederland) N.V. as a jointly run commercial banking subsidiary in Amsterdam. In addition, Commerzbank's branches in the Saar, together with the branch office Crédit Lyonnais had operated there, were in 1974 brought into Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken. Outside Europe, the group's most important joint venture is EuroPartners Securities Corporation in New York, an investment bank which rounds off the international service offered on the basis of the universal banking concept. A holding in this bank, into which the former Crédit Lyonnais Corporation was transformed in 1971, was acquired by a group of leading Scandinavian banks in 1974 through their joint London subsidiary, Nordic Bank Ltd.

The international organization of the Europartners also includes six joint representative offices and a number of specialized institutions:

Europartners Leasing S.A., Paris,
IRIS – Institutional Research and
Investment Services S.A., Geneva;
Mithai Europartners Finance and Investment Ltd.,
Bangkok,
Nippon Europartners Consulting Company, Tokyo.

Among the Europe-wide services offered by the group, the most important is the TransCredit sys-

*) 1970: pages 57–59; 1971: pages 55–58;
1972: pages 51–54; 1973: pages 43–46.
Key data for the group and for the individual partner banks are given on page 105 of this Report.

tem through which foreign subsidiaries of the banks' customers can be provided with working funds. The scheme is supplemented by bilateral credit agreements with non-group institutions, such as Lloyds Banks, London, and Mitsui Bank, Tokyo. The Europartners have also created facilities permitting faster payment transactions. A further specialty offered is the "breakdown service" which gives foreign tourists easy access to their home bank account. Joint participation in international issuing and credit syndicates is a further example of the group's cooperative banking activities.

(VI) World-wide network of holdings

Over the last 20 years, Commerzbank has acquired holdings in commercial banks and in national and international development institutions in many countries throughout the world. An interest of 10 per cent or more, involving representation on either supervisory board, management, or credit committee, is held by the Bank in the following institutions:

International Commercial Bank Ltd.,
London, since 1967,

Rifbank S.A.L.,
Beirut, since 1968,

The Commercial Bank of Dubai Ltd.,
Dubai, since 1969,

EuroPartners Securities Corporation,
New York, since 1971,

Europartners Bank (Nederland) N.V.,
Amsterdam, since 1973,

UBAE Union de Banques Arabes
et Européennes S.A.,
Luxembourg/Frankfurt, since 1973,

Mithai Europartners Finance
and Investment Ltd.,
Bangkok, since 1974,

P. T. Finconesia
Financial Corporation of Indonesia,
Djakarta, since 1974.

The most important of the institutions listed above is International Commercial Bank Ltd., London, which has developed into one of the leading Euro-credit banks and came successfully through the "ordeal" of 1974. While Commerzbank was a founder member (see above under section IV), its international partners Banco di Roma and Crédit Lyonnais became shareholders in ICB in early 1973.

With the exception of the recently acquired stake in Finconesia and the holdings in Rifbank, Beirut,

and Commercial Bank of Dubai—the latter two reflecting the interest Commerzbank developed in the rapidly growing Middle East as early as the late sixties—all important affiliates of the German partner bank are involved in the Europartners' cooperation.

(VII) Export financing

The massive growth of West Germany's exports, particularly as regards capital goods, would not have been possible without the energetic assistance provided by the German banks, and Commerzbank has been extremely active in this field.

Medium and long-term financing of capital goods exports, which used to be mainly effected through the funds provided by specialized institutions such as AKA*, GEFI*, and Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), has over the last few years been supplemented to an increasing extent by "tied" financial loans granted to foreign buyers directly by the commercial banks. This direct intervention of the banking system proved necessary because the funds of the Reconstruction Loan Corporation available for export financing were reduced due to a partial change in the business policy of this institution, while exports of capital goods continued to increase. The resultant need to change over to purely financial credits applied particularly to major projects, with Commerzbank playing an important role in most cases.

This restructuring of export financing methods, together with the unstable international monetary situation and the at times high level of interest rates in the Federal Republic, caused us to arrange financing for our customers involved in foreign trade through both our Luxembourg subsidiary and our London affiliate, ICB, either on a roll-over basis or at fixed rates.

Finally, Commerzbank often arranged for its customers to have their export bills discounted without recourse whenever such financing was suitable, and particularly where normal sources of export finance could not be made use of. The Bank's industrial customers thus benefited from an improvement in their balance sheet position.

(VIII) Issues and stock market business

In the international issues business, Commerzbank acted as lead manager for a number of

*) AKA Ausfuhrkredit-Gesellschaft mbH
(Export Credit Corporation);
GEFI Gesellschaft zur Finanzierung von Industrieanlagen mbH
(Corporation for the Financing of Industrial Plant).

D-mark bonds of foreign public and private issuers of international standing. In addition, it often had a significant part in the issue of foreign currency loans. Over the last three years, the Bank has managed 11 international bond issues and co-managed a further 34, and over the last ten years, it was a member of more than 1,000 international issuing syndicates.

In recent years, particularly in 1974, international bond issues were at times displaced by Euro-syndicate credits. Here again Commerzbank has frequently participated, whilst of course bearing in mind the importance of spreading risks which requires exceptionally critical assessment in the case of such direct commitments.

Introducing interesting and well-known foreign securities on the leading German stock exchanges has been another section of our international issues business. On the other hand, Commerzbank's own shares are now quoted on twelve European stock exchanges outside West Germany.

Transactions with abroad form a substantial proportion of our dealings in shares and fixed-interest securities. Following a period in which buying and selling of foreign paper for German account often predominated, foreign investors have again shown increasing interest in German securities of late. In recent years, dealings with abroad carried out for domestic and foreign customers have amounted on average to about a quarter of the bank's total securities business.

(IX) Staff engaged in foreign business

If the rule that the strength of a bank and the confidence it inspires depend particularly on the skill and experience of its staff is true for banking in general, it is even more so for a bank's international business.

In all, Commerzbank employs over 2,000 people in its foreign business. Most of these are accounted for by the foreign departments of the head offices and the domestic branches; a further large group consists of the specialists handling the Bank's issuing and stock market business and its foreign exchange dealings, and also of the internationally orientated members of the staff departments.

About 300 employees are working abroad, most of whom are with the international branches, subsidiaries, and affiliates. Some staff work either as trainees or as instructors at foreign banks with whom Commerzbank has close relations. A special function is performed by the so-called "Com-

merzbank desks", whereby a number of staff are seconded not only to the other Europartners banks but also to associated overseas institutions, as in the case of Bangkok and Djakarta.

Conversely, Commerzbank considers it a pleasant duty to provide both its partner institutions and correspondent banks throughout the world with facilities to have their staff trained in Germany.

In all, about one member of Commerzbank's staff in eight is today somehow involved in its foreign business; a decade ago the figure was only one in twenty. The contribution of the different sections of the Bank's international business to the balance sheet total is considerable. If we include the financing of foreign trade, this amounts to about two-fifths of the combined balance sheet total of the Parent Bank and the Luxembourg subsidiary, Commerzbank International S.A.

(X) Prospects

In recent years, the Bank has given priority to building up and extending its international organization. Commerzbank is thus well placed for further expansion in all aspects of its foreign business.

The Bank considers the prospects for such growth to be good, both in the commercial and the financial fields. German foreign trade, at least in the medium term, will expand further, and an increased interest in direct investment abroad is to be observed on the part of German industry. In addition, a broadening of the capital flows between West Germany and world financial markets is likely, probably in association with intensified international use of the D-mark.

Outlook

For a world-wide dialogue

Capital formation and technological know-how which had previously been concentrated in the industrialized countries are becoming divorced. As long as the oil-producing countries are able to enforce monopoly prices, they will also continue to extend their financial power. The industrialized countries must take care to ensure that their own resulting foreign indebtedness is soundly financed. A sustained easing of international monetary tensions is thus only likely in the course of the eighties when supply of energy can be expected to rise considerably through the use of new sources.

The present phase of profound distortions is placing considerable strain on the sense of responsibility of every country. Solutions to the complex oil problem can only be found by way of a dialogue, and this requires realistic policies on all sides. The oil-producing countries themselves must ultimately also have an interest in securing a healthy world economy.

There is no shortage of possible forms of cooperation combining Western know-how with Middle East capital, and German industry is thus afforded another opportunity to demonstrate its efficiency. Those developing countries which are short of raw materials and require employment for their populations would be suitable areas for such ways of working together.

Consolidation—watchword of the moment

Despite the strong pressures being exerted at both national and international levels in favour of reflation, we still give top priority to a return to financial stability. The first aim here should be to combat inflation and eliminate the high current account deficits, inter alia in order to save world trade from protectionism. The second aim should be a consolidation of finances in both the public and private sectors of the economy—the latter having suffered particularly in 1974 as a result of the dearth of long-term capital. The present recovery of the international securities markets should help to improve the situation.

West German upswing may start in summer

Not only the individual countries but also the various sectors of each national economy will have to adjust themselves to the new economic conditions. For German industry this means gradually shifting its production towards high technology

and the manufacture of specialized products. Only thus will West Germany be able to consolidate its position in a world economy based on the division of labour.

For the rest of 1975 the country, now experiencing the most painful recession it has ever known, can expect a slight revival in economic activity—probably from the summer onwards. The principal factor working in this direction is the tough counter-cyclical fiscal policy. A sustained recovery is, however, impossible unless private business loses its reluctance to invest.

The motto this year should be that only a restrained wages policy can be deemed socially acceptable. Unless we return to a more normal structure of wage-profit relations, under-employment cannot be overcome.

Commerzbank: operating on a solid basis

In the last two years, Commerzbank's policy of sound and careful management was found to be justified. The guiding principle of our business policy remains the achievement of organic, yet profit-oriented growth.

Our decisions as to the raising of new equity capital should be regarded as an expression of our confidence: after increasing our liable funds by about one-tenth through the issue of new shares at the turn of 1974/75, and following an allocation to the reserves from the 1974 earnings, we are now asking the Annual General Meeting to approve a re-increase of the authorized capital to its previous level. This, we feel, will not only equip us to meet any business risks but at the same time will enable us to go on seizing every opportunity for sound expansion in the future.

Notes on the Parent Bank's Annual AccountsBalance Sheet total

During the financial year 1974, the Bank's Balance Sheet total increased by DM 3,031.2 m to DM 31,436.1 m, representing a rise of 10.7%. Details of changes as compared with the previous year are as follows:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	- 735.7	Liabilities to credit institutions	+1,966.6
Bills	+1,933.5	a) demand	(+ 314.3)
Claims on credit institutions	+1,332.0	b) time	(+1,652.3)
Bonds, notes, and other securities	+ 59.5	Liabilities to other creditors	+ 837.6
Claims on customers	+ 225.4	a) demand	(+ 523.7)
Participations	+ 196.4	b) time	(- 484.0)
Land and buildings, furniture and equipment	+ 74.9	c) savings deposits	(+ 797.9)
Sundries (including transmitted credits, on a trust basis)	- 54.8	Provisions	+ 91.9
		Special reserve item	+ 34.9
		Capital and reserves	+ 151.3
		Sundries (including transmitted credits, on a trust basis)	- 51.1
	+3,031.2		+3,031.2

AssetsLiquidity

At the end of the year under review, cash funds—consisting of cash on hand and balances with the Deutsche Bundesbank and on postal giro accounts—amounted to DM 2,612.0 m. This represented 8.9% of our total liabilities to banks and other creditors plus convertible bonds issued and our own acceptances outstanding, amounting to a total of DM 29,340.0 m.

Our total liquid assets in cash, cheques, matured bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the Deutsche Bundesbank, claims on credit institutions (for periods of less than three months) plus fixed-interest securities eligible as collateral for Deutsche Bundesbank advances, amounted to DM 9,676.4 m, representing as in the previous year 33.0% of the total liabilities mentioned above.

Claims on credit institutions

Our credit balances with credit institutions rose by DM 1,332.0 m to DM 7,236.0 m during the year under review. This item comprises balances from clearings, money market investments, and loans to German and foreign banks. The break-down is shown on the following page:

in DM million	1974	1973
Money employed and clearing balances	6,030.5	4,719.1
of which: demand	(1,247.8)	(1,170.5)
time	(4,782.7)	(3,548.6)
Lending	1,205.5	1,184.9
including: long-term	(409.7)	(358.3)
Total claims on credit institutions	7,236.0	5,904.0

Securities

Holdings of bonds and notes increased by 17.3% to DM 1,076.7 m, with 80.1% of the total being eligible as collateral for Deutsche Bundesbank advances.

The item "securities" covers such of our investments in quoted shares, investment fund shares

and in other securities as are not listed elsewhere. We reduced this portfolio by DM 99.2 m to DM 662.9 m.

At the end of 1974, the Bank held more than 25% of the share capital of the following companies (other than those listed as associated companies on pages 81 and 82):

	Share capital in DM million
Holdings of more than 25%	
Karstadt Aktiengesellschaft, Essen	300.0
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)	28.0
Hochtief Aktiengesellschaft für Hoch- und Tiefbauten vorm. Gebr. Helfmann, Essen	46.5
Kempinski Hotelbetriebs-Aktiengesellschaft, Berlin	11.0
Holdings of more than 50%	
H. Maihak Aktiengesellschaft, Hamburg	5.0

As before, all holdings of securities have been valued according to the lowest-value principle.

In 1974 we disposed of our interest of more than 25% in Kaiser-Brauerei Aktiengesellschaft, Hanover.

Credit business

Our credit business (excluding transmitted loans on a trust basis and guarantees) with both banks and non-bank customers was expanded by DM 2,068.6 m, or 11.4%, compared with the previous year.

Details are as follows:

	1974	1973
Credits to		
credit institutions	DM 1,205.5 m = 6.0%	DM 1,184.9 m = 6.6%
customers	DM 14,705.2 m = 73.0%	DM 14,479.8 m = 80.1%
Book and acceptance credits	DM 15,910.7 m = 79.0%	DM 15,664.7 m = 86.7%
Discounts	DM 4,224.7 m = 21.0%	DM 2,402.1 m = 13.3%
Total lending	DM 20,135.4 m = 100.0%	DM 18,066.8 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.

Whilst book credits showed only a small increase of 1.6%, discounts by comparison rose very strongly by 75.9%.

At the end of 1974, our book and acceptance credits were made up by DM 10,816.0 m at short and medium term and by DM 5,094.7 m at long term. This meant a decline of DM 225.0 m, or 2.0%, in short and medium-term book credits compared with December 31, 1973, whilst those at long term were up by DM 471.0 m, or 10.2%.

Of the short and medium-term book credits, DM 10,020.2 m (down DM 194.2 m) were to non-bank customers and DM 795.8 m (down DM 30.8 m) were to banks. Of the long-term lending, DM

4,685.0 m (up DM 419.6 m) was to non-bank customers and DM 409.7 m (up DM 51.4 m) was to banks.

Against these long-term claims there were, inter alia, DM 1,208.8 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 slack and recourse to the Bundesbank easier, our discount business expanded strongly, particularly in the final months of 1974. Of the total discount credits of DM 4,224.7 m reached at year-end, DM 747.9 m, or 17.7%, had been rediscounted.

Our lending to some 356,000 borrowers is broken down as follows:

Size of loans	1974	1973
316,639 loans of up to DM 20,000	89.0%	90.2%
26,703 loans of DM 20,000 up to DM 100,000	7.5%	6.7%
	96.5%	96.9%
9,996 loans of DM 100,000 up to DM 1,000,000	2.8%	2.5%
2,571 loans of more than DM 1,000,000	0.7%	0.6%
	100.0%	100.0%

Equalization and covering claims

Equalization claims declined by DM 2.1 m to DM 73.9 m as a result of payments on or ahead of schedule.

Covering claims amounting to DM 3.6 m were repaid on schedule.

"Participations"

Those of our holdings shown as "Participations" in the Balance Sheet were augmented by DM 196.4 m during the year under review. This rise includes DM 197.1 m in new acquisitions and capital increases, fulfilment of payment commitments, and reinforcement of holdings. After disposals of DM 0.1 m and write-offs of DM 0.6 m, a book value of DM 663.4 m resulted, DM 166.8 m of which related to interests held abroad.

We acquired the following significant new holdings:

Commerz-Credit-Bank Aktiengesellschaft
Europartner, Saarbrücken
HOSTRA Beteiligungsgesellschaft mbH,
Dusseldorf
Liquiditäts-Konsortialbank GmbH,
Frankfurt
REGINA Verwaltungsgesellschaft mbH,
Munich

These "Participations" are shown in a chart on pages 81 and 82 of this Report, giving details of our share in the capital of each company.

Overall, our affiliates and subsidiaries continued to do well in 1974. Our income from this source amounted to DM 30.8 m against DM 27.7 m in the previous year.

For details of our relations with the associated companies see the Consolidated Annual Report on pages 68 to 79 below.

Land and buildings

Land and buildings at DM 462.1 m are shown DM 56.0 m higher than in 1973. The increase represents the net balance resulting after additions of DM 77.3 m, disposals of DM 1.1 m, reclassifications as furniture and equipment of DM 4.6 m, depreciation on the basis of normal service life of DM 9.6 m, and a special write-down pursuant to Article 6b of the Income Tax Law (EStG) of DM 6.0 m.

The additions represent mainly purchases, new buildings, and extensions in Frankfurt, Glashütten near Frankfurt, Gummersbach, Cologne, Münster, and Stuttgart.

The special write-down cancels out the book gains resulting from sales of land and buildings.

Furniture and equipment

After additions of DM 41.9 m, book transfers of DM 4.6 m, disposals of DM 1.5 m and scheduled depreciation of DM 26.1 m, the book value of furniture and equipment increased to DM 126.4 m. In addition, minor-value equipment amounting to DM 7.6 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 10.6% to DM 29,237.9 m. Owing to the operations of our foreign subsidiaries in the international financial markets, deposits held with us by credit institutions in 1974 showed once more a greater gain than those of our non-bank customers.

Of the total increase of DM 2,804.2 m, banks accounted for DM 1,966.6 m and non-bank customers for DM 837.6 m.

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

	1974	1973
Liabilities to credit institutions:		
demand	DM 2,445.2 m = 8.3%	DM 2,130.9 m = 8.1%
time	DM 6,193.3 m = 21.2%	DM 4,581.4 m = 17.3%
Customers' drawings on credits opened by us at other credit institutions	DM 59.2 m = 0.2%	DM 18.8 m = 0.1%
	DM 8,697.7 m = 29.7%	DM 6,731.1 m = 25.5%
Banking liabilities to other creditors:		
demand	DM 5,099.1 m = 17.4%	DM 4,575.4 m = 17.3%
time	DM 9,051.6 m = 31.0%	DM 9,535.6 m = 36.1%
savings deposits	DM 6,389.5 m = 21.9%	DM 5,591.6 m = 21.1%
	DM 20,540.2 m = 70.3%	DM 19,702.6 m = 74.5%
Total liabilities	DM 29,237.9 m = 100.0%	DM 26,433.7 m = 100.0%

Convertible bonds

The amount outstanding of the 5½% convertible bonds issued in June, 1972, is again shown at DM 62.0 m. A contingent capital of DM 15.5 m is available for meeting conversion demands of the bonds' holders.

Own acceptances

Acceptance credits used by our customers rose by 5.7% to DM 167.4 m. At the closing date, DM 40.1 m of our own acceptances were outstanding.

Provisions

On the basis of actuarial calculations, the overall present value of our pension commitments and expectancies amounted to DM 240.9 m at December 31, 1974. Our provisions for pensions accordingly had to be augmented by DM 33.5 m as compared with the previous year.

Other provisions are shown at DM 192.0 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, and 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 per year-end, 1974, results from a partial writing-back of the global valuation reserves which is obligatory following the imposition of new rules in the year under review. We have taken full advantage of the transitional arrangement provided for in the tax regulations and shown the ensuing book profit as a liability under this item.

Capital and reserves

The Bank's management was authorized by the Annual General Meeting on May 3, 1974, to increase the share capital by up to DM 100 m.

Upon approval by the Supervisory Board, we made use of this authorization at the end of 1974 and increased the share capital by DM 48.5 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 72.750 m, was allocated to the statutory reserve. In addition to share-owners, holders of our convertible bonds were also entitled to exercise subscription rights to these shares. Together with the DM 6.0 m approved in 1972, a total authorized capital of DM 57.5 m remains available.

Other reserves were raised by DM 30.0 m from the year's earnings.

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

	1974	1973
Share capital	DM 517.00 m	DM 468.50 m
Published reserves		
a) statutory reserve	DM 438.25 m	DM 365.50 m
b) other reserves	DM 409.00 m	DM 379.00 m
	DM 1,364.25 m	DM 1,213.00 m

Notes on the Balance Sheet and other remarks

Endorsement liabilities on bills rediscounted amounted to DM 747.9 m at the end of 1974, against DM 858.8 m at December 31, 1973.

Liabilities arising from guarantees, including guarantees for bills and cheques, and from indemnity agreements, amounted to DM 5,737.1 m at the closing date. The addition of 78.0% on the year was predominantly 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 companies and private limited companies amounted to DM 7.0 m at the closing date. Uncalled liabilities in respect of shares in cooperatives amounted 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 dur-

ing the year under review, there is a contingent liability of DM 38.25 m the calling of which will, however, require a resolution of its general meeting. In addition, we have provided directly enforceable guarantees of DM 186.75 m in respect of contingent liabilities of the institutions belonging to the Bundesverband deutscher Banken e.V. (German Bankers Association).

Profit and Loss Account

Interest and similar receipts from lending and money market transactions amounted to DM 2,554.6 m against DM 2,042.3 m in the preceding year. The gain was attributable mainly to the very high level of interest rates, which continued during the first few months of 1974, and to our increased business with other banks.

Current receipts from fixed-interest securities, government-inscribed stock, other securities, and

"Participations" compared with 1973 rose by DM 9.0 m, or 6.5%, to reach DM 148.1 m. Interest income exempt from taxation and foreign earnings enjoying inter-company tax privileges also included in this item amounted to DM 11.3 m against DM 10.6 m in 1973. Receipts from German dividend payments enjoying inter-company tax privileges shown here reached DM 52.3 m, up 4.8% from DM 49.9 m in the previous year.

These total interest receipts of DM 2,702.7 m, after deduction of DM 1,858.8 m of *interest payments and similar expenditure*, produced a net interest income of DM 843.9 m, representing an increase of DM 312.6 m, or 58.8%, over 1973. Such a result was only possible because of the fact that during 1974 the interest margin recovered from the completely unsatisfactory level of the previous year to a more normal proportion. The relief resulting from the lower minimum reserve requirements also had a favourable effect here.

With another drop in commission earnings from the securities and issues business on the one hand, but substantially higher turnover in the foreign business and a further expansion of payment transactions on the other, *commissions and other receipts from services* still grew by no more than DM 12.5 m, or 6%, to DM 220.8 m.

Against this income there were *commissions and similar expenditure on services* of DM 5.5 m, leaving a net surplus on commissions of DM 215.3 m, up DM 14.4 m on the year.

Other receipts including those from writing back provisions in connection with the lending business are shown at DM 95.0 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, income from valuation reserves and provisions no longer required in the lending business, and the specific book profit resulting from the partial writing-back of global valuation reserves necessary after the reassessment under the revised, more restrictive regulations.

Depreciation on and valuation reserves for claims and securities and allocations to provisions in connection with the lending business are shown at DM 88.9 m, after offsetting to the permitted extent against "Other receipts".

The Bank's total personnel costs comprised:

	1974	1973
<i>Wages and salaries</i>	DM 460.0 m	DM 406.6 m
<i>Statutory social security contributions</i>	DM 54.2 m	DM 47.8 m
<i>Expenditure on retirement pensions and other benefits</i>	DM 66.7 m	DM 46.9 m
	DM 580.9 m	DM 501.3 m

Personnel costs rose by DM 79.6 m, or 15.9%.

The rise was largely due to salary increases and higher pension payments.

The unavoidable climb of DM 27.6 m, or 16.6%, in *current operating expenses* to DM 193.6 m was mainly the result of rises in the costs of such items as our own and rented premises and printed forms.

Depreciation on and valuation reserves for land and buildings and for furniture and equipment at DM 43.3 m were within the limits permitted by tax legislation. A further DM 6.0 m relates to special write-offs pursuant to Article 6b of the Income Tax Law (EStG) on tax-privileged book profits which arose from the sale of land and buildings.

Taxes were up from DM 45.2 m to DM 71.9 m. Of this total, "Other taxes" accounted for DM 7.7 m, compared with DM 7.5 m in 1973.

Pursuant to the fiscal regulation governing global valuation reserves, *allocations* of DM 35.0 m were made to the *special reserve item*.

The increase in *other expenditure* resulted solely from our special contribution to the joint fund set up by the German Bankers Association in order to compensate non-bank creditors affected by the bank failures of 1974. We suffered no direct losses in connection with these bankruptcies.

The remuneration of the Bank's Managing Directors amounted to DM 5,236,591.72 for the year under review, whilst pensions paid to former members of the Board of Managing Directors and to their dependants totalled DM 2,514,549.93. Members of the Supervisory Board received DM 1,025,093.- and members of the Central Advisory Board DM 427,481.-. The members of our Regional Advisory Councils were paid DM 954,970.-.

Dealings in own shares

As part of our business in securities subject to reporting,

the Bank purchased 486,580 Commerzbank shares (bearer shares of DM 50.- nominal) with a nominal value of DM 24,329,000.-,

while companies under our control or in which we have a majority interest acquired 6,547 Commerzbank shares with a nominal value of DM 327,350.-

at current prices over the year at a weighted average buying price of DM 153.11 each and subsequently resold these shares at a similarly calculated average price of DM 154.10.

The proceeds from these sales were re-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 175,371 of our own shares with a total nominal value of DM 8,768,550.-

and companies under our control or in which we have a majority interest accepted 9,051 Commerzbank shares with a total nominal value of DM 452,550.-.

After an allocation of DM 30,000,000.- to the published reserves, there remains a Net Profit of DM 79,645,000.-.

We propose that this amount be used for payment of a dividend of DM 8.50 per DM 50.- nominal share. The share capital of DM 48,500,000.- resulting from the capital increase of December, 1974, ranks for dividend as from January 1, 1975.

Dusseldorf, March 4, 1975

THE BOARD OF MANAGING DIRECTORS

Antonius *St. Anton* *Jahn*
Wopeler *Linney* *Moss*
von H. J. J. J. *Evako*
Anna *Miederacy* *Heunig*

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. The Board itself and its Committees reviewed important business transactions and discussed them periodically with the Board of Managing Directors.

The Bank's business was affected in particular by the increased risks in lending which were aggravated by the decline in activity in important industries, by the general rise in costs and the sharp fluctuations in raw material prices, and also by the floating of exchange rates. The international activities of the Bank were discussed in detail. The Supervisory Board also consulted with the Board of Managing Directors on important staff matters and on questions of the Bank's internal organization.

It was with great sorrow that the Supervisory Board heard of the death of Dr. Helmut Brands who died on September 29, 1974, after having served for 17 years on the Board of Managing Directors. He has earned a permanent place in the Bank's history.

Dr. Friedrich Grundmann, previously Manager of the Bank's Cologne branch, was appointed a Deputy Member of the Board of Managing Directors with effect from November 1, 1974.

The Supervisory Board deplores the death of Consul Dr. Franz Hilger. Since 1952, he had been a Member of the Supervisory Board of Commerzbank and its predecessors, and since 1957 had served on the Board as Deputy Chairman. During this long period, Dr. Franz Hilger had placed his great expert knowledge and experience at the service of the Bank which derived considerable benefit from his advice.

Consul-General Dr. Hans Gerling asked to be relieved of his duties as Member of the Supervisory Board and resigned on December 9, 1974.

At the suggestion of the Management, Dr. Dietrich Wilhelm von Menges, of Oberhausen, was appointed a Member of the Supervisory Board on February 19, 1975, by the Dusseldorf District Court.

The Annual Statement of Accounts and the Report for the period from January 1 to December 31, 1974, as well as the Books have been audited by the Auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Dusseldorf, 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 profit, and it has raised no objections. 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 regarding the allocation of the profit.

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

Dusseldorf, March 24, 1975

THE SUPERVISORY BOARD



Chairman

Business Progress 1952/1974

	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

*) 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, 1974

Balance Sheet pages 62/63

Profit and Loss Account pages 64/65

Liabilities

	DM	DM	DM	Dec 31, 1973 DM 1,000
Liabilities to credit institutions				
a) payable on demand		2,445,147,327.74		2,130,944
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	2,563,662,078.71			
bb) at least three months, but less than four years	2,619,328,264.19			
bc) four years or more	1,010,279,598.89	6,193,269,941.79		4,581,399
including: due in less than four years	DM 411,069,720.39			
c) customers' drawings on credits opened by us at other institutions		59,245,218.10		18,760
			8,697,662,487.63	6,731,103
Banking liabilities to other creditors				
a) payable on demand		5,099,121,643.18		4,575,345
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	6,549,058,099.15			
bb) at least three months, but less than four years	2,304,093,337.12			
bc) four years or more	198,494,722.66	9,051,646,158.93		9,535,633
including: due in less than four years	DM 147,432,380.83			
c) savings deposits				
ca) subject to legal period of notice	3,144,811,580.19			
cb) other	3,244,642,780.97	6,389,454,361.16		5,591,596
			20,540,222,163.27	19,702,574
Convertible bonds outstanding, with maturities of				
a) up to four years		—.—		
b) more than four years		62,000,000.—		
including: due in less than four years	DM —.—		62,000,000.—	62,000
Own acceptances and promissory notes outstanding				
			40,112,784.89	50,625
Transmitted credits (on a trust basis)				
			43,103,398.15	94,802
Provisions				
a) for pensions		240,906,000.—		207,358
b) other		191,992,913.73		133,657
			432,898,913.73	341,015
Other liabilities				
			21,928,380.21	22,504
Deferred credits				
			113,690,151.17	102,121
Special reserve item				
pursuant to the fiscal regulation governing global valuation reserves according to Article 1, paragraph 1, item 2, of the Development Aid Tax Law			35,000,000.—	—
			—.—	91
Share capital				
(authorized, contingent capital: DM 15,500,000.—)			517,000,000.—	468,500
Published reserves				
a) statutory reserve		438,250,000.—		365,500
(allocation from premium on share issue: DM 72,750,000.—)				
b) other reserves		409,000,000.—		379,000
(allocation from year's earnings: DM 30,000,000.—)			847,250,000.—	744,500
Commerzbank Foundation				
			5,550,333.97	5,459
Net profit				
			79,645,000.—	79,645
		Total Liabilities	31,436,063,613.02	28,404,939
Endorsement liabilities on bills of exchange in circulation				
			747,866,721.34	858,772
Liabilities arising from guarantees, including guarantees of bills and cheques, and from indemnity agreements				
			5,737,062,566.74	3,223,156
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				
			40,000,000.—	7,373
Savings bonuses under the Savings Bonus Law				
			141,736,988.55	116,152
The liabilities and the items shown here below the line include those to affiliated enterprises, amounting to				
			584,082,902.25	524,283

Profit and Loss Account for the Year 1974

Expenditure

	DM	DM	1973 DM 1,000
Interest and similar expenditure		1,858,790,951.85	1,650,084
Commissions and similar expenditure on services		5,487,208.29	7,408
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		88,863,948.09	19,709
Salaries and wages		459,961,120.69	406,531
Statutory social security contributions		54,208,513.25	47,803
Expenditure on pensions and other benefits		66,752,153.65	46,879
Current operating expenses		193,597,729.59	166,029
Depreciation on and valuation reserves for land and buildings, furniture and equipment		49,346,869.73	38,983
Depreciation on and valuation reserves for "Participations"		607,314.50	2,112
Taxes			
a) on income, earnings, and property	64,167,959.44		37,671
b) other	7,692,034.51		7,541
		71,859,993.95	45,212
Allocations to "Special reserve item"		35,000,000.—	—
Other expenditure		27,955,898.64	6,012
Year's earnings		109,645,000.—	79,645
		Total Expenditure	2,516,407

	DM	DM	1973 DM 1,000
Year's earnings		109,645,000.—	79,645
Allocations from year's earnings to published reserves			
a) to the statutory reserve	—.—		—
b) to other reserves	30,000,000.—		—
		30,000,000.—	—
Net profit		79,645,000.—	79,645

Balance Sheet

Profit and Loss Account

	1974	1973
Assets		
Cash and deposits		
Loans and advances		
Investments		
Fixed assets		
Other assets		
Liabilities		
Deposits		
Borrowings		
Reserves		
Other liabilities		
Profit		
Operating profit		
Other income		
Expenses		
Provision for doubtful debts		
Depreciation		
Other expenses		
Shareholders' dividends		
Reserves		
Other items		
Total		

Consolidated Annual Report for the Year 1974

Notes on the Consolidated Annual Accounts

In the financial year 1974, the profitability of the Parent Bank, Commerzbank Aktiengesellschaft, improved more markedly than that of the other companies within the Group. In the case of the Parent Bank, the year's earnings were up by 37.7%, whilst those of the Group showed a 35.7% gain. The Balance Sheet total of the Parent Bank increased, however, by only 10.7%, whereas the growth rate for the Group was 12.9%.

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 Accounts

Companies with whom profit and loss transfer agreements were concluded:

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Dusseldorf Share capital DM 100,000.-	100.00
Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Dusseldorf 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, Dusseldorf 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, Dusseldorf Share capital DM 100,000.-	100.00
Berliner Commerzbank Aktiengesellschaft, Berlin Share capital DM 25,000,000.-	100.00
Commerzbank Fonds- Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Dusseldorf Share capital DM 1,000,000.-	100.00
Commerzbank International S.A., Luxembourg Share capital Lfrs 790,000,000.-	100.00
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld Limited liability capital DM 7,000,000.-	100.00
Ilseder Bank, Sandow & Co., Peine Limited liability capital DM 2,000,000.-	100.00
C. Portmann, Frankfurt Limited liability capital DM 1,500,000.-	100.00
RHB-Bau- und Verwaltungs- gesellschaft Mannheim mbH, Mannheim Share capital DM 20,000.-	92.42
Rheinische Hypothekenbank, Frankfurt Share capital DM 47,000,000.-	89.89
Friedrich W. Thomas, Hamburg Limited liability capital DM 900,000.-	100.00
WEBO-Bau- und Verwaltungs- gesellschaft Köln mbH, Cologne Share capital DM 20,000.-	92.42
<u>Companies not included in the Consolidated Annual Accounts, pursuant to Article 329 of the Companies Law (AktG)</u>	
Foreign companies:	
Atlas Participations-France S. A. R. L., Paris Share capital Ffrs 10,500,000.-	100.00
Europartners Bank (Nederland) N. V., Amsterdam Share capital Dfl 40,000,000.-	60.00

Companies not under our management:

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken	
Share capital DM 6,000,000.–	60.00
Flender Werft Aktiengesellschaft, Lübeck	
Share capital DM 25,000,000.–	68.90
H. Maihak Aktiengesellschaft, Hamburg	
Share capital DM 5,000,000.–	50.79

Minor companies:

Francommerz Vermögens- verwaltungsgesellschaft mbH, Frankfurt	
Share capital DM 20,000.–	100.00
Hera Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt	
Share capital DM 20,000.–	100.00

Companies included in the Consolidated Accounts

We report below on our legal and business relations with the companies included in the Consolidated Accounts, in the order of their importance to the Group:

Rheinische Hypothekenbank, Frankfurt

In order to rationalize and streamline our mortgage and communal loan business we decided, after detailed study of all aspects, to merge Rheinische Hypothekenbank, Mannheim, with Westdeutsche Bodenkreditanstalt, Cologne. At the general shareholders' meetings thereupon called, the merger proposal was approved by a large majority, including the minority shareholders. With the registration of the merger in the Commercial Register on October 9, 1974, Westdeutsche Bodenkreditanstalt with retrospective effect from January 1, 1974, became part of Rheinische Hypothekenbank which, following the merger, moved its legal domicile from Mannheim to Frankfurt. In conjunction with the merger, Rheinische Hypothekenbank increased its share capital from DM 25 m to DM 30 m by a one-for-five issue of bonus shares. Following this, shareholders in Westdeutsche Bodenkreditanstalt were offered Rheinische Hypothekenbank shares on a one-for-one basis so that, after completion of the merger, the share capital of the takeover company was

augmented to DM 47 m. At the 1975 annual general meeting of Rheinische Hypothekenbank, it will be proposed that this DM 47 m share capital be increased to DM 51.7 m by a one-for-ten bonus share issue. The new shares resulting from this will rank for the full dividend for the past financial year. The good 1974 result will permit payment of a dividend of DM 9.– per share (or a total of DM 9.3 m against DM 8.4 m for 1973) and, provided the annual general meeting gives its approval, an allocation to the reserves of altogether DM 18.5 m.

Details of the satisfying performance of this mortgage bank are given on pages 78 and 79 of this Report.

Commerzbank International S.A., Luxembourg

Our Luxembourg subsidiary achieved a continuous expansion in its international business during the year under review. To keep in step with the increased volume of business, the share capital was augmented by Lfrs 227 m to Lfrs 790 m at an issue price of 200% on October 31, 1974. Together with the planned allocation to the reserves from the 1974 earnings, total liable funds will thus amount to Lfrs 1,305 m, equivalent to DM 87.1 m on the basis of the official middle rate of exchange applicable at the closing date. The dividend for 1974, raised from 14% to 15%, is to be paid on the increased share capital of Lfrs 790 m.

Details of this bank's business are given on pages 76 and 77 of this Report.

Berliner Commerzbank Aktiengesellschaft, Berlin

The rationalization measures initiated in 1973 in combination with a tighter integration of this bank into the Commerzbank Group showed satisfactory results in the year under review. From the year's earnings the bank is able to pay a dividend increased to 16% and at the same time to build up its reserves by DM 2 m. To match the greater volume of business, the share capital was augmented at the beginning of 1975 by DM 5 m to DM 30 m, making use of the authorized capital. The liable funds were thus raised by a further DM 5 m and with the allocation to the reserves from the year's earnings will amount to DM 34 m.

Details of this bank's business in 1974 are given on pages 74 and 75 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.

Individual transactions, which cannot be readily
carried out within the organization of a major bank,
are arranged through

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

Overall, we are satisfied with the business and
earnings of these legally independent private
banks.

The range of specialized banking services we offer
is further extended through

Bank für Teilzahlungskredit Gesellschaft
mit beschränkter Haftung, Dusseldorf,
Commerz- und Industrie-Leasing GmbH,
Dusseldorf,
and
GERAP Grundbesitz- und
Verwaltungsgesellschaft mbH, Frankfurt.

These companies, in the order listed, are engaged
in the instalment credit business and in the leasing
of both movable equipment and land and build-
ings.

We accommodate them with the necessary fi-
nance to the amount required and, for leasing of
real estate, we shall also make use of the financ-
ing facilities provided by our mortgage bank sub-
sidiary. We did not regard as entirely satisfactory
the profits of these three companies transferred
to us in the year under review.

Finally, mention must be made of

Commerzbank Fonds-Verwaltungsgesellschaft
mit beschränkter Haftung (Cofa), Dusseldorf.

This institution is an investment company which,
at the closing date, was managing 19 separate
investment trusts with total assets of
DM283.4 m.

The consolidated companies listed above but not
individually reported on here are mainly engaged
in activities such as trust business or management
of real estate of minor importance.

Companies not included
in the Consolidated Accounts

As regards the companies which, pursuant to
Article 329 of the Companies Law (AktG), have not
been included in the Consolidated Annual Ac-
counts, 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., Dusseldorf, we
hold part of the share capital which was increased
by Ffrs 1 m to Ffrs 10.5 m during the year under
review. The company has a 10% holding in Crédit
Chimique S.A., Paris.

Europartners Bank (Nederland) N.V., Amsterdam

This bank performed well in 1974. To match the
increased volume of business, the share capital
was doubled to Dfl 40.0 m. We continue to hold
60% of the share capital, the rest being owned by
Crédit Lyonnais and Banco di Roma.

Companies not under our management:

Commerz-Credit-Bank
Aktiengesellschaft Europartner, Saarbrücken

In the year under review, jointly with the other
members of the Europartners group, Banco di
Roma, Banco Hispano Americano, and Crédit
Lyonnais, we set up Commerz-Credit-Bank Ak-
tiengesellschaft Europartner in the Saar. In addi-

tion to our own local branches there, the Saarbrücken branch of Crédit Lyonnais was also brought into this new regional bank of the Europartners. Of its share capital of DM 6.0 m, Commerzbank holds 60%. The business policy of this subsidiary is jointly determined by Crédit Lyonnais and ourselves in a spirit of cooperation and in agreement with the other partners in Madrid and Rome. The results of the first business year have exceeded our expectations.

Flender Werft Aktiengesellschaft, Lübeck

We hold an unchanged 68.9% of the DM 25.0 m share capital of this company. Owing to its good performance, the company was able to increase its dividend for 1973 from 6% to 10%. For 1974, we are again expecting a satisfactory result.

H. Maihak Aktiengesellschaft, Hamburg

During the year under review, this company by an issue of bonus shares raised its equity stock by DM 2.0 m to DM 5.0 m. Following a dividend of 16% paid in the preceding year, for 1973 we received 11% on the increased capital, representing an effective rise of 15%. Despite mounting costs, which could not be passed on in full, and aware of the uncertainties of the economic situation, the company still assesses its profit outlook for 1974 as good and expects to be able once again to pay its shareholders an adequate dividend.

Principles of consolidation

The Consolidated Annual Accounts as at December 31, 1974, 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 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 was 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 Profit but not yet transferred to the parent companies.

Consolidated Balance Sheet total

The Group Balance Sheet total amounted to DM 44,159.9 m. This represents an increase of DM 5,061.7 m, or 12.9%, over the previous year. It exceeded the Balance Sheet total of the Parent Bank by DM 12,723.8 m, against DM 10,693.2 m in the previous year. The individual balance sheet items showed the following changes on the year:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	- 794.8	Liabilities to credit institutions	+2,493.0
Bills	+1,961.7	a) demand	(- 31.6)
Claims on credit institutions	+1,691.0	b) time	(+2,524.6)
Bonds, notes, and other securities	+ 36.2	Liabilities to other creditors	+1,143.0
Claims on customers	+1,904.3	a) demand	(+ 534.5)
Participations	+ 145.5	b) time	(- 261.8)
Land and buildings, furniture and equipment	+ 80.6	c) savings deposits	(+ 870.3)
Own bonds, held by the Group	+ 74.3	Bonds	+1,184.6
Sundries (including transmitted credits, on a trust basis)	- 37.1	Provisions	+ 88.3
		Special reserve item	+ 37.3
		Capital and reserves	+ 151.3
		Difference pursuant to Article 331, paragraph 1, item 3, Companies Law (AktG)	+ 10.5
		Group profit	+ 5.3
		Sundries (including transmitted credits, on a trust basis)	- 51.6
	+5,061.7		+5,061.7

Commerzbank Aktiengesellschaft accounts for 69.2% of the non-offset Consolidated Balance Sheet total. A further 30.6% 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, matured bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the Deutsche Bundesbank, claims on credit institutions (for a period of less than three months) and securities eligible as collateral for Deutsche Bundesbank advances—represented 31.3% (previous year: 31.4%) of our banking business liabilities to banks and other creditors plus our own acceptances outstanding.

Claims on customers

Claims on customers increased by 8.8% to DM 23,524.7 m. This item comprises DM 11,826.1 m short and medium-term claims as well as DM 11,698.6 m long-term loans for agreed periods or at agreed terms of notice of four years or more.

Liabilities

Liabilities arising from the banking business

On December 31, 1974, liabilities to credit institutions amounted to DM 11,685.2 m and those to customers totalled DM 22,871.6 m. Overall, liabilities rose by DM 3,636.0 m to DM 34,556.8 m. Credit institutions provided DM 2,493.0 m of this increase and other creditors DM 1,143.0 m.

Bonds

This item, amounting to DM 7,180.6 m, comprises the mortgage and communal bonds issued by our mortgage subsidiary and also the convertible bonds issued by the Parent Bank.

The difference shown as DM 44.7 m in pursuance of 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 as a result of allocations to reserves by our subsidiaries. After allowing for a reduction stemming from our increased holding in the mortgage bank, there was a net rise in this item of DM 10.5 m over the previous year.

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

Contingent liabilities with regard to possible calls on shares not fully paid of both joint-stock companies and private limited companies (GmbH) amounted to DM 7.1 m at the closing date. Uncalled liabilities concerning shares in cooperatives amounted to DM 0.6 m. In addition, there were contingent liabilities pursuant to Article 24 of the Law on Private Limited Companies (GmbHG). Vis-a-vis Liquiditäts-Konsortialbank GmbH, formed during the year under review, there exists a contingent liability of DM 38.34 m, the calling of which will, however, require a resolution of the bank's general meeting. In addition, Group companies have provided directly enforceable guarantees amounting to DM 194.16 m in regard to 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" increased by DM 825.4 m to DM 3,807.9 m. With a rise in interest expenditure of DM 484.5 m to DM 2,809.8 m, there was a net interest income of DM 998.1 m. The DM 340.9 m growth of the latter over the previous year was essentially due to the good net interest earnings achieved by the Parent Bank in 1974.

Net income from commissions and other receipts from service transactions was up by DM 13.2 m to DM 217.7 m.

Personnel expenditure of the Group amounted to DM 637.0 m; current operating expenses for the banking business totalled DM 215.2 m.

The cost increase in these two items in 1974 amounted to DM 119.1 m, or 16.2%.

The balance between other receipts and depreciation on and valuation reserves for claims and securities fell from DM 102.4 m in the previous year to DM 7.3 m.

The year's earnings were up 35.7% to DM 138.3m. The profit of DM 13.2m brought forward includes the dividends distributed by the consolidated companies in 1974 in respect of 1973, after deduction of taxes paid retrospectively. After transferring DM 30.0 m to the published reserves of the Parent Bank and a further DM 16.5 m to those of Group companies, and excluding DM 1.4 m representing the proportion of profit attributable to minority interests, the Consolidated Profit remaining amounts to DM 103.6 m, as against DM 98.3 m in the preceding year. From this Consolidated Profit, it is proposed that the annual general meetings of Group companies approve a further DM 5.7 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.

Dusseldorf, March 4, 1975

THE BOARD
OF MANAGING DIRECTORS

Alwin K. von Jahn
Wolfgang Künze
Klaus H. J. J. J. J.
Alwin K. von Jahn

Berliner Commerzbank AG, Berlin

General performance

Following the policy of restraint pursued in 1973, our Berlin subsidiary in the year under review raised its balance sheet total by 11% to DM 1,477 m. The satisfactory earnings performance enabled the bank to increase its dividend from 14% to 16%. DM 2 m was allocated to the published reserves.

Customers' deposits

Savings deposits showed a particularly strong advance in 1974, with the growth rate of almost 17% substantially above the average for Berlin banks. We attribute this to the endeavours of our subsidiary to attract such funds. Following the general trend, demand deposits increased by 14%, whilst time deposits barely changed compared with the previous year.

Lending

The economic down-turn together with the comparatively high interest rates in 1974 caused a marked slackening of demand for long-term loans. Short and medium-term lending underwent a revival from May onwards. Discount credits, sharply reduced in the preceding year, were doubled as a result of the improved facilities for recourse offered by the central bank through increased rediscount quotas. Overall, loans and advances were up by 25%.

Service business

As a member of underwriting syndicates, Berliner Commerzbank participated in 19 share capital increases and in placing 25 D-mark bond issues by German and foreign borrowers.

Customers were more and more attracted by investments in fixed-interest securities, especially in relatively short-dated notes, communal bonds, and mortgage bonds. Whilst sales here were above-average, those of investment trust shares and stocks were down. The bank cooperated closely with Rheinische Hypothekenbank in providing mortgages.

Both the handling of payment transactions with abroad and export financing were fields in which the bank was particularly successful, and growth rates here substantially exceeded the corresponding figure recorded by the City of Berlin for its foreign trade.

Staff and organization

The bank was in 1974 able further to reduce its full-time staff to 914, from the previous year's figure of 950.

Another new branch office was opened in the year under review so that at year-end Berliner Commerzbank was operating 49 such offices in all parts of West Berlin.

The bank's new head office building was opened to the public in June after completing the reconstruction of the old premises and the technical modernization of the entire complex. At the present time, renovation work is under way on some older branches.

Annual Accounts 1974

Assets	DM 1,000
Cash	159,238
Cheques and items received for collection	6,519
Bills of exchange	63,462
Claims on credit institutions	328,489
Bonds and notes	12,561
Securities	1,548
Claims on customers of which: for agreed periods of	(853,641)
a) less than four years	589,494
b) four years or more	264,147
Equalization and covering claims	18,324
Transmitted credits	111
Participations	529
Land and buildings	27,231
Furniture and equipment	3,161
Other assets	2,041
Total Assets	1,476,855

Liabilities	DM 1,000
Liabilities to credit institutions of which:	(165,064)
a) demand	20,043
b) time	145,021
Liabilities to other creditors of which:	(1,218,366)
a) demand	287,900
b) time	445,993
c) savings deposits	484,473
(Total of liabilities listed above)	(1,383,430)
Transmitted credits	111
Provisions	29,639
Other liabilities	1,246
Deferred credits	3,411
Capital	25,000
Published reserves	29,000
Special reserve item	1,018
Net profit	4,000
Total Liabilities	1,476,855

Endorsement liabilities	39,566
Guarantees	116,038

Expenditure	DM 1,000
Interest and similar expenditure	72,474
Commissions	172
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business	761
Expenditure on personnel	33,672
Current operating expenses	10,665
Depreciation on fixed assets	3,906
Taxes	4,095
Allocation to "Special reserve item"	1,018
Other expenditure	1,066
Year's earnings	6,000
Total Expenditure	133,829

Receipts	DM 1,000
Interest and similar receipts	122,509
Current receipts from	(1,207)
a) fixed-interest securities and government inscribed stock	993
b) other securities	51
c) „Participations“	163
Commissions and other receipts from services	9,274
Other receipts, including those from writing back provisions in connection with lending business	839
Total Receipts	133,829

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-finance markets, was set up in 1969 as a joint-stock company incorporated under Luxembourg law. The shareholders are Commerzbank AG, holding 99.9%, and six of its subsidiaries.

Commerzbank International's function is to take advantage of the opportunities in the Euro-money and Euro-capital markets in the interests of its world-wide clientele. Luxembourg, as a banking centre offering freedom for international money and capital movements, provides a particularly attractive basis for this purpose.

Liable funds

Following the rise in liable funds as a result of a capital increase last autumn, yielding Lfrs 454 m (equivalent to DM 30m) the bank's share capital at December 31, 1974, was Lfrs 790 m (or DM 53 m), and its reserves were Lfrs 489 m (or DM 32 m). After allocation from the 1974 earnings the reserves will amount to Lfrs 515 m (or DM 34 m). In making global valuation reserves, the maximum advantage was again taken of tax concessions.

General performance

The financial year 1974 was marked by sharp fluctuations in interest rates and massive liquidity movements in both the Euro-money and Euro-currency markets. The bank exercised the necessary care in taking advantage of the resulting business opportunities.

The bank's activities in the international financing business were stepped up further in 1974, as before on the basis of close cooperation with the Parent Bank and the latter's foreign branches, but also with Commerzbank's international partner banks.

The balance sheet total of the Luxembourg subsidiary increased by precisely one-third in 1974, from Lfrs 45.4 bn (or DM 2,980 m) to Lfrs 60.6 bn (or DM 4,044 m). Nostro balances showed no significant increase, whereas total lending was up by 118%. Again, deposits by other banks represented the chief source for financing the bank's lending. Customers' deposits at the end of the year once more amounted to about 12% of total deposits.

Service business

The volume of money and foreign exchange dealings was again expanded and there was further improvement in the securities business.

Earnings position

The earnings position was fully satisfactory. For the financial year 1974, the bank will be paying a dividend raised from 14% to 15% on the increased share capital of Lfrs 790 m; this will involve total dividend payments of Lfrs 118.5 m, against Lfrs 78.8 m in 1973.

Annual Accounts 1974

Assets	Lfrs 1,000
Claims on banks for periods of up to 30 days	14,977,228
more than 30 days	20,555,574
Claims on finance companies	44,143
Bills of exchange	2,120,640
Claims on customers	19,902,154
Securities	1,159,674
Trusteeship accounts	226,332
Participations	1,433
Land and buildings	25,756
Furniture and equipment	9,788
Deferred charges	1,495,049
Other assets	68,368

Total Assets 60,586,139

= DM 4,044 million

Expenditure	Lfrs 1,000
Interest and commissions	6,534,409
Personnel and operating expenditure	75,685
Taxes	147,429
Valuation reserves	140,057
Depreciation	1,804
Other expenditure	4,290
Profit for the year	144,500
Total Expenditure	7,048,174

Liabilities	Lfrs 1,000
Liabilities to banks for agreed periods of up to 30 days	27,498,199
more than 30 days	22,081,415
Liabilities to other creditors for agreed periods of up to 30 days	1,820,309
more than 30 days	5,607,342
Liabilities to finance companies for agreed periods of up to 30 days	271,160
more than 30 days	212,797
Trusteeship accounts	226,332
Capital	790,000
Reserves	
statutory reserve	79,000
free reserves	81,500
from capital increase	328,500
Provisions and valuation reserves	341,088
Deferred credits	1,087,620
Other liabilities	16,377
Profit for the year	144,500
Total Liabilities	60,586,139

Receipts	Lfrs 1,000
Interest and commissions	6,886,845
Other receipts	161,329
Total Receipts	7,048,174

Rheinische Hypothekenbank, Frankfurt

Merger as from January 1, 1974

For Rheinische Hypothekenbank, the most significant event in 1974 was its retrospective merger with Westdeutsche Bodenkreditanstalt (Westboden).

The assets of Westboden were taken over, as an internal transaction, with effect from January 1, 1974. The 1973 figures referred to below relate to the combined figures from the annual accounts of both banks for that year.

General performance

The bank's growth continued in 1974, with the balance sheet total rising by DM 1,075 m to DM 8,123 m. The year's earnings permit, over and above the allocation of a total of DM 18.5 m to the reserves as planned (as against DM 17.5 m in 1973), the payment of a dividend of DM 9.– per DM 50.– nominal share on the increased share capital. The latter will involve a total payment of DM 9.3 m, compared with DM 8.4 m in the previous year.

The published reserves, which determine the maximum amount of bonds outstanding, totalled DM 181.5 m after the allocation to them of DM 14.5 m from the year's earnings. Assuming that the annual general meeting approves the board's proposal to strengthen the reserves by a further DM 4.0 m from the net profit, the latter will amount to DM 185.5 m. This will mean an extension by altogether DM 925 m of the margin available for new sales within the limit on bonds outstanding. At the same time, liable funds will reach a level of DM 232.5 m.

Lending

The bank's new credit business again developed satisfactorily despite the difficult situation, particularly in the housing sector. New formal loan commitments amounted to DM 1,279 m, of which DM 448 m were for financing new housing, DM 74 m for commercial projects, DM 186 m for older residential buildings, and DM 571 m for loans to public authorities.

Including short and medium term credits, a total of DM 1.310 m was paid out by way of mortgage loans and credits to public authorities. 56.8% of long-term lending as at December 31, 1974, represented mortgage loans, 42.5% loans to public authorities, and 0.7% other loans.

Borrowing

In 1974, sales of the bank's own bonds amounted to DM 1,310 m. Of this total, 35.0% consisted of mortgage bonds, 43.8% of communal bonds, and 21.2% of bonds not requiring cover, issue of which has been permitted following the amendment to the mortgage bank law in force since April 1, 1974. 68.0% of the bonds sold in the year under review had a life of five to ten years, 27.0% were shorter-dated. En-bloc loans were taken up by the bank to an amount of DM 21 m.

Including the bonds not requiring cover, shown in the balance sheet as "liabilities to credit institutions and other creditors", outstanding bonds at the end of 1974 totalled DM 7,119 m. Of these, 52.4% were mortgage bonds, 43.7% communal bonds, and 3.9% bonds not requiring cover.

Outlook

Performance in the first few months of 1975 has been satisfactory. Future development is regarded with some reserve, however, particularly in relation to the financing of new housing. Nonetheless, the considerable financing requirements of all public budgets suggest that a possible fall in mortgage business will be largely compensated for by the granting of more communal loans.

Annual Accounts 1974

Assets	DM 1,000
Loans with agreed periods of four years or more	
a) mortgage loans	3,739,835
b) communal loans	2,796,615
c) other	43,823
Equalization and covering claims on public authorities	26,086
Bonds	102,624
Other securities	66,704
Cash and items received for collection	709
Claims on credit institutions and on other debtors	1,133,383
Own bonds nominal value DM 132,113,000	110,909
Transmitted credits	71,558
Participations	1,063
Land and buildings	22,041
Furniture and equipment	1,557
Other assets	5,796
Total Assets	8,122,703

Liabilities	DM 1,000
Bonds issued	
a) mortgage bonds	3,728,862
b) communal bonds	3,111,668
c) bonds drawn by lot and called for redemption	499
Commitments to deliver bonds	5,000
Loans taken up at long term	293,469
Liabilities to credit institutions and to other creditors	395,397
Interest on bonds issued and on loans taken up	200,444
Transmitted credits	71,558
Provisions and valuation reserves	41,525
Foundation	1,130
Capital	47,000
Published reserves	
a) statutory reserve	84,011
b) other reserves (pursuant to Article 7 of the Mortgage Bank Law-HBG)	97,489
Other liabilities	30,151
Net profit	14,500
Total Liabilities	8,122,703

Expenditure	DM 1,000
Interest and similar expenditure	438,975
Non-recurrent expenditure on bonds issued and on loans granted	40,688
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business	4,644
Expenditure on personnel	13,734
Current operating expenses	6,418
Depreciation on and valuation reserves for fixed assets	1,125
Taxes	17,055
Allocation to "Special reserve item"	422
Other expenditure	928
Year's earnings	28,989
Total Expenditure	552,978

Receipts	DM 1,000
Interest and similar receipts	514,277
Non-recurrent receipts from bonds issued and from loans granted	36,305
Receipts from "Participations"	23
Other receipts, including those from writing back provisions in connection with lending business	2,325
Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	48
Total Receipts	552,978

Associated Companies of Commerzbank Aktiengesellschaft

Consolidated companies

Berliner Commerzbank Aktiengesellschaft, Berlin C DM 25.00 m ¹⁾	100.0%	Commerzbank International S.A., Luxembourg C Lfrs 790.00 m	100.0%*)	Rheinische Hypothekenbank, Frankfurt C DM 47.00 m	89.9%
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%
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg C DM 0.02 m	100.0%**)	C. Portmann, Frankfurt C DM 1.50 m	100.0%	RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim C DM 0.02 m	92.4%*)

Other participations in German banks

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken C DM 6.00 m	60.0%	Absatzkreditbank Aktiengesellschaft, Hamburg C DM 4.50 m	32.5%	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt C DM 40.00 m	12.8%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt C DM 1.00 m	12.8%	Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C DM 0.58 m	25.0%	Liquidationskasse für Zeitgeschäfte AG, Munich C DM 0.50 m	10.0%

Other participations in German companies

Almüco Vermögensverwaltungs-gesellschaft mbH, Munich a)	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)	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)	25.0%	REGINA Verwaltungsgesellschaft mbH, Munich e)	25.0%	Rossmata Beteiligungsgesellschaft mbH, Frankfurt f)	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 \$ 3.27 m	30.6%	International Commercial Bank Ltd., London C £ 5.00 m	12.0%
Banco Urquijo S.A., Madrid C Ptas 4,860.67 m	0.8%	Banque Marocaine du Commerce Extérieur, Casablanca C dirham 40.00 m	2.8%	Banque Nationale pour le Développement Economique, Rabat C dirham 32.40 m	0.7%
The Development Bank of Singapore Ltd., Singapore C S\$ 100.00 m	0.5%	Europartenaires Leasing S.A., Paris C Ffrs 0.10 m	33.3%	European Enterprises Development Company S.A., (EED), Luxembourg C US \$ 19.40 m	1.1%
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%	IRIS – Institutional Research and Investment Services S.A., Geneva C Sfrs 0.90 m	33.3%
Private Investment Company for Asia (PICA) S.A., Panama City/Tokyo C US \$ 28.20 m	0.7%	Rifbank S.A.L., Beirut C L£ 4.00 m	31.8%	Sifida Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg C US \$ 12.50 m	0.8%
Société Libano Européenne pour la Gestion Privée (Crédit Lyonnais) S.A.L., SLIGEST, Beirut C L£ 2.00 m	5.0%	Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki C Fmk 48.00 m	0.6%	UBAE Union de Banques Arabes et Européennes S.A., Luxembourg/Frankfurt C DM 30.00 m	13.7%

C = Capital

Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Dusseldorf C DM 3.50 m 100.0%	Commerz- und Industrie-Leasing GmbH, Dusseldorf C DM 1.00 m 100.0%**)	Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Dusseldorf C DM 0.10 m 100.0%	Aussenhandel-Förderungsgesellschaft mbH, Dusseldorf 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%
Friedrich W. Thomas, Hamburg C DM 0.90 m 100.0%	WEBO-Bau- und Verwaltungs-gesellschaft Köln mbH, Cologne C DM 0.02 m 92.4%*)	1) increased to DM 30.00 m in early 1975	
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt C DM 4.80 m 27.1%	Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne C DM 3.00 m 25.0%	Deutsche Schifffahrtbank Aktiengesellschaft, Bremen C DM 33.00 m 9.1%	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg C DM 25.00 m 28.5%
Liquiditäts-Konsortialbank GmbH, Frankfurt C DM 250.00 m 5.1%	Lombardkasse AG, Berlin/Frankfurt C DM 1.00 m 9.4%	Münchener Hypothekbank eG, Munich C DM 2.49 m 2.0%	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-Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt C DM 0.10 m 20.0%	<ul style="list-style-type: none"> 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 holding*) in Bavaria-Filmkunst GmbH
Gesellschaft für die Freigabe deutscher Vermögenswerte in Österreich mbH, Frankfurt C DM 0.02 m 25.0%	Gesellschaft für Kreditsicherung mbH, Cologne C DM 0.30 m 26.7%	HOSTRA Beteiligungsgesellschaft mbH, Dusseldorf C DM 30.00 m 33.3%	
Treuhand- und Holdinggesellschaft mbH, Frankfurt C DM 0.14 m 49.9%	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.		
Adela Investment Company S.A., Luxembourg/Lima C US \$ 61.28 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\$ 5.11 m 6.4%*)	Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C Cr\$ 120.96 m 5.0%
Bondtrade, Brussels/New York C US \$ 5.00 m 8.8%	The Commercial Bank of Dubai Ltd., Dubai C DH 11.00 m 20.0%	Crédit Chimique S.A., Paris C Ffrs 34.00 m 10.0% ^{c)}	Deltec Panamerica S.A., Nassau (Bahama) C 5.13 million shares 1.9%
P.T. Finconesia Financial Corporation of Indonesia, Jakarta C IRp 600.00 m 10.0%	Finance Company VIKING, Zurich C Sfrs 60.00 m 6.7%	Finatourinvest S.A., Luxembourg C Lfrs 194.60 m 0.6%	Gestiver S.A., Madrid C Ptas 187.50 m 2.5%
Mithai Europartners Finance and Investment Ltd., Bangkok C baht 10.00 m 10.0%	Nigerian Industrial Development Bank Ltd., Lagos C ₦ 4.50 m 1.7%	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%
Société de Gestion du Rominvest International Fund S.A., Luxembourg C Lfrs 35.00 m 10.0%	Société Européenne d'Édition et de Diffusion S.A., Luxembourg C Ffrs 0.82 m 6.1%	Société Financière de Développement – SOFIDE –, Kinshasa C zaïres 2.00 m 2.5%	
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%	<ul style="list-style-type: none"> *) held in part indirectly ***) held wholly indirectly ^{c)} held through Atlas Participations – France S.A.R.L. 	

Consolidated Annual Accounts as at December 31, 1974

Consolidated Balance Sheet pages 86/87

Consolidated Profit and Loss Account pages 88/89

Consolidated Balance Sheet as at December 31, 1974

Assets

	DM	DM	DM	Dec 31, 1973 DM 1,000
Cash			159,704,846.93	159,451
Balance at the Deutsche Bundesbank			2,591,193,045.60	3,396,683
Balances on postal cheque accounts			41,847,055.95	46,613
Cheques, matured bonds, interest and dividend coupons, and items received for collection			265,055,013.62	249,841
Bills of exchange			3,697,877,911.30	1,736,137
including: a) rediscountable at the Deutsche Bundesbank	2,778,835,252.94			
b) own drawings	1,365,748.92			
Claims on credit institutions				
a) payable on demand		1,525,084,109.31		1,658,533
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months		2,312,721,049.43		1,941,647
bb) at least three months, but less than four years		5,222,079,754.09		4,027,001
bc) four years or more		1,357,331,287.14		1,099,025
			10,417,216,199.97	8,726,206
Bonds and notes				
a) with maturities of up to four years				
aa) of the Federal and the Länder Governments	65,988,690.01			
ab) of credit institutions	43,836,607.96			
ac) other	—	109,825,297.97		133,450
including: eligible as security for Deutsche Bundesbank advances	DM 105,520,329.70			
b) with maturities of more than four years				
ba) of the Federal and the Länder Governments	271,072,123.16			
bb) of credit institutions	687,239,787.63			
bc) other	180,882,423.56	1,139,194,334.35		981,351
including: eligible as security for Deutsche Bundesbank advances	DM 850,761,877.75		1,249,019,632.32	1,114,801
Securities, so far as they are not to be shown under other items				
a) shares listed on the stock exchange and investment trust shares		642,921,772.02		737,118
b) other securities		22,139,162.53		25,957
including: holdings of more than one-tenth of the shares of a joint-stock company or mining company, excluding "Participations"	534,018,437.71		665,060,934.55	763,075
Claims on customers, for agreed periods, or at agreed periods of notice, of				
a) less than four years		11,826,099,639.01		11,536,078
b) four years or more		11,698,585,045.67		10,084,328
including: ba) secured by mortgages on real estate	4,382,785,801.03			
bb) communal loans	2,588,466,427.29			
			23,524,684,684.68	21,620,406
Equalization and covering claims on public authorities			138,228,438.01	148,207
Transmitted credits (on a trust basis)			122,336,491.37	170,706
Participations			345,382,477.87	199,847
including: in credit institutions	110,862,739.43			
Land and buildings			517,888,356.12	456,933
Furniture and equipment			132,278,776.90	112,629
Own bonds, held by the Group			198,618,948.48	124,306
nominal amount	232,738,500.—			
including: eligible as security for Deutsche Bundesbank advances	197,508,966.98			
Other assets			87,488,536.43	70,052
Deferred charges			6,008,475.89	2,290
		Total Assets	44,159,889,825.99	39,098,183
The assets and the rights of recourse in respect of the liabilities shown on the liabilities side include				
a) claims on affiliated enterprises			129,408,756.90	7,215
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)			144,035,828.05	137,052

Consolidated Profit and Loss Account for the Year 1974

Expenditure

	DM	DM	1973 DM 1,000
Interest and similar expenditure		2,809,803,837.38	2,325,325
Commissions and similar expenditure on services		6,610,681.70	8,128
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		107,834,974.91	36,273
Salaries and wages		501,974,636.31	443,787
Statutory social security contributions		58,809,618.21	51,910
Expenditure on pensions and other benefits		76,177,705.79	52,886
Current operating expenses		215,186,494.45	184,499
Depreciation on and valuation reserves for land and buildings, furniture and equipment		55,003,478.24	44,932
Depreciation on and valuation reserves for "Participations"		607,314.50	2,112
Taxes			
a) on income, earnings, and property	98,114,625.18		68,641
b) other	9,111,154.87		8,031
		107,225,780.05	76,672
Allocations to "Special reserve item"		37,342,998.—	—
Other expenditure		35,390,434.83	9,690
Year's earnings		138,326,242.88	101,908
	Total Expenditure	4,150,294,197.25	3,338,122

	DM	DM	1973 DM 1,000
Year's earnings		138,326,242.88	101,908
Profit carried forward from the previous year		13,226,123.15	11,947
		151,552,366.03	113,855
Allocations from year's earnings to published reserves			
a) to the statutory reserve	—.—		—
b) to other reserves	46,523,486.41		13,450
		46,523,486.41	13,450
Profit attributable to interests held by third parties		105,028,879.62	100,405
		1,465,950.—	2,149
Consolidated profit		103,562,929.62	98,256

Appendices

Issues and syndicate transactions, capital increases and stock exchange introductions

Domestic public entities' bonds

Land Berlin
 Federal Republic of Germany*
 German Federal Post Office*
 German Federal Railways*
 Land North Rhine-Westphalia*
 Land Schleswig-Holstein

* several issues

Other domestic bonds, including mortgage and communal bonds

BASF Aktiengesellschaft
 Deutsche Genossenschaftskasse
 Deutsche Hypothekenbank (Actien-Gesellschaft)
 Deutsche Schiffahrtsbank Aktiengesellschaft
 Girmes-Werke Aktiengesellschaft

Foreign issuers' DM bonds

Société Concessionnaire des Autoroutes
 Paris-Est-Lorraine (A.P.E.L.)
 Commonwealth of Australia
 City of Bergen
 Kingdom of Denmark
 European Community
 for Coal and Steel (E.C.S.C.)
 Mitsubishi Heavy Industries, Ltd.
 (Mitsubishi Jukogyo Kabushiki Kaisha)
 Österreichische Kontrollbank
 Aktiengesellschaft*
 Tauernautobahn Aktiengesellschaft

* private placement

Foreign issuers' foreign currency bonds

The Agricultural Credit Corporation, Limited
 American Motors Corporation
 AREA-Société des Autoroutes Rhône-Alpes
 Asia Navigation International Limited*
 The Australian Industry
 Development Corporation
 Banque Française du Commerce Extérieur**
 BRISA-Auto-Estradas de Portugal, S.A.R.L.
 British Steel Corporation
 Canon Inc. (Canon Kabushiki Kaisha)*
 City of Copenhagen
 COFIROUTE, Compagnie Financière
 et Industrielle des Autoroutes
 Curaçao Tokyo Holding N.V.
 Eidai Co., Ltd.
 (Eidai Sangyo Kabushiki Kaisha)*
 Electricity Supply Commission (ESCOM)**

European Company for the Financing of
 Railway Rolling Stock (EUROFIMA)
 Finnish Real Estate Bank Limited/
 Industrial Mortgage Bank of Finland Limited/
 Land and Industrial Mortgage Bank Limited
 Groupement de l'Industrie Sidérurgique (GIS)**
 G. U. S. International N.V.
 Republic of Iceland
 International Securities Company
 Ireland
 City of Marseille
 Mitsubishi Heavy Industries, Ltd.
 (Mitsubishi Jukogyo Kabushiki Kaisha)
 Municipal Finance Authority
 of British Columbia
 The Nippon Fudosan Bank, Limited
 (Kabushiki Kaisha Nippon Fudosan Ginko)
 Nova Scotia Power Corporation
 City of Oslo
 Pacific Lighting Overseas Finance, N.V.
 Pechiney Ugine Kuhlmann International N.V.
 Pioneer Electronic Corporation
 (Pioneer Kabushiki Kaisha)*
 City of Quebec
 Quebec Hydro-Electric Commission
 Skandinaviska Enskilda Banken

* convertible bonds

** several issues

Domestic shares

AEG-Telefunken Kabelwerke Aktiengesellschaft
 Allgemeine Deutsche Credit-Anstalt (ADCA)
 Allianz Lebensversicherungs-Aktiengesellschaft
 Allianz Versicherungs-Aktiengesellschaft
 BASF Aktiengesellschaft
 Bayerische Motorenwerke Aktiengesellschaft
 Bayerische Vereinsbank
 Berliner Kraft- und Licht (Bewag)-
 Aktiengesellschaft
 Braunschweig-Hannoversche Hypothekenbank
 Daimler-Benz Aktiengesellschaft
 Deutsche Dampfschiffahrts-
 Gesellschaft „Hansa“
 Deutscher Eisenhandel Aktiengesellschaft
 Flensburger Schiffsbau-Gesellschaft
 Frankona Rück- und Mitversicherungs-
 Aktien-Gesellschaft
 Gerling-Konzern Allgemeine Versicherungs-
 Aktiengesellschaft
 Gesellschaft für Wohnungsbau Lübeck
 Aktiengesellschaft
 Th. Goldschmidt Aktiengesellschaft
 Hannoversche Papierfabriken Alfeld-Gronau
 vormals Gebr. Woge
 Holsten-Brauerei
 Kammgarnspinnerei Wilhelmshaven
 Aktiengesellschaft
 H. Maihak Aktiengesellschaft
 Mannesmann Aktiengesellschaft

Mineralbrunnen Überkingen-Teinach-Ditzenbach
Aktiengesellschaft
Münchener Rückversicherungs-Gesellschaft
Nordwestdeutsche Kraftwerke
Aktiengesellschaft
Oelmühle Hamburg Aktiengesellschaft
Rheinische Hypothekenbank
Rheinisch-Westfälische Boden-Credit-Bank
Ruberoidwerke Aktiengesellschaft
Standard Elektrik Lorenz Aktiengesellschaft
Strabag Bau-Aktiengesellschaft
Thüringer Gasgesellschaft
VARTA Aktiengesellschaft
Veba Aktiengesellschaft
Vereinigte Werkstätten für Kunst im Handwerk
Aktiengesellschaft
Vereins- und Westbank Aktiengesellschaft
Wolldeckenfabrik Weil der Stadt
Aktiengesellschaft
Zahnradfabrik Renk Aktiengesellschaft

Foreign shares

Consolidated Gold Fields Limited
Continental Can Company, Inc.
Guest, Keen and Nettlefolds, Limited
Komatsu, Ltd.
(Kabushiki Kaisha Komatsu Seisakusho)
Kubota, Ltd.
(Kubota Tekko Kabushiki Kaisha)
Marubeni Corporation
(Marubeni Kabushiki Kaisha)
Mitsubishi Electric Corporation
(Mitsubishi Denki Kabushiki Kaisha)
The Mitsui Bank, Limited
(Kabushiki Kaisha Mitsui Ginko)
Mitsui O.S.K. Lines, Ltd. (Osakashosen
Mitsuisempaku Kabushiki Kaisha)
Mitsui Shipbuilding & Engineering Co., Ltd.
(Mitsui Zosen Kabushiki Kaisha)
Nestlé Alimentana A.G./Unilac, Inc.
Nippon Electric Company, Limited
(Nippon Denki Kabushiki Kaisha)
Nissho-Iwai Co., Ltd.
(Nissho Iwai Kabushiki Kaisha)
Otis Elevator Company
Phoenix Assurance Company Limited
The Sanko Steamship Company Limited
(Sanko Kisen Kabushiki Kaisha)
Tokyo Shibaura Electric Co., Ltd.
(Tokyo Shibaura Denki Kabushiki Kaisha)
Toray Industries, Inc.
TRW Inc.
Wells Fargo & Company

Other syndicate transactions

BASF Aktiengesellschaft
Bedburger Wollindustrie Aktiengesellschaft
Bill-Brauerei Aktiengesellschaft
Brauerei Durlacher Hof Aktiengesellschaft
Burbach-Kaliwerke Aktiengesellschaft
Busch-Jaeger Dürener
Metallwerke Aktiengesellschaft
Byk Gulden Lomberg Chemische Fabrik GmbH
J. I. Case Deutschland GmbH
Chemische Fabrik Helfenberg Aktiengesellschaft
vorm. Eugen Dieterich
DEMAG Aktiengesellschaft
Dortmunder Stifts-Brauerei Carl Funke
Aktiengesellschaft
Eichbaum-Brauereien Aktiengesellschaft
Erdölwerke Frisia Aktiengesellschaft
Fahlberg-List Aktiengesellschaft
Chemische Fabriken
Gelsenberg Aktiengesellschaft
Holsten-Brauerei
Losenhausen Maschinenbau Aktiengesellschaft
Lüneburger Kronen-Brauerei Aktiengesellschaft
Mannesmann Aktiengesellschaft
Rheinische Hypothekenbank
Rheinstahl Aktiengesellschaft
Stern-Brauerei Carl Funke Aktiengesellschaft
Stöhr & Co. Aktiengesellschaft
August Thyssen-Hütte Aktiengesellschaft
VARTA Aktiengesellschaft
Veba Aktiengesellschaft
Vereins- und Westbank Aktiengesellschaft
Westdeutsche Bodenkreditanstalt
Wintershall Aktiengesellschaft
Zuckerfabrik Franken GmbH
Zuckerfabrik Warburg Aktiengesellschaft

Europemballage Inc.
Thomassen & Drijver-Verblifa N.V.

Head Offices

<u>Dusseldorf</u>	D-4000 Dusseldorf, 25 Breite Strasse, Telephone 82 71, Telex 8 581 381
<u>Frankfurt</u>	D-6000 Frankfurt, 32-36 Neue Mainzer Strasse, Telephone 1 36 21, Telex 4 11 246
<u>Hamburg</u>	D-2000 Hamburg, 7-9 Ness, Telephone 36 13 21, Telex 2 12 391

Domestic Branches

<ul style="list-style-type: none"> △ Aachen with sub-branches Adalbertstrasse Burtscheid Markt and paying office Vetschau ○ Aalen ○ Achim ○ Ahlen (Westph.) ○ Ahrensburg (Holst.) with sub-branch Hamburger Strasse ○ Albstadt (Ebingen) with sub-branch Tailfingen ○ Alfeld (Leine) ○ Alsfeld △ Altena (Westph.) with sub-branch Lennestrasse □ Andernach ○ Aschaffenburg ○ Augsburg with sub-branches Donauwörther Strasse Göggingen ○ Backnang ○ Bad Bramstedt □ Baden-Baden ○ Bad Driburg ○ Bad Harzburg ○ Bad Hersfeld ○ Bad Homburg v. d. H. ○ Bad Honnef □ Bad Kreuznach ○ Bad Nauheim ○ Bad Neuenahr ○ Bad Neuenahr-Ahrweiler ○ Bad Oeynhausen 	<ul style="list-style-type: none"> ○ Bad Oldesloe ○ Bad Salzuflen ○ Bad Soden (Taunus) ○ Bad Vilbel □ Balingen (Württ.) ○ Bamberg ○ Baunatal (Kassel district) ○ Bayreuth ○ Beckum (Münster district) ○ Bensheim ○ Berenbostel ○ Bergheim (Erfurt) ○ Bergisch Gladbach ○ Bergneustadt ○ Biberach (Riss) △ Bielefeld with sub-branches Betheleck Heeper Strasse Herforder Strasse Jöllenbecker Strasse Sieker Stapenhorststrasse Wellensiek ○ Bietigheim ○ Bigge (Brilon/W. district) ○ Bingen △ Bocholt △ Bochum with sub-branches Ehrenfeld Hamme Laer Linden Stiepel ○ Böblingen △ Bonn with sub-branches Bundeskanzlerplatz Markt Tannenbusch 	<ul style="list-style-type: none"> ○ Bonn-Bad Godesberg with sub-branch Römerplatz ○ Bonn-Beuel ○ Bonn-Duisdorf ○ Borken (Westph.) ○ Bottrop ○ Brackwede ○ Brake* △ Braunschweig with sub-branches Am Hauptbahnhof Celler Strasse Dankwardstrasse Heidberg Jasperallee Radeklint △ Bremen with sub-branches Dobben Findorff Gröpelingen Hemelingen Huchting Neustadt Steintor West Woltmershausen □ Bremen-Vegesack □ Bremerhaven with sub-branches Geestemünde Lehe ○ Bremervörde ○ Bruchsal ○ Brühl (Cologne district) ○ Brunsbüttel □ Bückeburg ○ Bünde ○ Bünde-Ennigloh ○ Burgdorf ○ Butzbach ○ Buxtehude ○ Celle 	<ul style="list-style-type: none"> ○ Cloppenburg ○ Coburg ○ Coesfeld △ Cologne: see under Köln △ Cuxhaven ○ Dachau with paying office MAN-Allach □ Darmstadt with sub-branches Arheilgen Karlstrasse □ Delmenhorst ○ Detmold ○ Diepholz ○ Diez (Lahn) ○ Dillenburg ○ Dinslaken ○ Dormagen ○ Dorsten △ Dortmund with sub-branches Aplerbeck Hörde Hohe Strasse* Hombruch Kaiserstrasse Königswall Mengede Münsterstrasse Ruhrallee ○ Dülmen ○ Düren △ Dusseldorf with sub-branches Am Hafen Am Hauptbahnhof Brehmplatz Eller Friedrichstrasse Garath Gerresheim Golzheim Grafenberger Allee
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Heerdt	Steele	○ Geesthacht	Hamm
Heinrichstrasse	Viehofer Platz	○ Geislingen (Steige)	Hammerbrook
Holthausen	Wasserturm	△ Gelsenkirchen	Hoheluft
Kaiserswerth	○ Esslingen	with sub-branches	Lokstedt
Karolingerplatz	○ Ettlingen	Am Stern	Lurup*
Königsallee	○ Euskirchen	Buer-Erle	Messberg
Nordstrasse	○ Fellbach (Württ.)	Horst	Mittelweg
Oberbilk	○ Flensburg	Neustadt	Mundsburg
Oberkassel	with sub-branches	△ Gelsenkirchen-Buer	Neugraben
Rath	Industriegebiet	△ Gevelsberg	Osdorf
Reisholzer Strasse	(<i>industrial estate</i>)	△ Giessen	Osterstrasse
Schadowstrasse	Mürwik	○ Gifhorn	Othmarschen
Unterrath*	Norderstrasse	○ Glinde (Schlesw.-H.)	Rahlstedt
Wersten	Südermarkt	○ Glückstadt	Rothenburgsort
Worringer Platz	○ Frankenthal (Palatinate)	○ Goch	St. Georg
○ Dusseldorf-Benrath	△ Frankfurt	○ Göppingen	St. Pauli
△ Duisburg	with sub-branches	△ Göttingen	Schnelsen
with sub-branches	Adickesallee	with sub-branches	Uhlenhorst
Hochfeld	Alt-Bornheim	Eichendorffplatz	Volksdorf
Lutherplatz	Am Eschenheimer Tor	Weender Landstrasse	Wandsbek
Marxloh	Am Opernplatz	△ Goslar	Wilhelmsburg
Meiderich	Berliner Strasse	○ Greven (Westph.)	Winterhude
Wanheimerort	Bockenheim	○ Grevenbroich	and paying office
□ Duisburg-Hamborn	Bornheim	○ Gross Gerau	Grossmarkthalle
○ Duisburg-Ruhrort	Dornbusch	○ Gütersloh	△ Hamburg-Altona
○ Eckernförde	Flughafen (<i>airport</i>)	△ Gummersbach	□ Hamburg-Bergedorf
△ Eickel (Wanne-Eickel)	Galluswarte	○ Haan (Rhineland)	△ Hamburg-Harburg
○ Einbeck	Hanauer Landstrasse	△ Hagen	○ Hameln
○ Eiserfeld (Sieg)	Hauptwache	with sub-branches	△ Hamm (Westph.)
○ Eislingen	Kaiserstrasse	Haspe	with sub-branch
□ Elmshorn	Oederweg	Mittelstrasse	Marktplatz
○ Eiten-Feldhausen	Platz der Republik	Wehringhausen	△ Hanau (Main)
△ Emden	Rödelheim	○ Haltern (Westph.)	△ Hanover
with sub-branch	Sachsenhausen	○ Halver	with sub-branches
Rathausplatz	Schwanheim	△ Hamburg	Am Klagesmarkt
○ Emmerich	Wächtersbacher	with sub-branches	Am Kröpcke
○ Emsdetten	Strasse	Am Hafen	Am Küchengarten
○ Enger	Zeil	Barmbek	Am Steintor
○ Ennepetal	and paying office	Billstedt	Buchholz
○ Erkelenz	Airport Hotel	Blankenese	Herrenhausen
○ Erkrath	△ Frankfurt-Höchst	Bramfeld	Hildesheimer Strasse
○ Erlangen	○ Frechen	Dehnhaid	Lister Meile
○ Eschborn*	○ Freiburg (Breisgau)	Eidelstedt	Sallstrasse
△ Eschwege	with sub-branch	Eimbüttel	Südstadt
○ Eschweiler	Rathausgasse	Eppendorf	Vahrenheide
△ Essen	○ Friedberg (Hesse)	Esplanade	Vahrenwald
with sub-branches	○ Friedrichsfeld	Freihafen (<i>free port</i>)	Wülfel
Altenessen	(Lower Rhine)	Fuhlsbüttel	○ Heide (Holstein)
Borbeck	○ Friedrichshafen	Gänsemarkt	○ Heidelberg
Bredeney	△ Fürth (Bavaria)	Geschäftsstadt Nord	with sub-branches
Essen-Süd	with sub-branches	Grindelberg	Innenstadt
Essen-West	Komotauer Strasse	Grossneumarkt	Neuenheim
Holsterhausen	Waldstrasse		□ Heidenheim (Brenz)
Kupferdreh	□ Fulda		○ Heilbronn
Rüttenscheid	○ Garmisch-Partenkirchen		○ Heiligenhaus
			□ Helmstedt
			with sub-branch
			Gröpern
			○ Hemer

○ Hemmingen-Westerfeld	□ Karlsruhe with sub-branches Am Mühlburger Tor Durlach Mühlburg	○ Konstanz with sub-branch Petershausen	△ Lüdenscheid with mobile sub-branch
○ Hennef		○ Korbach	○ Lüdinghausen
○ Herbede		△ Krefeld with sub-branches Hochstrasse Zentrum (<i>downtown</i>)	○ Lüneburg
△ Herford with sub-branches Alter Markt Mindener Strasse	△ Kassel with sub-branches Altstadt Bettenhausen Friedrich-Ebert-Strasse and paying office DEZ Niederzwehren	○ Krefeld-Uerdingen	□ Lünen
□ Herne	○ Kaufbeuren with sub-branch Neugablonz	○ Kreuztal	○ Maintal-Dörnigheim
○ Hertfen	○ Kelkheim (Taunus)	○ Kulmbach	△ Mainz with sub-branches Am Dom Rheinallée Schillerplatz
○ Herzberg	○ Kempfen (Lower Rhine)	○ Laatzfen (Han.)	△ Mainz-Kastel
○ Herzogenrath	○ Kempfen-Hüls (Lower Rhine)	○ Lahr	△ Mannheim with sub-branches Käfertal Kaiserring Lindenhof Neckarau Neckarstadt Sandhofen Waldhof
△ Hilden	○ Kempten	○ Landau (Palatinate)	
△ Hildesheim with sub-branches Dammstrasse Marienburger Platz Zingel	○ Kettwig	○ Landshut	
○ Hockenheim	△ Kiel with sub-branches Arndtplatz Exerzierplatz Gaarden Holtenauer Strasse Nord Holtenauer Strasse Süd Kirchhofallee Wellingdorf and paying office Schlachthof (<i>slaughter-house</i>)	○ Langen (Hesse)	
○ Hof (Saale)		□ Langenberg (Rhineld.)	
○ Hofheim (Taunus)		○ Langenfeld	
□ Hohenlimburg with sub-branch Elsey		○ Langenhagen	△ Marburg (Lahn)
△ Holzminden		○ Leer (East Friesld.)	□ Marl-Hüls
○ Homburg (Lw. Rhine)		○ Lehrte (Han.)	□ Mayen
○ Hoya (Weser)		○ Leichlingen	○ Meerbusch-Büderich
○ Hüttental-Weidenau		□ Lemgo	○ Meerbusch-Osterath
○ Husum		○ Lennestadt (Altenhudem)	○ Memmingen
		○ Leonberg	○ Menden
○ Ibbenbüren	○ Kirchheim (Teck)	○ Letmathe	○ Meppen
○ Idar-Oberstein with sub-branch Edelsteinbörse (<i>jewelry exchange</i>)	○ Kirn (Nahe)	□ Leverkusen	○ Meschede
○ Idstein*	△ Kleve	□ Limburg (Lahn)	○ Mettmann
○ Ingelheim	○ Koblenz with sub-branch Bahnhofsplatz	○ Lingen (Ems)	○ Metzgingen
○ Ingolstadt	△ Köln (<i>Cologne</i>) with sub-branches Barbarossaplatz Braunsfeld Chlodwigplatz Ehrenfeld Eigelstein Hohenzollernring Hohe Strasse Kalk Lindenthal Neumarkt Neusser Strasse Sülz Weidenpesch Zollstock	○ Lintorf	○ Minden
△ Iserlohn with sub-branch Schillerplatz		○ Lippstadt	○ Misburg
○ Itzehoe		○ Löhne	△ Mönchengladbach with sub-branches Am Hauptbahnhof Rheindahlen 1 Rheindahlen 2
		○ Lörrach (Baden)	
○ Jülich		○ Lohne	
		□ Ludwigsburg	
○ Kaiserslautern		○ Ludwigshafen (Rhine)	○ Moers
○ Kaltenkirchen		○ Lübbecke	○ Monschau
○ Kamen		△ Lübeck with sub-branches Am Schlachthof Buntekuh Fackenburger Allee Geniner Strasse Marli Travemünde and paying office Skandinavienkai	○ Mühlendorf (Inn)
○ Kamp-Lintfort	○ Köln-Mülheim	○ Lüchow	○ Mühlheim (Main)
	○ Königstein (Taunus)		△ Mülheim (Ruhr) with sub-branch Speldorf
			△ München (<i>Munich</i>) with sub-branches Baldeplatz Berg am Laim Grosshadern Hauptbahnhof/ Marsstrasse Herkomerplatz

Hohenzollernstrasse	△ Oberhausen	○ Rees	○ Sindelfingen
Ingolstädter Strasse	with sub-branches	○ Regensburg	○ Singen (Hohentwiel)
Laim	Buschhausen	△ Reinbek (Schlesw.-H.)	○ Sinsheim
Leopoldstrasse	Osterfeld	△ Remscheid	○ Soest
Lerchenauer Strasse	○ Oberhausen-Sterkrade	with sub-branches	△ Solingen
Lindwurmstrasse	○ Obertshausen	Alleestrasse	with sub-branch
Moosach	○ Oberursel (Taunus)	Handweiser*	Höhscheid
Müllerstrasse	○ Oer-Erkenschwick	Hasten	△ Solingen-Ohligs
Nymphenburger	△ Offenbach (Main)	○ Remscheid-Lennep	○ Solingen-Wald
Strasse	with sub-branches	○ Remscheid-	○ Speyer
Pasing	Kaiserlei	Lüttringhausen	○ Sprendlingen
Reichenbachplatz	Sprendlinger	○ Rendsburg	○ Sprockhövel-
Riesenfeldstrasse	Landstrasse	□ Reutlingen	Hasslinghausen
Rosenheimer Platz	Waldstrasse	○ Rheda	□ Stade
Rotkreuzplatz	○ Offenburg	○ Rhede (near Bocholt)	○ Stadt Allendorf
Schleissheimer Strasse	△ Oldenburg (Oldb.)	△ Rheine	○ Steinhagen
Schwanthalerstrasse	with sub-branch	with sub-branch	□ Stolberg
Sendlinger Strasse	Grossmarkt	Schotthock	○ Straubing
Thalkirchner Strasse	○ Olpe	○ Rheinfelden	△ Stuttgart
Thomasiusplatz	○ Opladen	○ Rheinhausen	with sub-branches
△ Münster (Westph.)	△ Osnabrück	△ Rheydt	Degerloch
with sub-branches	with sub-branches	with sub-branches	Feuerbach
Hammer Strasse	Bramscher Strasse	Friedrich-Ebert-Strasse	Hauptstätterstrasse
Hansaring	Johannisstrasse	Odenkirchen	Marienplatz
Warendorfer Strasse	Lotter Strasse	○ Rietberg	Ostendplatz
	Schützenstrasse	○ Rosenheim	Rosenbergplatz
	○ Osterholz-Scharmbeck	○ Rottweil	Rotebühlplatz
	□ Osterode (Harz)	○ Rüdeseheim	Schlosstrasse
		○ Rüsselsheim	Vaihingen
○ Neheim-Hüsten	△ Paderborn	○ Saarburg (near Trier)	Wangen
○ Nettetal-Lobberich	○ Papenburg	□ Salzgitter-Lebenstedt	Weilimdorf
○ Neuenkirchen	○ Passau	○ St. Georgen*	Zuffenhausen
(near Rheine)	△ Peine	○ Sarstedt	□ Stuttgart-Bad Cannstatt
○ Neuenrade	○ Pforzheim	○ Schleswig	○ Trier
△ Neu-Isenburg	○ Pfungstadt	○ Schneverdingen	○ Troisdorf
△ Neumünster	□ Pinneberg	○ Schöningen	□ Tübingen
□ Neuss	□ Pirmasens	○ Schwabach	○ Tuttlingen
with sub-branch	△ Plettenberg	○ Schwäbisch Gmünd	
Dreikönigenstrasse	○ Pullach-	○ Schwalbach (Taunus)	△ Uelzen
○ Neustadt (Holst.)	Höllriegelskreuth	○ Schweinfurt	○ Uetersen
○ Neustadt (Weinstrasse)	○ Quickborn (Holst.)	□ Schwelm	○ Ulm
○ Neu-Ulm		○ Schwenningen	○ Unna
○ Neuwied	○ Radevormwald	○ Schwerte (Ruhr)	○ Unterföhring
○ Niebüll	○ Rastatt	○ Schwetzingen	(near Munich)
□ Nienburg (Weser)	○ Ratingen	○ Siegen	○ Varel (Oldenburg)
○ Norden	○ Ravensburg	○ Sennestadt	○ Vechta
△ Nordenham	□ Recklinghausen	○ Siegburg	△ Velbert
○ Norderstedt	with sub-branch	△ Siegen	○ Verden (Aller)
□ Nordhorn	Recklinghausen-Süd	○ Siegen-Kaan-	○ Vermold
○ Northeim (Han.)		Marienborn	○ Viernheim
△ Nürnberg (Nuremberg)			
with sub-branches			
Friedrich-Ebert-Platz			
Fürther Strasse			
Gibitzenhof			
Landgrabenstrasse			
Plärrer			
Schweinau			
Stresemannplatz			
and paying office			
Flughafen (airport)			

<input type="checkbox"/> Viersen	<input type="checkbox"/> Witten with sub-branch Annen
<input type="checkbox"/> Viersen-Dülken	<input type="checkbox"/> Wolfenbüttel
<input type="checkbox"/> Villingen	<input type="checkbox"/> Wolfsburg with sub-branches Detmerode Kästorf Tiergartenbreite
<input type="checkbox"/> Vlotho	<input type="checkbox"/> Worms
<input type="checkbox"/> Voerde (Lw. Rhine)	<input type="checkbox"/> Würselen
<input type="checkbox"/> Wahlstedt	<input type="checkbox"/> Würzburg
<input type="checkbox"/> Waldbröl	<input type="checkbox"/> Wunstorf
<input type="checkbox"/> Waldkraiburg	<input type="checkbox"/> Wuppertal-Barmen with sub-branches Langerfeld Leimbach Oberbarmen Ronsdorf Unterbarmen Werth Wichlinghausen
<input type="checkbox"/> Walsrode	<input type="checkbox"/> Wuppertal-Elberfeld with sub-branches Cronenberg Friedrich-Ebert-Strasse Vohwinkel
<input type="checkbox"/> Walsum	<input type="checkbox"/> Xanten
<input type="checkbox"/> Wanne (Wanne-Eickel)	<input type="checkbox"/> Zirndorf
<input type="checkbox"/> Warburg	
<input type="checkbox"/> Wattenscheid with sub-branch Höntrop	* Opening shortly
<input type="checkbox"/> Wedel (Holstein)	<input type="checkbox"/> Operating at end of 1948
<input type="checkbox"/> Wegberg	<input type="checkbox"/> Opened until 1958
<input type="checkbox"/> Weiden (Upp. Palat.) with paying office DEZ	<input type="checkbox"/> Opened since 1959, until mid-1975
<input type="checkbox"/> Weil (Rhine)	
<input type="checkbox"/> Weinheim (Bergstrasse)	
<input type="checkbox"/> Werdohl	
<input type="checkbox"/> Wermelskirchen	
<input type="checkbox"/> Wesel	
<input type="checkbox"/> Wesseling	
<input type="checkbox"/> Westerholt	
<input type="checkbox"/> Westerland (Sylt)	
<input type="checkbox"/> Wetter (Ruhr)	
<input type="checkbox"/> Wetter-Wengern (Ruhr)	
<input type="checkbox"/> Wetzlar	
<input type="checkbox"/> Weyhe-Kirchweyhe	
<input type="checkbox"/> Weyhe-Leeste	
<input type="checkbox"/> Wiedenbrück	
<input type="checkbox"/> Wiehl (Cologne district)	
<input type="checkbox"/> Wiesbaden with sub-branches Biebrich Bismarckring Bleichstrasse Kirchgasse Rheinstrasse Wilhelmstrasse	
<input type="checkbox"/> Wildeshausen	
<input type="checkbox"/> Wilhelmshaven with sub-branch Gökerstrasse	
<input type="checkbox"/> Winsen (Luhe)	
<input type="checkbox"/> Wissen (Sieg)	
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Foreign Branches

London

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P.O.Box 286, 10-11 Austin Friars,
London EC 2N 2HE (United Kingdom)

New York

Commerzbank AG, New York Branch,
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Chicago

Commerzbank AG, Chicago Branch,
55 East Monroe Street, Suite 4640,
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Subsidiaries

BERLINER COMMERZBANK

Head Office and Main Branch
at 125 Potsdamer Strasse, 1 Berlin 30
Tourist Office at 1 Rankestrasse, 1 Berlin 30

with sub-branches:	Spandau
	Nonnendammallee
Charlottenburg	Pichelsdorfer
Otto-Suhr-Allee	Strasse
Charlottenburg	Spandau
Savignyplatz	Steglitz
Kurfürstendamm	Albrechtstrasse
Amtsgerichtsplatz	Steglitz
Reichsstrasse	Lichterfelde
Gedächtniskirche	Lankwitz
with paying office	Tempelhof
Kaufhaus	Am Flughafen
Wertheim	Tempelhof
Kreuzberg	Mariendorf
Kottbusser Tor	Tempelhof
Kochstrasse	Marienfelde
Mehringdamm	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
Dusseldorf

Commerz- und Industrie-Leasing GmbH
Dusseldorf

Commerzbank Fonds-
Verwaltungsgesellschaft mbH (Cofo)
Dusseldorf

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

Argentina, Paraguay, Uruguay

Karl-Lutz Ammann
456 Avda. Corrientes, Depto. 73,
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Australia, New Zealand

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Repr. Commerzbank: Stefan C. W. Stäcker
IAC Building, 54-62, Carrington Street,
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Commerzbank Representação Ltda.
Central Management: Werner Menges
250 Rua Direita, 14° and.,
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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

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521 & 522, Fuji Building 3-2-3 Marunouchi,
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100-91 Tokyo (Japan)

Denmark, Norway, Sweden, Finland

Joint Representative Office
for the Nordic Countries
Banco di Roma/Banco Hispano Americano/
Commerzbank AG/Crédit Lyonnais
Repr. Commerzbank: Wilfried A. Reschke
4 Rådhuspladsen, P.O.Box 325,
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Mexico, Central America, Caribbean Islands

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Commerzbank AG/Crédit Lyonnais
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Middle East, Egypt, Libya

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Beirut (Lebanon)

Peru, Bolivia, Chile, Ecuador

Gerhard Reinecke
266 Av. Emancipación, 7 Piso, Casilla 1127,
Lima (Peru)

South East Asia

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Singapore 1

Southern Africa

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Commerzbank AG/Crédit Lyonnais
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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)

Venezuela, Colombia

Jürgen Carlson
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

Bahama

Deltec Panamerica S.A., Nassau

Brazil

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

Dubai

The Commercial Bank of Dubai Ltd., Dubai

Finland

Teollistamisrahasto Oy –
Industrialization Fund of Finland Ltd., Helsinki

France

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

Indonesia

P.T. Finconesia Financial Corporation
of Indonesia, Djakarta

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
European Enterprises Development
Company S.A., (EED), 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
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 subsidiary at Saarbrücken and their joint representative office at Copenhagen, also of Banco Hispano Americano).





The International Presence of the Europartners



Europartners Key Data¹⁾

BANCO DI ROMA

	Mid-1974	Year-end, 1973	Change
Balance Sheet Total	Lire 10,899 billion	Lire 11,012 billion	-1.0%
Deposits	Lire 6,908 billion	Lire 7,136 billion	-3.2%
Capital and Reserves	Lire 58 billion	Lire 58 billion	0.0%
Branches	266	264	0.8%
Number of accounts	1,604,400	1,581,500	1.4%
Staff	11,215	10,779	4.0%

BANCO HISPANO AMERICANO

	Year-end, 1974	Year-end, 1973	Change
Balance Sheet Total	Ptas 384,567 million	Ptas 321,416 million	19.7%
Deposits	Ptas 301,913 million	Ptas 260,822 million	15.8%
Capital and Reserves	Ptas 23,043 million ²⁾	Ptas 19,502 million	18.2%
Branches	607	587	3.4%
Number of accounts	1,935,000	1,801,000	7.4%
Staff	15,500	15,370	0.8%

COMMERZBANK

	Year-end, 1974	Year-end, 1973	Change
Balance Sheet Total	DM 31,436 million	DM 28,405 million	10.7%
Deposits	DM 29,238 million	DM 26,434 million	10.6%
Capital and Reserves	DM 1,364 million	DM 1,213 million	12.4%
Branches	765	755	1.3%
Clients	2,015,200	1,961,100	2.8%
Staff	16,585	16,622	-0.2%

CREDIT LYONNAIS

	Year-end, 1974 ²⁾	Year-end, 1973	Change
Balance Sheet Total	Ffrs 128,735 million	Ffrs 112,764 million	14.2%
Deposits	Ffrs 119,078 million	Ffrs 103,610 million	14.9%
Capital and Reserves	Ffrs 1,121 million	Ffrs 1,121 million	0.0%
Branches	2,429	2,365	2.7%
Clients	3,876,000	3,506,000	10.6%
Staff	48,013	44,792	7.2%

The Group³⁾

	Year-end, 1974 ⁴⁾	Year-end, 1973	Change
Balance Sheets Sum Total	DM 158,374 million	DM 114,372 million	9.7%
Deposits	DM 132,551 million	DM 120,425 million	10.1%
Capital and Reserves	DM 3,184 million	DM 2,877 million	10.7%
Branches	4,067	3,971	2.4%
Staff	91,313	87,563	4.3%

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, 1974:

Ffr 1 = DM 0.543; Lit 100 = DM 0.3714; Ptas 100 = DM 4.305

⁴⁾ Banco di Roma: mid-1974

