

Wirtschaft und Information

Annual Report
1976



EUROPARTNERS

BANCO DI ROMA
BANCO HISPANO AMERICANO
COMMERZBANK
CREDIT LYONNAIS

COMMERZBANK

AKTIENGESELLSCHAFT

COMMERZBANK Highlights

Parent Bank

at year-end	1976	1975
Total assets	DM 42,090.1 m	DM 38,535.7 m
Total lending	DM 25,584.1 m	DM 22,278.1 m
Capital and reserves	DM 1,781.0 m	DM 1,547.7 m
Dividend paid per DM 50 nominal share	DM 9.00	DM 9.00
Year's earnings	DM 159.3 m	DM 145.5 m

Group¹⁾

in DM m, at year-end			in DM m, at year-end		
Assets	1976	1975	Liabilities	1976	1975
Cash	2,580	2,673	Bank deposits	19,248	17,402
Cheques, collection items	173	310	Customers' deposits	29,376	27,475
Bills of exchange	4,270	4,659	a) sight deposits	(6,619)	(6,741)
Lending to banks	19,099	17,331	b) time deposits	(13,724)	(12,284)
Treasury bills	859	556	c) savings deposits	(9,033)	(8,450)
Bonds and notes	1,476	1,398	Bonds outstanding	11,372	8,786
Shares	642	657	Other liabilities	1,199	1,037
Lending to customers	32,249	27,226	Capital and reserves ²⁾	1,902	1,638
a) for agreed periods of less than four years	(12,930)	(11,325)	a) share capital	(644)	(570)
b) for agreed periods of four years or more	(19,319)	(15,901)	b) reserves	(1,137)	(977)
Holdings			c) so-called "difference" ³⁾	(99)	(67)
in associated companies	490	365	d) minority interests ⁴⁾	(22)	(24)
Land and buildings	610	577	Consolidated profit	178	134
Other assets	827	720			
Total Assets	63,275	56,472	Total Liabilities	63,275	56,472
			Endorsement liabilities	518	311
			Business volume	63,793	56,783
Branches	861	855	Guarantees	7,482	6,033
Customers	2,383,800	2,287,600			
Staff	19,207	18,749			

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

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

¹⁾ for complete Consolidated Annual Accounts see pages 88 to 91;

²⁾ DM 1,942 (1975: 1,650) m after allocation of funds decided upon at AGM's of consolidated companies;

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

⁴⁾ excluding attributable share of profits.

Annual Accounts and Report
for the Year 1976

COMMERZBANK



Commerzbank mourns the loss of the
Honorary Chairman of its Supervisory Board

Dr. Hanns Deuss

who died on May 24, 1976,
only a few weeks after retiring
from the chair of the Supervisory Board.

Dr. Hanns Deuss was elected to the
Board of Managing Directors of Commerzbank
in 1942 and remained a Member until 1961,
acting as its Spokesman
for the last few years.
He was subsequently
Chairman of the Supervisory Board
for 15 years.

Dr. Hanns Deuss' life achievement
was the rebuilding of the Bank
after the Second World War
and the restoration
of its international business connections.
His years as Chairman of the Supervisory Board
were a time of great commitment
during which he guided the Bank
with a sure hand.

The high esteem in which he was held
and the confidence placed in him
by many in the business community
redounded to the Bank's advantage.

Commerzbank
acknowledges its great debt
to Dr. Hanns Deuss.

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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.

To our shareholders

Our overall performance was satisfactory in 1976. Though, in common with other German banks, we were unfavourably affected by the still halting demand for credit from industry, our personal lending business and our international operations did well. As had been expected, results for the Parent Bank alone fell short of the above-average figure achieved in the previous year, while the earning power of the Group as a whole was hardly impaired.

The further rights offer we made to you last September met with a most gratifying response, and we thank the great majority of our shareholders who took advantage of the opportunity to add to their holdings of Commerzbank shares.

One of the items on the agenda of the forthcoming AGM is the approval of another increase in "authorized" capital, to enable us to continue seizing our chances for further growth whenever deemed appropriate. As before, the new shares would be offered to you and to the holders of our convertible bonds, and only marginal amounts would be sold on the market to round off the Bank's share capital.

Being widely held and actively dealt in, Commerzbank shares rank as one of Germany's blue chips. Our shareholders at present number some 123,000, with more than half of our employees among them. And in recent years, Commerzbank shares have more often than not figured among the German stock market's top twelve in terms of turnover.

The Bank is subject to the provisions of the Codetermination Act of May 4, 1976; a notice to this effect was published in the German Federal Gazette of July 29, 1976.

More and more companies are nowadays attempting to quantify the contribution they make to their country's economy at large. That of Commerzbank in 1976 fell not far short of the DM 1 bn mark—rather more than one-thousandth of West Germany's national income. Of this, DM 731 m, or 74 per cent, went to our employees, DM 109 m, or 11 per cent, to our shareholders, and DM 96 m, or 10 per cent, was used for tax payments, while DM 50 m was allocated to reserves. All this was of course only made possible by the comprehensive services rendered to our more than two million customers at home and abroad.

January 1, 1977, marked the 25th anniversary of the presentation of our first postwar accounts. During those 25 years our (non-consolidated) Balance Sheet total has grown from DM 1.6 bn to DM 42.1 bn, and our capital and reserves even more from DM 55 m to DM 1,781 m, whilst the number of our employees has nearly quadrupled. A person who had 25 years ago invested in the shares of one of the Bank's postwar successor institutions, say in Northrhine-Westphalia, and who had taken advantage of all subsequent rights issues would have seen the value of his Commerzbank holding increase almost fourfold or, if he had also reinvested all his dividends, no less than eight times over.

The current year has got off to a good start. In the present very competitive climate, however, our performance will more than ever be dependent upon the flexibility of our business policy and the efficiency of our staff, but also on a sound financial structure.

March 1977



*Chairman,
Supervisory Board*



*Spokesman,
Board of Managing Directors*

25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of the shareholders of Commerzbank AG will be held in the auditorium of the Berlin Kongresshalle, at 10 John-Foster-Dulles-Allee, West Berlin,

**on Tuesday, May 10, 1977,
at 10.30 a. m.,**

for the following purposes:

Agenda

1

**To consider
the Bank's established Annual Accounts,
the Report of its Board of Managing Directors,
and the Report of its Supervisory Board,
as well as the Consolidated Annual Accounts
and the Group Report
for the year ended December 31, 1976.**

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 109,251,000.00 for the financial year 1976 be used to pay a dividend of DM 9.00 per share of DM 50.00 nominal, with the new shares from the capital increase of August 1976 ranking for half that dividend.

3

**To approve the actions and conduct
of the Board of Managing Directors
and of the Supervisory Board
during the financial year 1976.**

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

4

**To elect a Member of the Supervisory Board
in place of one retiring.**

Professor Dr. Dr. h. c. mult. Dr. E. h. mult. Otto Bayer has declared his wish to retire from the Bank's Supervisory Board directly after the end of the Annual General Meeting. The Supervisory Board proposes that Professor Dr.-Ing. Kurt Hansen, Honorary Senator and Chairman of the Supervisory Board of Bayer AG, of Leverkusen-Schlebusch, be elected in his stead.

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 German Companies Law and by Article 76, paragraph 1, in conjunction with Article 129 of the German Law on the Constitution of Enterprises, of 1952 and of 1972, respectively.

5

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

The Board of Managing Directors and the Supervisory Board propose that the AGM resolve upon the following:

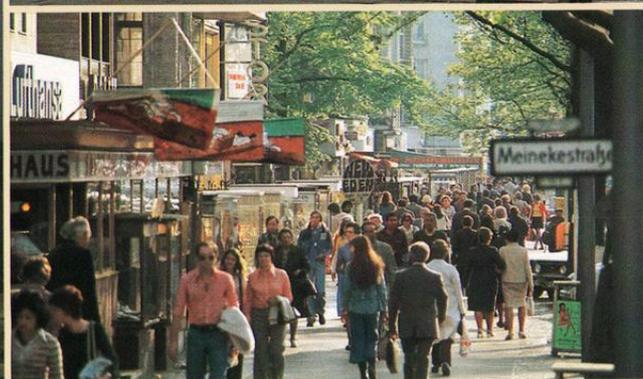
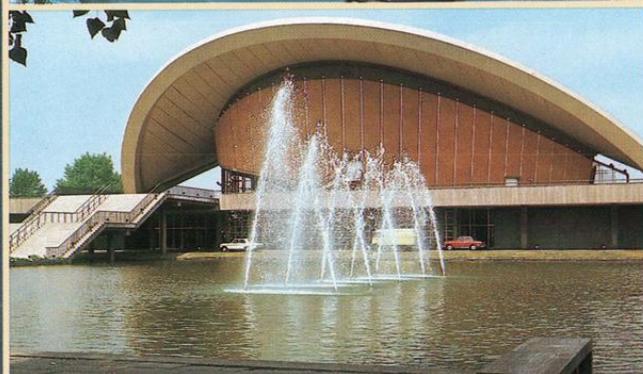
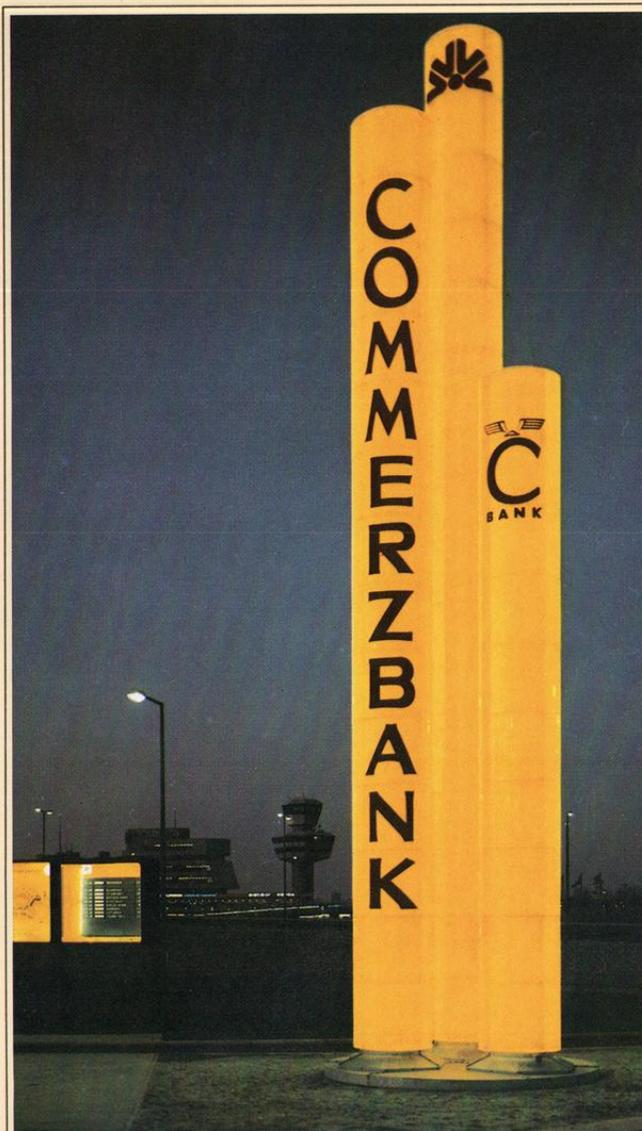
- a) the Board of Managing Directors shall be authorized to increase the share capital of the Bank by May 10, 1982, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM 100,000,000.00 nominal, if necessary with exclusion of shareholders' subscription rights; the Supervisory Board shall be authorized to amend Article 4 of the By-laws accordingly as and when such an issue is made within the authorized capital increase;
- b) by addition of a new paragraph 6, Article 4 of the By-laws shall read as follows:

"The Board of Managing Directors is also authorized to increase the share capital of the Company by May 10, 1982, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, by a maximum amount of DM 100,000,000.00 nominal and to decide, in so doing, on the exclusion of shareholders' subscription rights."

6

**To appoint the Auditors
for the financial year 1977.**

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



WEST BERLIN - A LIVELY CITY

The city of West Berlin covers an area as large as Frankfurt and Cologne combined and has some two million inhabitants. More than a million visitors from all over the world stop by West Berlin every year because it has remained an interesting place, full of charm and still bustling with that same kind of fascinating activity for which

this European metropolis was already famed during the "roaring twenties".

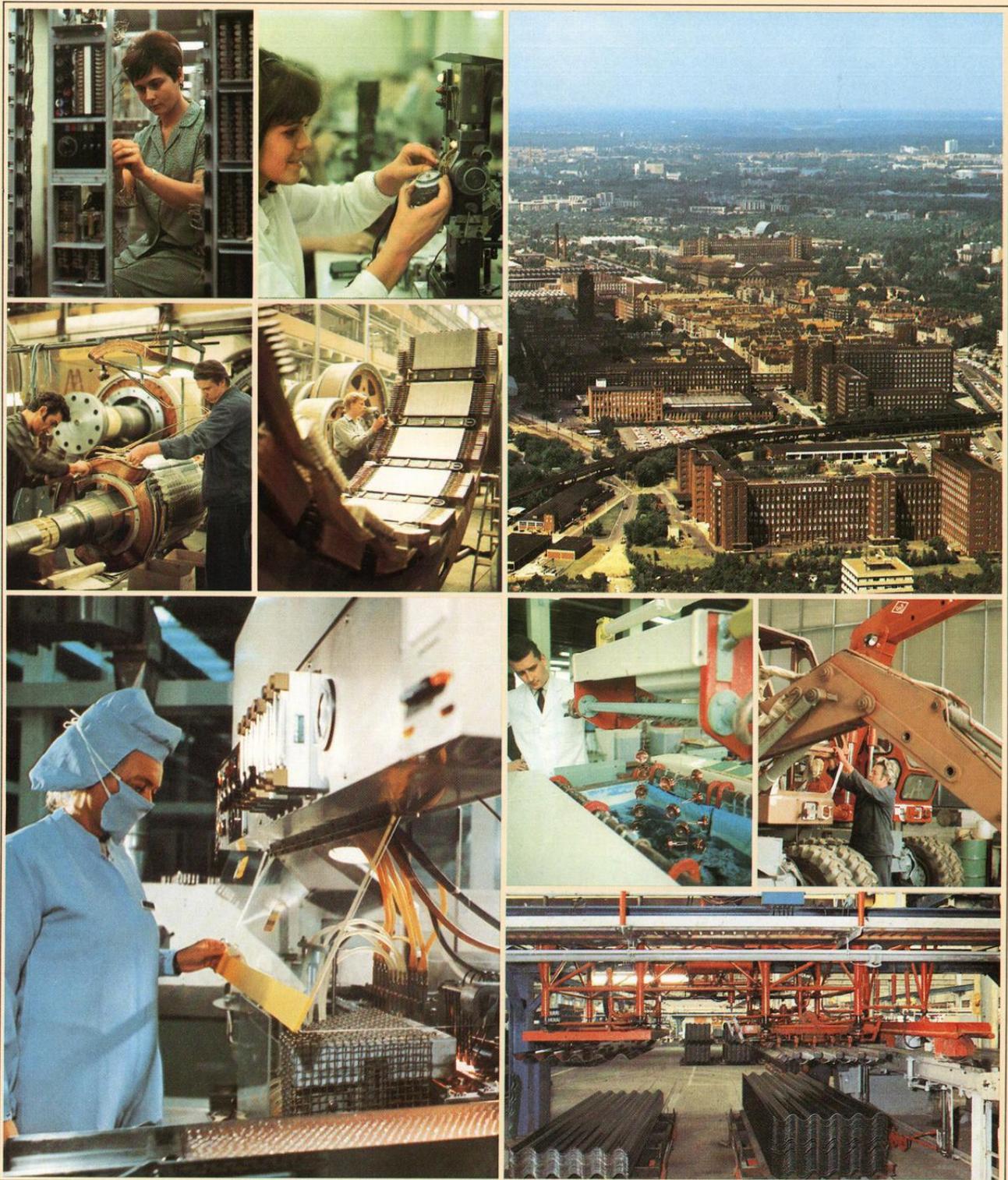
West Berlin has close economic and legal ties with the Federal Republic of Germany. Geographically, the town resembles an "island" surrounded by a border of 162 km total extension, 46 km

of which with East Berlin, bearing sad witness to Berlin's World War II inheritance. In spite of this, downtown West Berlin is a cheerful place, offering attractive shopping and entertainment facilities. The 3.5 km long Kurfürstendamm and the Tauentzienstrasse with their parade of more than 100 restaurants and over 300 shops,

	3
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2	6 7

- 1, 3 In front of Tegel Airport
2 Gedächtniskirche (Memorial Church)

- 4 The West Berlin Kongresshalle (conference hall)
5, 6 Kurfürstendamm
7 The East-West Express Way, extending for 14 km.



with theatres, cinemas, and picture galleries providing much variety and opportunity for entertainment and relaxation, are ideal for a leisurely stroll. The enchanting atmosphere of the former German capital, which now boasts many modern hotels, proves a great draw to congresses, trade fairs, and exhibitions. West Berlin

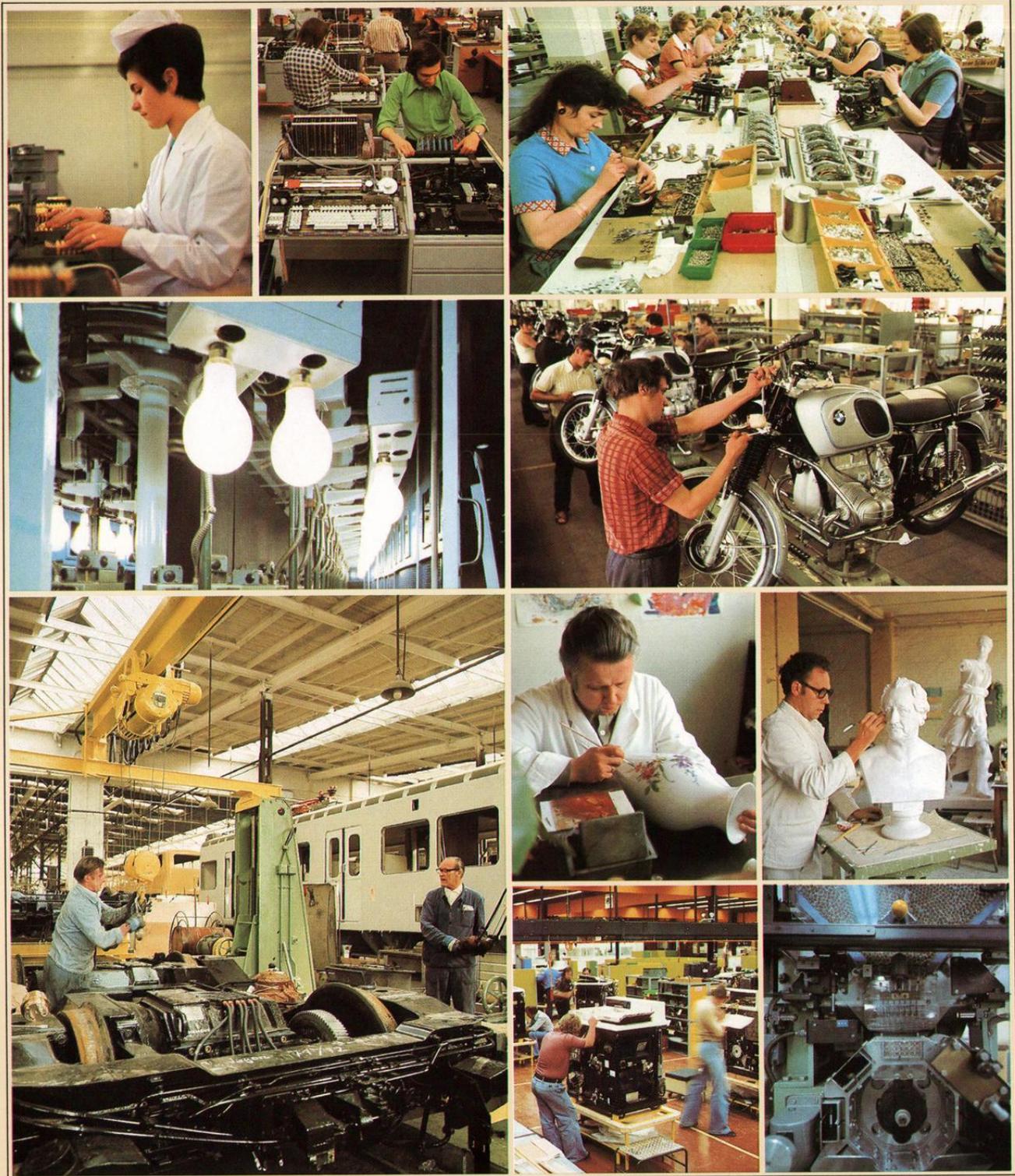
now ranks tenth in the world league of congress centres.

Gauged by the number of workers West Berlin is still Germany's largest industrial city, since of a total of approximately 850,000 people employed, almost a quarter work in industry. Both in terms of sales and number of

employees, the capital goods sector is particularly well represented on the electrical as well as on the mechanical side, but the production of consumer goods is also of long standing. Every second light bulb and every third cigarette bought in Federal Germany come from West Berlin. Its fashions are famous throughout

the couture world. In all, 75 per cent of the goods manufactured there are sold within the Federal Republic.

The West German business community takes its responsibility towards Berlin very seriously and through capital spending helps it to keep pace with industrial progress.

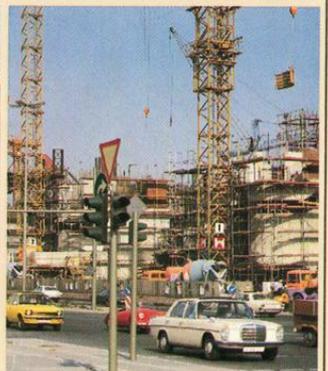
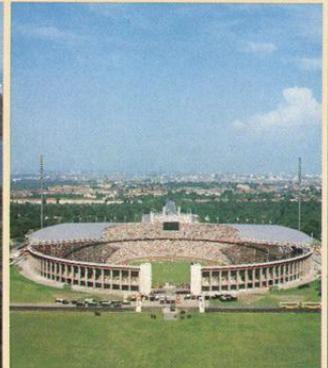
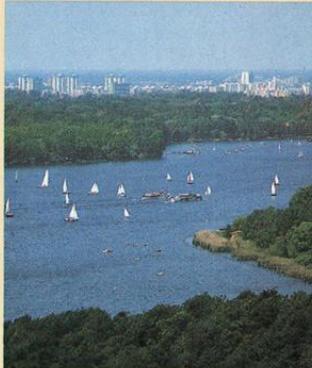
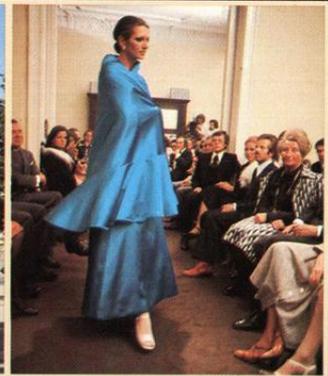
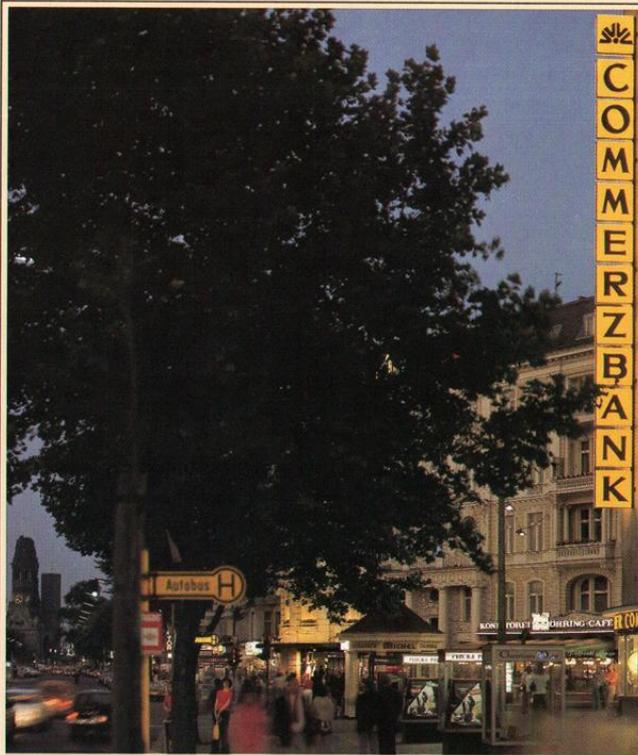


West Berlin also has a substantial research potential. Scientists and students work and study at two universities, at a number of specialist institutions of higher education, and at numerous research institutes.

The city has indeed a lot to offer for leisure hours. Apart from the International Film Festival, the "Berlin Weeks", and the theatre and jazz festivals, there is a wide range of cultural events and entertainment to choose from. Music-lovers can enjoy the performances of the world-famous Philharmonic Orchestra or at the Deutsche

Oper opera house. Theatre fans can make a choice from among 14 houses that offer everything from comedies to the works of the great classical dramatists and the most demanding contemporary plays. Then there are satirical cabarets. And gourmets will find many a restaurant with an international menu.

Those keen on sports will be tempted to watch a federal league football match or the Berlin ice hockey team. Summer means swimming in and sailing on the Wannsee or Tegel lakes, while those who enjoy walking can indulge in their hobby in the Tegel or Grunewald forests. Only a third of the total area of West Berlin



is built-up, and some 16 per cent is still densely wooded.

The Dahlem, Charlottenburg, and Tiergarten museums have much to offer, as have the more than 50 private galleries that enliven the cultural scene.

Yet with all these pleasant features West Berlin is still not

an idyllic place but a large and vital city having its own special problems to cope with, one of the most serious being its ageing population. The Municipal Government is seeking to relieve the situation by providing tax incentives to motivate people to work there and by offering subsidies designed to create new jobs.

The continued improvement of road, rail, and air links between West Berlin and Federal Germany is constantly being furthered by joint efforts of the Federal and the West Berlin Governments; to which inter alia the efficient new Tegel Airport bears proud witness.

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	6	7
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- 1, 2 One of Berliner Commerzbank's 51 branches
- 3 Allied Powers' annual parade
- 4 Charlottenburg Castle

- 5 Berlin fashions
- 6 32 per cent of the total West Berlin area is made up of lakes and waterways, forests and green belts.
- 7 The Olympic Stadium
- 8 The Philharmonic Concert Hall
- 9 The Märkisches Viertel district
- 10 The new West Berlin International Congress Centre

Supervisory Board

(Aufsichtsrat)

DR. HANNS DEUSS
Düsseldorf
Chairman
until May 11, 1976

PAUL LICHTENBERG
Frankfurt/Düsseldorf
Chairman
since May 11, 1976

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

DR. DIETRICH WILHELM VON MENGES
Oberhausen
Member of the Supervisory Board
of Gutehoffnungshütte Aktienverein
Deputy Chairman

ARNO PAUL BÄUMER
Stuttgart
Chairman of the Board of Managing Directors
of Allianz Lebensversicherungs-AG, and
Member of the Board of Managing Directors
of Allianz Versicherungs-AG
since May 11, 1976

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

ROLF BECKMANN
Düsseldorf
Commerzbank AG

KARIN BEHRENS
Berlin
Berliner Commerzbank AG

EWALD FAJKUS
Frankfurt
Commerzbank AG

URSULA FAMERS
Essen
Commerzbank AG
until May 11, 1976

RUTH JAHNKE
Hamburg
Commerzbank AG
since May 11, 1976

HANS-GEORG JURKAT
Cologne
Commerzbank AG
since May 11, 1976

JOSEF KOERFER
Düsseldorf
Commerzbank AG
since May 11, 1976

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

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

RUDOLF AUGUST OETKER
Bielefeld
Owner, Dr. August Oetker

GÜNTER MAX PAEFGEN
Düsseldorf
General Partner
in Friedrich Flick KG

HANS REINTGES
Frankfurt-Höchst
Member of the Board of Managing Directors
of Hoechst AG
since May 11, 1976

ERNST RIECHE
Königstein (Taunus)
until May 11, 1976

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

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

ERNST VOSSEN
Düsseldorf
Commerzbank AG
until May 11, 1976

Supervisory Board, Advisory Board

(Aufsichtsrat)

(Verwaltungsbeirat)

Supervisory Board, continued

HELMUT WEINERT

Frankfurt
Commerzbank AG

HERIBERT WERHAHN

Neuss
Partner in Wilh. Werhahn

LISELOTTE WÖHRLE

Stuttgart
Commerzbank AG
until May 11, 1976

DR. GERD WOLLBURG

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

DR. OSKAR JANSON

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

MAX KÜPPERS

Wesel
Managing Partner
in Gerhard Hülskens & Co.

KARLHEINZ MANGELSEN

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

PROFESSOR DR. KARL MÖNKEMEYER

Marl
Chairman of the Board of Managing Directors
of Chemische Werke Hüls AG

Advisory Board

HANS REINTGES

Frankfurt-Höchst
Member of the Board of Managing Directors
of Hoechst AG
Chairman
until May 11, 1976

ERNST RIECHE

Königstein (Taunus)
since May 11, 1976

HONORARY SENATOR PROFESSOR

DR. h. c. HERBERT SCHELBERGER
Essen
Member of the Supervisory Board
of Ruhrgas AG

DR.-ING. WALTER BARTELS

Hanover
Chief Executive
of Gewerkschaften Brigitta und Elwerath
Betriebsführungsgesellschaft mbH

HEINZ SCHMITZ

Essen
Member of the Board of Managing Directors
of Karstadt AG

DR. FRIEDWART BRUCKHAUS

Wetzlar
Deputy Chairman
of the Board of Managing Directors
of Buderus'sche Eisenwerke

DR.-ING. ALBRECHT SCHUMANN

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

DR.-ING. DR. RER. POL. KARLHEINZ BUND

Essen
Chairman of the Board of Managing Directors
of Ruhrkohle AG

FRITZ SEYDAACK

Düsseldorf
Spokesman of the Board of Managing Directors
of Horten AG

DR.-ING. E. h. HELMUTH BURCKHARDT

Herzogenrath
Chairman of the Supervisory Board
of Eschweiler Bergwerks-Verein

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

DR. MAX GÜNTHER

Munich
Member of the Board of Managing Directors
of Siemens AG

Board of Managing Directors

(Vorstand)

DR. RUDOLF BEHRENBECK
Frankfurt

DR. PETER DEUSS
Hamburg

ROBERT DHOM
Frankfurt

ENGELBERT DICKEN
Frankfurt

DIETRICH-KURT FROWEIN
Frankfurt
since November 1, 1976

DR. FRIEDRICH GRUNDMANN
Hamburg

DR. WOLFGANG JAHN
Düsseldorf

GÖTZ KNAPPERTSBUSCH
Düsseldorf

PAUL LICHTENBERG
Frankfurt and Düsseldorf
until May 11, 1976

HEINZ NIEDERSTE-OSTHOLT
Düsseldorf

ARMIN RECKEL
Düsseldorf

JÜRGEN REIMNITZ
Frankfurt

DR. RABAN FREIHERR von SPIEGEL
Frankfurt

DR. JÜRGEN TERRAHE
Frankfurt

Assistant Managing Directors and Chief Legal Adviser

(Generalbevollmächtigte)

(Chefjustitiar)

Assistant Managing Directors

SIEGFRIED ERNST
Munich

DR. PETER GÖTZ
Frankfurt

KLAAS-PETER JACOBS
New York

KARL-HEINZ KINDT
Düsseldorf
since April 1, 1976

DR. HANS-VIKTOR KURZROCK
Düsseldorf

WOLFGANG OTTO
Frankfurt

DR. REMBERT VON REHREN
Hamburg

HANS VOLLBACH
Frankfurt

HERBERT WOLF
Frankfurt

Chief Legal Adviser

DR. HELMUT BECKER
Frankfurt

Report of the Board of Managing Directors

World economy struggling for new equilibrium

Caution and prudence is today everywhere the watchword. Although 1976 saw the end of the worst of the world recession, the process of economic readjustment that began in the autumn of 1973 and then spread rapidly, remains in full swing. This is making it more difficult for businessmen and politicians to chart their way ahead from the signposts of the past.

Nevertheless, as the oil market especially has clearly demonstrated, the changes that have taken place on the world scene have left the ground rules of economic life—set by the interrelationships between supply, demand, and prices—basically unaltered. Economic policy-makers, grappling with the problems of the day, should therefore also not attempt to work against market forces.

The more sedate pace of world economic growth now in evidence has, however, drawn the sting of the conflicts foreshadowed in the earlier debate on "The Limits to Growth". It is also making it rather easier to combat the dangerous virus of inflation. On the other hand, there is a general need for an additional stimulus to business activity in order to create new job opportunities.

Stronger anti-inflationary measures in Europe

That the latest recession was not so much caused as aggravated by the oil price explosion, with which it was initially regarded as almost synonymous, is gaining ever wider acceptance; in fact, it was a consequence of years of demand inflation which gradually degenerated into stagflation.

Even if for the most part only in response to extreme balance of payments pressure, 1976 did, despite persistent high unemployment, finally produce some more vigorous counter-inflationary measures, particularly in Western Europe. Among these, the weapon of interest rates again tended to be allotted a more important role. All of West Germany's partners in the joint European currency float ended up with a higher discount rate than the year before.

World-wide recession in capital spending

Meanwhile, the world economic upswing began to lose much of its momentum as the year progressed—the rate of growth in the OECD countries in 1976 slackened from 6 per cent in the first half-year to 3 per cent in the second—besides gradually becoming more narrowly confined geographically. At the start of 1977, it was restricted chiefly to North America and Japan—which, how-

ever, between them account for more than half the economic potential of the OECD.

If expectations of world economic growth in 1977 are being pitched fairly low, this is due mainly to manufacturing industry's reluctance to invest, but also to the sluggishness of house-building and public sector construction activity. For most countries, West Germany included, to make a lasting impression on the problem of high unemployment, their level of capital expenditure must be stepped up.

What is holding manufacturers back from investing in new plant and equipment is not only uncertainty about future sales but also continuing unfavourable cost trends. In many countries, too, the clouding of the socio-political scene and narrow government majorities act as a further drain on business confidence.

Good recovery of world trade

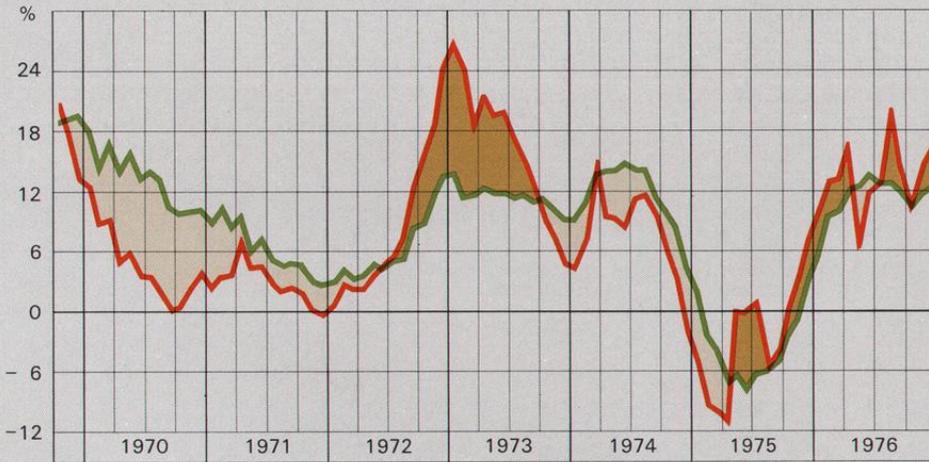
International trade, however, has managed to stage a good recovery, the new exacerbation in national payments imbalances notwithstanding. In 1976, helped to a large extent by re-stocking, the volume of world trade expanded more than one-tenth, with the widely expected upsurge in world commodity prices proving of only limited duration.

Deficit countries on the whole tried to redress the balance by boosting exports rather than by restricting imports. Even so, the international monetary institutions had to step into the breach and grant large foreign currency credits. Doubtless, there is a good case for continued aid to developing countries, whereas assistance to the industrialized nations should be confined to bridging loans, to tide them over temporary distress and to strengthen their will to help themselves.

Strong volume growth in financial markets

To balance their payments deficits, a great many countries resorted to funds from private lenders with no political strings attached, borrowing chiefly through the Euro-loan and bond markets. Stimulated by a growth in demand for securities denominated in hard currencies such as the US dollar, the D-mark, or the Swiss franc, which resulted from the fall in interest rates in the countries concerned, the Euro-bond market succeeded in mobilizing a greater volume of funds than ever, while the Euro-money market in the narrower sense expanded to something like the equivalent of US \$ 300 bn, treble its size of five years previously.

West German industry: slow growth at more stable prices

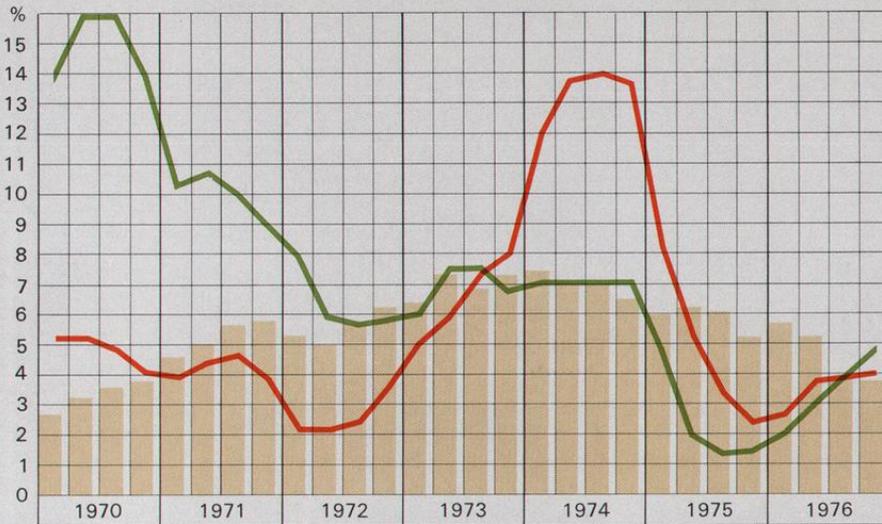


New orders and sales

Demand for manufactured goods was up in 1976. New orders grew more rapidly than sales, except in the second quarter, as the investment premium boosted order books in this period in 1975 but deliveries in the same period of 1976.

manufacturing industry:
(change on year,
seasonally adjusted)

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

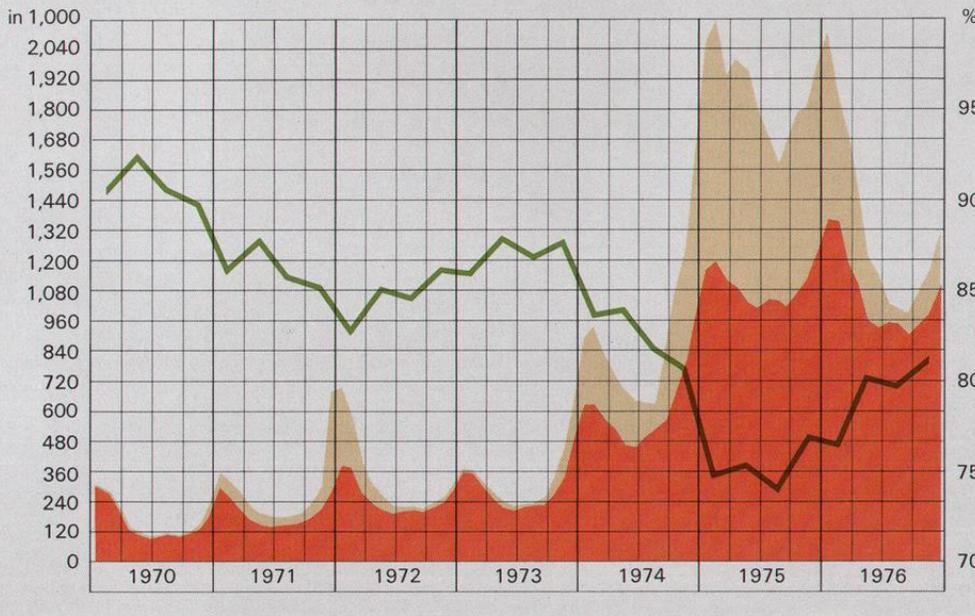


Price performance

The price climb continued to slacken in the second half of 1976, with the rise in the cost of living reaching its lowest level for the last seven years.

change on year:

- cost of living
- house-building costs
- industrial producer prices



Labour market

High unemployment remains the greatest cause for concern. The economic recovery and the ensuing better use of capacity have so far been almost exclusively reflected in a reduction of short-time working.

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

The question of what limits should be set to national indebtedness—most acute, of course, for the non-oil developing countries, but critical also for those industrial nations which set about curbing their domestic demand rather late in the day—loomed increasingly large. Intended as it is to make the Euro-credit markets more easily assessable, the establishment of a Euro-loan registration centre by the Bank for International Settlements, in whose first survey of longer-term lending to third countries altogether 14 countries, including all the major creditors, participated at the end of 1976, can therefore only be welcomed.

Since they are chiefly prompted by the need to plug holes in external payments, neither the Euro-bond market's record volume of new issues nor the massive financing simultaneously undertaken via the Euro-loan market can yet be seen as harbingers of a sustained economic upswing. The lengthening of bond maturities, tantamount to a reinforced vote of confidence in the Euro-market machinery, is none the less encouraging.

Testing time for international cooperation

The closing stages of 1976 and the beginning of the new year were overshadowed by expectations of another hefty increase in oil prices. Fortunately, however, it soon became clear that wiser OPEC counsels were prevailing. In addition, large-scale new investment in European industry by Arab countries has improved prospects of fruitful cooperation.

Foreign investment flows generally are in any case in a state of flux. Following the further realignment of exchange rates which has taken place, the heavy one-way traffic of American capital exports which lasted so long is gradually being countered by movement in the opposite direction.

One of the most urgent and difficult questions confronting mankind today is how best to assist less developed countries poor in raw materials but, more often than not, rich in population to

share more fully than hitherto in the fruits of the economic growth of the rest of the world. So far, however, and despite the hopes pinned on it, the North-South dialogue has failed to come up with any practical proposals, state intervention having all along the line been all too readily taken as preferable to the treatment of individual cases. And yet, since foreign investors will hardly be encouraged to transfer funds, and thus much-needed technologies, to countries where they are threatened with expropriation without compensation at the end of the day, the varying political risks must also be seen as one of the factors producing what is known as the "North-South differential".

West Germany's substantial contribution to world trade

Given the key role in world trade played by the US and West German economies, the fact is all the more important that both countries powerfully expanded their imports in 1976. After being the only industrial country to buttress the flagging world economy with an increased volume of imports in 1975, a year of recession, the Federal Republic last year pushed up its purchases abroad almost three times faster than its domestic product.

West Germany: slowdown in economic recovery

In common with the rest of the world, West Germany's economic upswing has since the spring of 1976 been losing impetus, bringing the gradual decline in unemployment to a halt.

With more than 5 per cent real growth in gross national product, however, the country still managed to do better than had been expected earlier in the year. At the same time, major successes were recorded in the fight against inflation. Nominal GNP—or the aggregate value of goods produced and services rendered—went up from DM 1,044 bn to DM 1,136 bn.

Performance of the German economy (change on year, in %)					
	1972	1973	1974	1975	1976 ¹⁾
Gross national product, nominal	+ 9.5	+11.2	+7.5	+4.7	+8.9
Gross national product, real	+ 3.4	+ 5.1	+ .5	-3.2	+5.6
Capital spending, nominal	+ 7.0	+ 5.1	-2.1	-1.3	+7.0
Disposable income ²⁾	+11.3	+ 8.9	+8.7	+9.8	+6.6
Cost of living ³⁾	+ 5.5	+ 6.9	+7.0	+6.0	+4.5

¹⁾ provisional; ²⁾ seasonally adjusted; ³⁾ index for all private households, yearly averages.

Unlike all previous business cycles, this one was not sparked off by any marked upsurge in foreign demand, although it was assisted by a progressive revival of exports as the year went on. At home, demand gradually shifted away from basic materials and consumer goods—both of which had been helped on by replenishment of stocks—towards machinery and other capital goods.

Front-runners in the production stakes were the car manufacturers, although the chemical industry also recovered some of the ground it had lost. By October, total industrial production had regained its pre-recession level, albeit with a labour force reduced by about one million, or almost one-eighth.

A conspicuous laggard in this respect is the construction industry, where total output is still falling far short of its 1973-74 high, and where the public sector's empty coffers and the fact that apartment building continues in the doldrums are taking their toll.

Investment dampened by gloomy profit outlook

On the whole, industrial investment remained sluggish, with most companies confining themselves to essential replacements and to spending hardly more than they could readily finance out of depreciation. This was mainly because the average rate of capacity utilization, though up from 75 to a good 80 per cent over the year, was still running the best part of a tenth below its former level.

After taking a severe knock during the recession, company profits overall picked up by nearly 15 per cent, with the particularly hard hit manufacturing industry alone posting something like a quarter gain. Nevertheless, over large stretches of the national economy earnings still leave much to be desired, and since, given the present restricted scope for passing on higher costs, the latest collective wage settlements offer but little hope for improved yields, an additional damper has been put on industry's willingness to invest in new plant and machinery.

On a realistic reckoning, i.e. allowing for increased replacement costs and deducting a reasonable reward for entrepreneurial risk and effort, profit to sales ratios of West German industry probably at best recovered to an average of 2 per cent in 1976, and this is still only just over half their level during the sixties.

Safeguarding competition not by anti-trust regulations alone

With the weak continuing to go to the wall, and with insolvencies taking a further heavy toll in the extremely competitive fields of construction and distribution in particular, management flexibility in all sectors of the economy was once more severely challenged. The takeover of the ailing stores-cum-mail-order Neckermann group by one of the country's leading department store concerns, Karstadt, attracted widespread attention, being the biggest rescue operation of its kind to date.

Industries with a predominance of small and medium-sized firms—which, carried by the venturesome spirit of their owners, still form the backbone of the German market economy—are the most vulnerable in this weeding-out process. Yet even a highly-industrialized society, with many a big company of world renown, cannot do without them. It should be remembered that they still employ over half the German working population.

To provide for keeping the smallish company in business should be part and parcel of the Government's fair trading policies, which cannot live by merger controls and anti-trust regulations alone. It also calls for a tax structure which does not drain small and medium-sized enterprises of their very life-blood.

1½ million lost jobs

In other respects, unemployment is proving an especially hard nut to crack. Despite the fact that by now almost half a million foreign workers have returned home, the number of jobless in West Germany on average again topped the one-million mark in 1976. As far as the labour market is concerned, economic recovery hitherto has been

Performance of German industry (change on year, in %)				
	1973	1974	1975	1976 ¹⁾
Output	+ 6.8	– 1.4	–6.3	+6.8
Employees	+ .3	– 2.5	–6.4	–2.5 ²⁾
Wages and salaries, per capita	+11.3	+11.6	+7.5	+8.0 ²⁾
Productivity ³⁾	+ 6.3	+ 2.6	+2.3	+8.4

¹⁾ provisional; ²⁾ estimated; ³⁾ output per man-hour, seasonally adjusted.

reflected solely by a marked reduction in short-time working.

Since the autumn of 1973, over five million workers have joined the dole queue at least once. And in the same period, some 1½ million jobs have withered on the bough.

Pensions outstripping wages

The effects of under-employment on personal consumption in 1976 were alleviated by another more than proportionate increase in old-age pensions. But this continued divergence of income growth between the gainfully occupied and the retired is, of course, not without its problems. The fact that over the past five years average net wages have risen by 45 per cent and old-age pensions, indexed as they are to gross earnings from employment, by as much as 75 per cent is throwing the national pension fund finances into growing disarray.

Progress on the counter-inflation front

A feather in the authorities' counter-inflationary cap, however, is that the rate of price increases moderated from 5.4 per cent in the first to 3.8 per cent in the fourth quarter of 1976. Part of the credit for this is due to a much slower rise in farm prices, but part also to the more restrained advance since the late summer in prices of industrial products.

Costs still top-heavy on balance

Unhappily, the past two years' screwing-back of the costs spiral in response to the changed economic environment—particularly in regard to wages and fringe benefits, but also in the matter of interest rates—still has some way to go before it can match that at the equivalent stage of the business cycle in 1967-68. The tax burden, too, has remained as heavy as ever, while depreciation allowances still compare unfavourably with those of West-Germany's competitors. Nor has the appreciation of the D-mark managed to bring about a decline in the country's oil and commodity import charges over the last two years. Hence, of course, the failure of company profits to recover sufficiently to produce a sustained upswing in business activity which in turn could bring about a major reduction in unemployment.

Marked expansion in foreign trade

The previous year's stagnation in West Germany's foreign trade was followed in 1976 by a renewed, pronounced upsurge, with exports recovering

from their former sharp decline and imports rising even faster. As a result, the trade surplus continued to fall, if only by 7 per cent, to reach just under DM 35 bn. Imports of capital goods and exports of consumer products both showed more vigorous growth than had been expected.

Competitive position altered by wages spiral

Since 1974, in the face of sluggish business activity at home and an actual reduction in West German oil purchases, the volume of imports has risen by a sixth, whereas that of exports has little more than held its own. To blame this simply or predominantly on the external strength of the D-mark seems, however, far too facile. A more important factor, we suggest, has been the steep increase since 1969 in wages and fringe benefits, which has lifted the average cost per working hour in German manufacturing industry to DM 18 and thus above that of all other major industrial countries—including since 1976 that of the United States—and to double those of Japan and Britain.

Changing geographical pattern

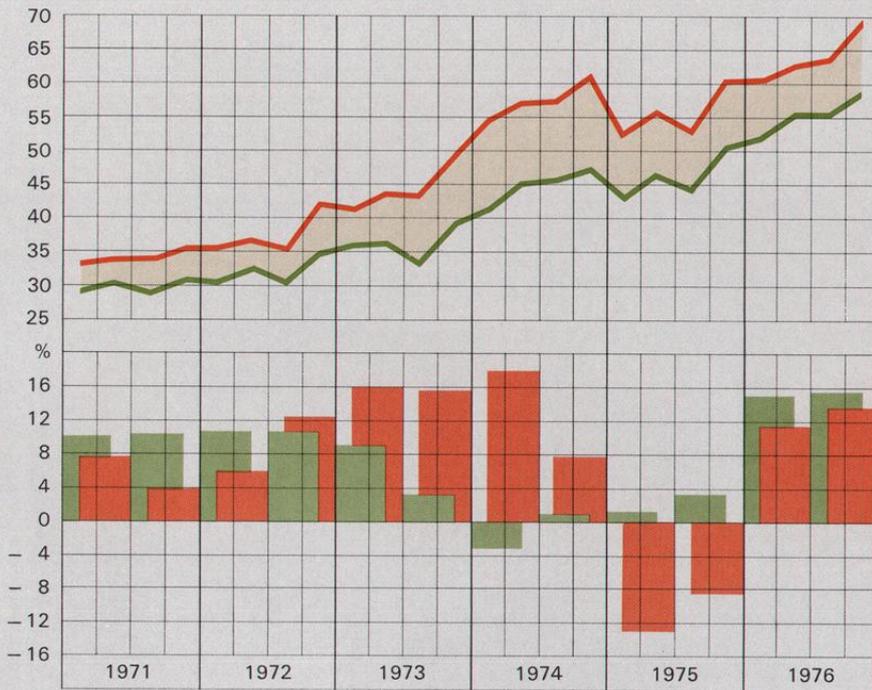
In 1976, the expansion in West Germany's trade surplus was particularly pronounced vis-à-vis its West European neighbours where consumption was buoyant, but satisfaction at the successful German export performance was impaired by concern about these countries' mounting balance of payments problems. Conversely, the balances of trade with the United States and with Japan, reflecting fundamentally changed cost differentials, showed huge deficits. Purchases of West German goods by the OPEC states, which had temporarily levelled off, resumed their upward trend, whereas the COMECON countries, by avoiding any rise in imports and stepping up exports, managed to reduce their bilateral deficits.

Barely dented balance on current account

Largely because of substantially greater investment income from abroad, West Germany's favourable balance on current account as a whole contracted less than its visible trade surplus in 1976, whereas higher net spending on tourism and lower remittances by foreigners working in the Federal Republic more or less cancelled each other out.

Once again, German companies' direct investments abroad exceeded foreign firms' capital expenditure in Federal Germany, with realigned exchange rates having the prime result of more German funds being invested in the USA. The reverse applied in the case of portfolio investment, where—by contrast with the previous

West German foreign trade: strong export and import growth



Exports and imports

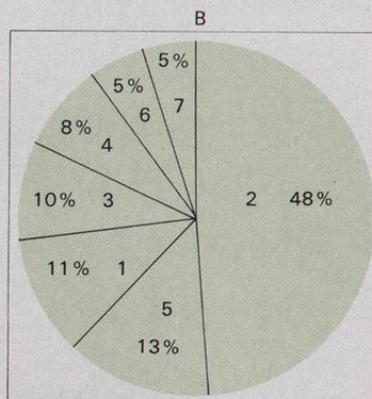
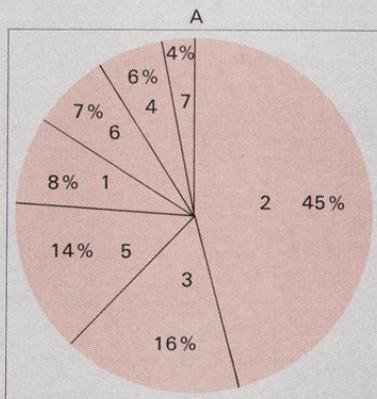
quarterly figures:
(in DM bn)

exports
imports

export surplus

change on year, in real terms:
(in %)

volume of exports
volume of imports



West German foreign trade in 1976

A: export share

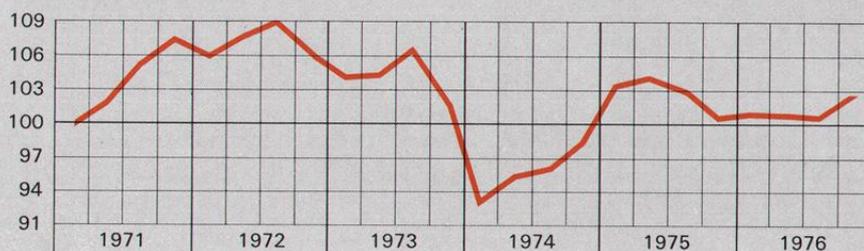
B: import share

(for numbers see table below)

Exports	
1 OPEC	+ 24%
2 EEC (excl. W. Germany)	+ 21%
3 EFTA	+ 18%
4 USA	+ 10%
5 Less developed countries (excl. OPEC)	+ 6%
6 State-controlled economies	+ .1%
7 Other countries	+ 5%

Imports	
6 State-controlled economies	+ 27%
5 Less developed countries (excl. OPEC)	+ 25%
4 USA	+ 23%
3 EFTA	+ 22%
1 OPEC	+ 21%
2 EEC (excl. W. Germany)	+ 17%
7 Other countries	+ 23%

growth rates, by regions



Terms of trade

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

year—there were net foreign purchases of German securities, particularly of fixed-interest ones, the gross amount totalling almost DM 5 bn. On balance, however, if we include the periodic influxes of short-term speculative funds that occurred in 1976, West Germany also finished up with a surplus on overall capital account.

Foreign exchange reserves reassessed

Altogether, Federal Germany's basic balance of payments was favourable to the tune of nearly DM 9 bn. But the year's 10 per cent depreciation of the US dollar in D-mark terms called for a DM 7.5 bn downward adjustment in the book value of the Bundesbank's foreign exchange reserves, which accordingly showed only a comparatively small increase on balance.

Including gold—which is still valued at its old official price of US \$ 42.2 a fine ounce—West German monetary reserves, which had briefly come within an ace of DM 100 bn in the course of 1973, stood at just under DM 86 bn at the start of 1977.

Foreign position approaching equilibrium

After seeing practically their entire foreign assets wiped out by the Second World War, German companies have rebuilt their direct investments abroad by upwards of DM 40 bn since 1962. But only recently have they come close to achieving parity with the amount of foreign capital employed within their country's own borders, which not only had sizeable prewar foundations to build on but enlarged them considerably during the fifties and sixties, thus for a long time by far exceeding the corresponding German figures.

In fact, the Federal Republic's total foreign assets, including the large volume of reciprocal long-term lending, have been greater than its overall foreign liabilities for some time past. The resulting surplus of more than DM 100 bn is, however, due entirely to funds which belong to the public purse, whether they be locked up in German development aid loans or—in the case of the country's official reserves kept with the central bank—invested in US Government securities.

Companies flush with funds, banks rather short

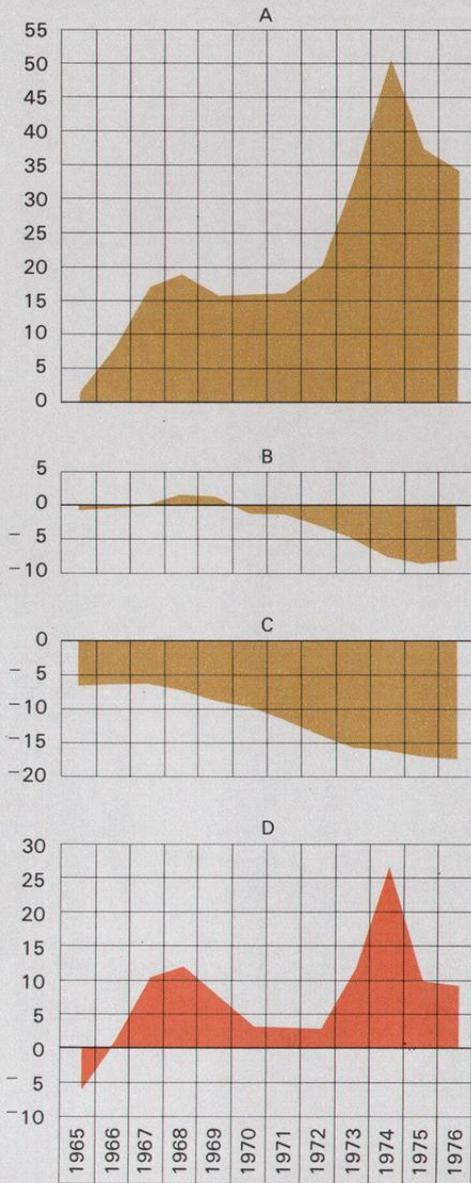
Paradoxically, the fact that German companies were relatively flush with funds produced a tightening in bank liquidity: the growth in bank deposits during the year caused minimum reserves to be further swelled by rather more than DM 4 bn, after the Bundesbank had already, called for a DM 4 bn increment in the spring. And the expansion by another DM 4 bn of the volume of notes and coins in circulation likewise had a contractive effect.

Bank deposits by companies in 1976 rose by altogether DM 20 bn, still more than in the previous year, while recourse to overdraft facilities extended to companies continued to fall, leaving the volume of credit lines opened by the banks at a higher level than ever before. Thus companies suffered from no shortage of financial fuel for expansion. Yet unlike governments, which when funds—and even borrowed funds—are available, tend to spend money like water, businessmen, as well as the man in the street, will only spend more if they have confidence in the future. In other words, until it is translated into demand for goods and services, liquidity remains idle.

Breakdown of West Germany's balance of payments (in DM m)				
	1973	1974	1975	1976
Current account ¹⁾	+ 11,496	+ 25,136	+ 9,477	+ 8,461
Capital account ²⁾	+ 20,081	- 17,309	- 9,434	- 7,286
Overall balance of monetary movements	+ 31,577	+ 7,827	+ 43	+ 1,175
Short-term capital movements of banking sector ³⁾	- 5,149	- 9,733	- 2,262	+ 7,615
Special factors ⁴⁾	- 10,279	- 7,231	+ 5,480	- 7,489
Official foreign exchange balance ⁵⁾	+ 16,149	- 9,137	+ 3,261	+ 1,301

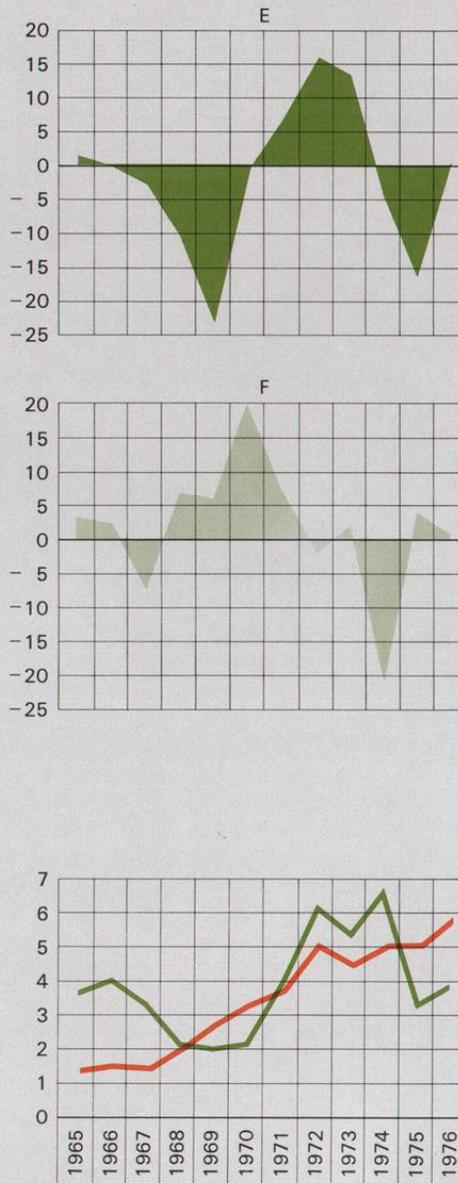
¹⁾ balances of trade, services, and transfer payments taken together; ²⁾ excluding short-term capital movements of banking sector, but including unclassifiable transactions; ³⁾ change on previous year; minus signs symbolize increases in net foreign assets; ⁴⁾ compensatory amounts for losses and gains resulting from reassessment of monetary reserves; ⁵⁾ changes in net external assets of the Bundesbank.

West Germany's external payments becoming better balanced in 1976



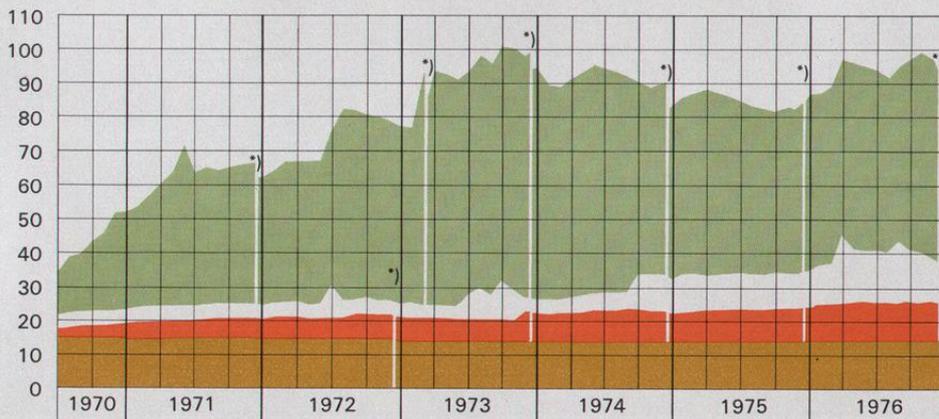
Breakdown of West Germany's balance of payments (in DM bn)

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



Direct Investments (in DM bn)

- West German investments abroad
- Foreign investments in West Germany



West German monetary reserves

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

- US dollar reserves
- other foreign exchange reserves
- special drawing rights and reserve position with IMF
- gold

***) reassessment of monetary reserves**

Envisaged money supply growth:
less a target than a guideline

Against this background, the fact that the growth in money supply overshot the target originally set by the Bundesbank appears much less momentous than proclaimed by some critics. Desirable though it is for the economic debate to be brought down to earth with objective data, one should still be careful not to mistake the money supply for a kind of magic wand. For rather than being a means of control, or even directly controllable in itself, a money supply target is really neither more nor less than a pointer to the path the authorities would like to see the country's economy follow. Since in West Germany the target is set in terms of the rather artificial measure of central bank money stock, experience shows that its significance should be enhanced by a more qualitative valuation of the various money supply aggregates. Despite the reservations we feel obliged to express with regard to a biased money supply policy, we do not question that such an instrument, properly used, is still an essential means whereby the Government can steer the economy generally, however inconvenient it may prove at times to the commercial banking community.

Emphasis on open-market operations

In 1976, the even course of monetary policy was at times disrupted by massive inflows of hot money. To counteract these the authorities placed less reliance on the dramatic increase in minimum reserve ratios announced in the spring—and mistaken by some as an about-turn—than on less obtrusive open-market operations. The Bundesbank disposed of DM 6.5 bn worth of Federal bonds from its own operating stock, on top of which tap issues mopped up a further DM 2 bn.

The public sector was in its funding operations very considerate of market conditions, thus ensuring that debt servicing is made easier by comparatively low interest payments in the immediate future, but burdened with heavy redemption charges at medium term. The liquid resources of the Federal and the Länder governments, deposited with the Bundesbank and the regional central banks, varied considerably over the year—ranging from a high of DM 25 bn net in the spring, following major tax payments in March, to a low of just DM 1 bn at the year's close.

Hot money inflows and the compensatory drying up of surplus liquidity could not always be perfectly meshed, resulting in occasional bouts of money market stringency for which there was no real economic justification. Thus the interest rate climate began heating up during the summer months just as the economy again showed signs of cooling down.

The banks, meanwhile, had recourse to central bank assistance on a scale which seemed to be in manifest contradiction to their customers' abundant liquidity holdings, amounting to a high of DM 15 bn by way of rediscounts in October and to DM 13 bn by way of lombard loans in December. The banks' free liquidity reserves with the central bank were thus cut by half.

Banks lending a hand
in Government's cash management operations

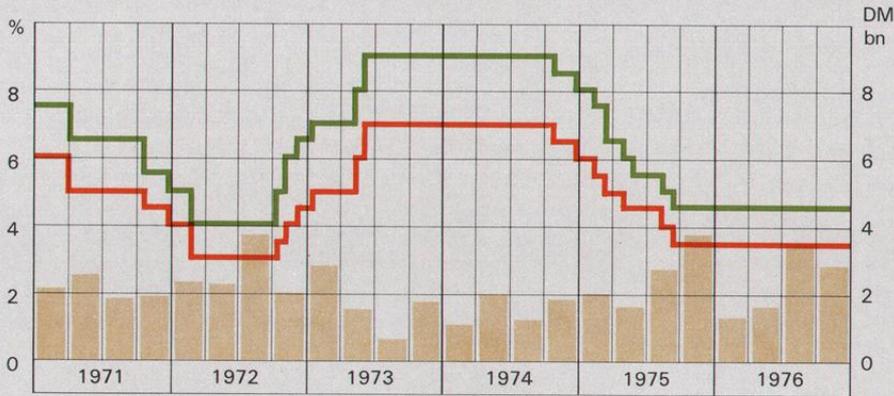
The spring increase in minimum reserve ratios was the only "big stick" the Bundesbank wielded in 1976, leaving its discount and lombard rates unchanged the whole year through. Instead, it gave preference to the more elegant and flexible weapon of open-market operations—which on

German domestic bank lending

	at short and medium term			at long term (4 years or more)		
	1975 on 1974 in DM bn	1976 on 1975 in DM bn	1976 on 1974 in %	1975 on 1974 in DM bn	1976 on 1975 in DM bn	1976 on 1974 in %
Bank lending ¹⁾ to:						
Manufacturing industry	- 11.2	+ 1.0	- 12	+ 5.3	+ 3.5	+ 23
Other businesses ²⁾	- 3.1	+ 7.4	+ 3	+ 20.0	+ 19.4	+ 29
Persons without independent means	+ 4.1	+ 11.7	+ 36	+ 5.1	+ 8.2	+ 51
House-building	- .3	- .3	- 30	+ 12.3	+ 11.9	+ 13
Public authorities ³⁾	+ 14.4	+ 2.9	+ 146	+ 25.3	+ 25.9	+ 51
Domestic non-banks, total ⁴⁾	+ 4.1	+ 22.5	+ 10	+ 68.3	+ 69.4	+ 28

¹⁾ excluding purchases of securities; ²⁾ including the professions as well as Federal Railways, Federal Post Office, and other public enterprises; ³⁾ excluding purchases of Treasury bills and of equalization and covering claims; ⁴⁾ including non-profitmaking organizations.

German financial markets successfully coped with great demand for longer-term funds



Discount and lombard rates

While leaving both the discount and the lombard rates unchanged, the Bundesbank controlled the liquidity supply first through minimum reserve increases, then through inconspicuous open-market operations.

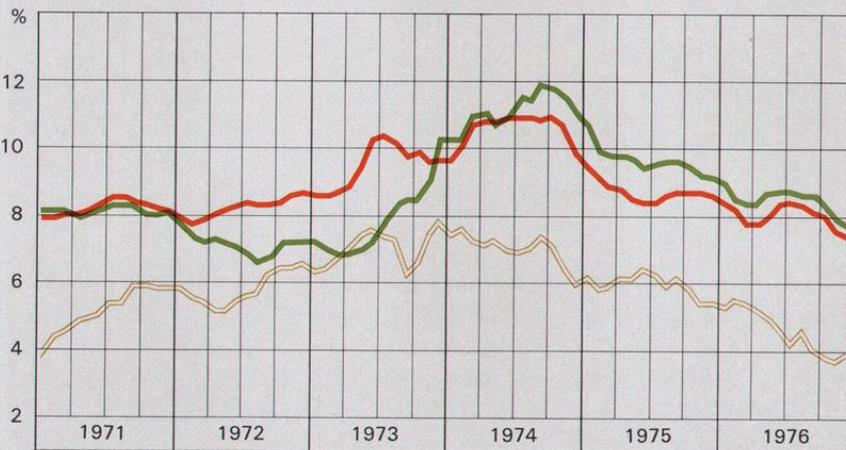
- discount rate
- lombard rate
- growth in central bank money stock (seasonally adjusted, in DM bn)



Money markets in 1976

After pressures had eased during the first six months, the markets came under strain repeatedly throughout the rest of 1976, with call money towards the year-end at times up to 9½%.

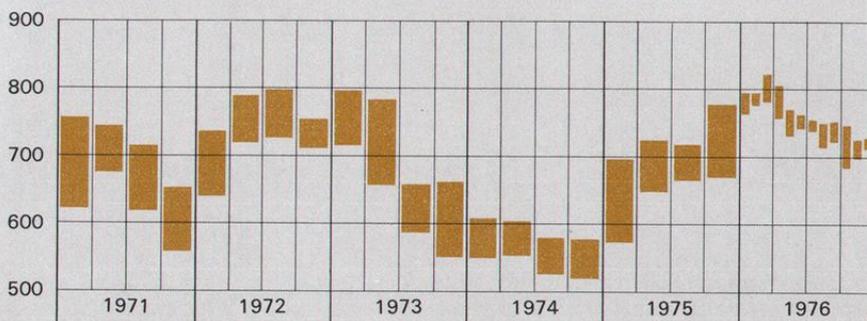
- highs and lows, rates in % :
- call money
- three-month deposits



Bond yields (as compared with cost of living)

Although the fall in long-term interest rates was interrupted during the summer months, the overall decline through 1976 still amounted to more than 1 percentage point.

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



Stock market

After a promising start German shares in 1976 suffered from the growing uncertainty as to the overall economic performance.

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

principle must be welcomed. The Federal Government in its cash management operations likewise dealt directly as both lender and borrower with the commercial banks—a practice which we feel is well capable of further extension, if only as a means of ironing out the usual tax-collecting money market strains.

Chequered demand for credit

The German banks' overall lending at home and abroad in 1976 grew by nearly DM 100 bn, and thus considerably more than the year before. Public sector borrowing rose strongly again, although less steeply than in 1975, partly because the Federal Government had taken the precaution of covering some of its requirements in advance, having entered the year with DM 10 bn cash in hand. While personal loans, mainly for the financing of car purchases and home mortgages, were expanded at an accelerated speed, credit demand from builders of apartment houses and from manufacturing industry remained poor in 1976, and borrowing by industry and trades taken together at the close of the year had still not regained its end-1974 level. The distributive trades, on the other hand, had a heavy call for bank credit to finance restocking.

The official statistical breakdown showing "bank advances to companies and individuals" as a single item does not, therefore, adequately reflect the underlying business climate, and has to be supplemented by a more detailed analysis of the varying conditions prevailing in different sectors. It seems clear, however, that the gap dividing the well-feathered from a host of firms with weak earning power has been steadily widening.

Continued funding of short-term debt

The previous year's tendency for companies to convert short into longer-term debt persisted. Despite the depressed state of house-building, long-term lending continued to make most of the running. By the year's close, loans with a life of over four years to non-banks in this country had at DM 637 bn for the first time ever climbed to all but two-thirds of the total amount of domestic credit outstanding, thus more than doubling since the end of 1970. Short-term advances rose by only 64 per cent over the same period.

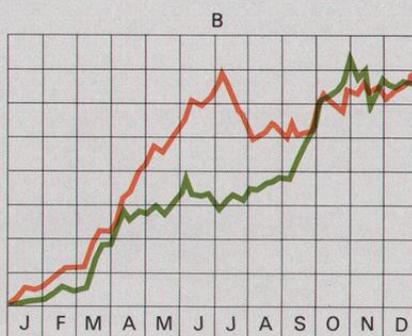
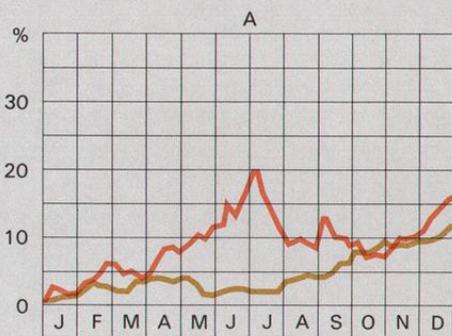
The German banks' international loan business, being handled for the most part by their foreign subsidiaries and branches, is not given its due by the official statistics. Funds lent to non-banks abroad from domestic sources in 1976 nevertheless went up by almost a quarter to nearly DM 40 bn.

Formation of monetary assets in the Federal Republic of Germany, selected figures

	Change on year, in DM bn			Variation in change	
	1974	1975	1976	1975 on 1974	1976 on 1975
Yearly savings volume					
Savings deposits ¹⁾	+30.0	+64.7	+34.3	+116%	- 47%
Federal and other savings bonds	+ 6.6	+14.0	+15.1	+113%	+ 8%
Deposits with building and loan associations	+ 5.8	+ 7.4	+ 9.2	+ 28%	+ 24%
Life assurance premiums ²⁾	+10.7	+12.4	+12.6 ⁷⁾	+ 16%	+ 34% ⁸⁾
Bond purchases (net) ³⁾					
a) domestic bonds	+25.5	+38.8	+46.6	+ 52%	+ 20%
b) foreign bonds	+ .7	+ 1.4	+ 1.4	+105%	- 2%
Share purchases on stock exchange					
a) domestic shares ⁴⁾	+ 1.0	+ 1.6	+ .7	+ 73%	- 57%
b) foreign shares ⁵⁾	+ .4	+ 1.2	- .4	+221%	—
Investment saving					
a) securities funds ⁶⁾	- .1	+ 1.5	+ 4.3	—	+187%
b) open-end property funds	- .1	+ .2	+ .2	—	+ 48%

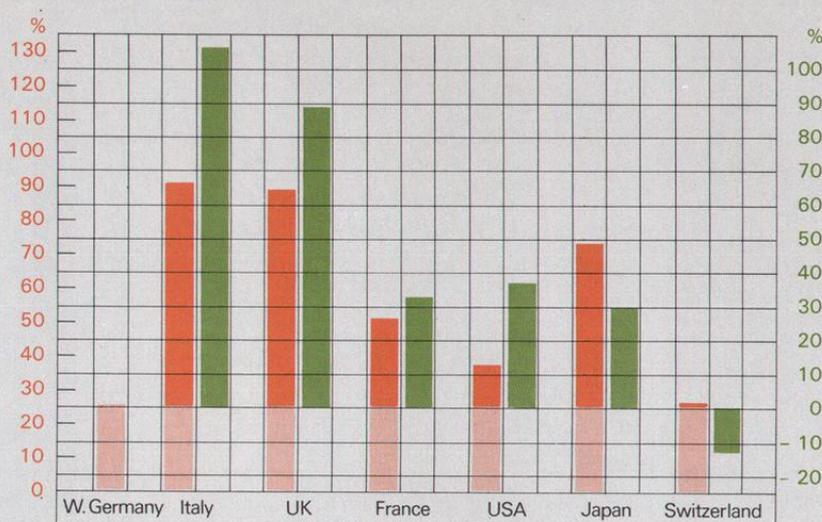
¹⁾ institutions reporting monthly; including interest credited; ²⁾ increase in assets of life assurance companies and pensions funds; ³⁾ at market prices; excluding Bundesbank open-market transactions; ⁴⁾ cash proceeds, according to Commerzbank issue statistics, less portfolio investments by foreigners; ⁵⁾ portfolio investments only; ⁶⁾ investment funds for small investors only; ⁷⁾ Jan 1 to Sept 30, 1976; ⁸⁾ end-Sept, 12-month comparison.

International markets: stronger D-mark plays important role



Commodity prices and DM exchange rates in 1976

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

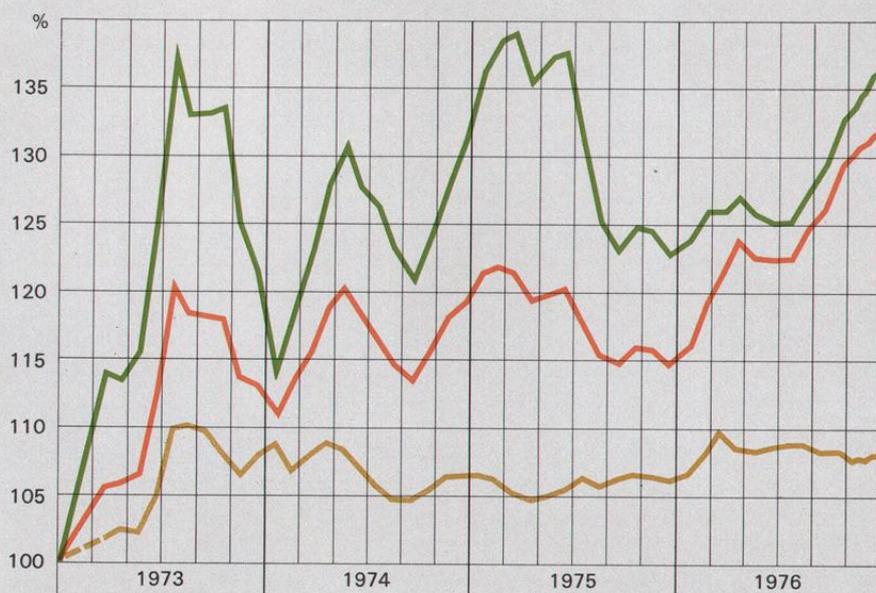


Inflation rates and DM exchange rates for selected countries

1976 saw the D-mark appreciate more against a number of important currencies than would seem justified by the different inflation rates; this does not apply to the currencies involved in the joint European float.

changes, 1976 on 1972:
 increase in cost of living

inflation rate, in national currency for comparison: West German inflation rate
 D-mark exchange rate, change against national currencies



Performance of the D-mark from 1972 to 1976
 (year-end 1972 = 100)

— against US \$
 — against the whole world
 — against the jointly floating currencies

Bond market again in fine fettle

Personal savings in 1976 almost equalled their 1975 record, despite a merely moderate rise in real incomes and an actual fall in the savings ratio from 15.8 to around 14.5 per cent of disposable income. Savers tended increasingly to go in for longer-term investments at higher rates of interest, thus choosing the same path that borrowers had already been following for the past two years. The banks' task of levelling their books in terms of maturities was therefore made very much easier.

Funds raised on the domestic fixed-interest market, not counting open-market operations by the Bundesbank, for the first time amounted to DM 47 bn net, or one-fifth more than in 1975, and thus a new record. Bond subscriptions by private investors at about DM 16 bn actually quadrupled—having, however, been distinctly on the low side the year before—and comfortably passed the previous record of DM 12.5 bn set in 1973.

The bond market also profited from continued purchases by banks and other financial institutions which increased their portfolios by DM 21 bn—although this was less good than the previous year's figure of DM 27 bn. Insurance companies, largely thanks to the sustained growth in life assurance premium income, invested substantially more than in 1975.

Longer maturities back on the cards

The year's generally favourable, if less settled, bond market climate not only provided for a peak of new issues but also paved the way for a return to longer maturities. But when after a three years' interval the first 10-year issues came to be offered at the turn of the year, only a few private investors were prepared to take them up.

Towards the end of 1976, the Government floated a new bond issue with a 7 per cent coupon, the lowest since 1972, and the current yield on domestic issues with more than four years to run

to redemption declined from 8.6 to 7.5 per cent over the year, although with a marked break during the summer months.

Fewer share issues

On the stock market, the price trend which was mostly downwards during the second half-year, led to a marked reduction in new share issues by listed companies although, according to Commerzbank's own statistics, cash proceeds at DM 2.3 bn for the year as a whole were still second only to the DM 3.5 bn record reached in 1975.

Germany's amended corporation tax system which came into force at the start of 1977 and will first take effect for financial years ending during this year, should, however, make for a generally improved climate for capital increases through rights issues and also for somewhat higher issue prices. Given the augmented net returns it offers to shareholders through the introduction of tax credits, it could also encourage companies, to a greater extent than hitherto, to pay higher dividends now in order to be able to get back more later, when needed, by way of a call for additional shareholder funds.

At the same time, satisfaction that at least the double taxation of company earnings will in future be avoided is tempered by regret not only at the increased tax burden on retained profits, but also at the failure to extend such preferential tax treatment to non-resident shareholders, a step which can easily tarnish West Germany's liberal reputation. Furthermore, the double taxation of assets, in the hands of shareholders as well as companies, has yet to be dealt with.

The 1976 edition of our annual booklet "Stock Market Round-up" provides further particulars of the year's happenings on the German bond and share markets. For Commerzbank's own activities on the national and international securities markets see pages 43 and 44 of this Report.

Public sector budget deficits or surpluses (in DM bn)					
	1972	1973	1974	1975	1976 ¹⁾
Federal Government ²⁾	- 5.8	- 1.9	- 9.9	-34.7	-26
Länder governments	- 1.4	- 2.0	- 8.8	-19.7	-15
Municipal authorities	- 6.9	- 4.9	- 9.6	-10.9	- 9
Total	-14.2 ³⁾	- 8.8	-28.3	-65.4 ³⁾	-50
Social security budgets	+ 5.6	+10.2	+ 3.3	- 3.9	- 6 to 7

¹⁾ estimated; ²⁾ including Equalization of Burdens Fund and ERP Special Fund; ³⁾ deviations in figures due to rounding.

Curb on public investment

The German authorities' much-vaunted counter-cyclical fiscal policy did not exactly, during the depth of the recession, pass its test with flying colours. While at DM 125 bn, or over 5 per cent of GNP, the public sector's overall budget deficit for 1975 and 1976 together was easily an all-time high, the expenditure pattern which gave rise to it has taken a further turn for the worse.

On the one hand, payroll costs in the public sector have in the past three years shot up by a third without any recent further increase in the number employed, which all the same is 400,000 higher than six years ago. Secondly, heavy current spending commitments forced the authorities to cut back on capital expenditure projects just when investment in the private sector—by manufacturing industry no less than in apartment house construction—was also being substantially pared down. Thus the West German Council of Economic Advisers calculated that in 1976, despite the after-effects of the pump-priming measures introduced earlier, public capital expenditure in real terms fell by 6 to 7 per cent, and that if no additional public spending programmes are launched, it will do so by another 6 per cent or so in 1977. Altogether, therefore, the figure has declined from about 25 to just 18 per cent of total public expenditure within the space of a decade, a significant reduction in the public capital spending ratio.

Bloated budgets

Moreover, the future is heavily mortgaged by the gargantuan size to which the Federal Government and the regional public authorities inflated their budgets in more prosperous years. They continued to do so in 1975, when public expenditure, including social security benefits, absorbed 48 per cent of West Germany's national product, and the same extravagant figure was again reached last year.

All this creates an urgent need for public budget deficits to be scaled down, but also, in some sectors at least, for less taxation. In particular, apart from a further adjustment of the income tax structure to the general growth in wages and salaries, it is essential to relax the grip of the fiscal brakes on investment and employment. At a time when in the Federal Republic unemployment is enemy number one, the existing payroll tax has manifestly outlived its usefulness. There is also a good case for a lowering of the assets tax since it is levied without regard to economic performance, and for more realistic rates of depreciation.

Moment of truth for pensions

Meanwhile, the national old-age pension scheme has plunged into unexpectedly deep waters. Generosity beyond the call of duty, combined with a blind eye for the changes which had taken place in the labour market and in the population structure, were allowed to continue for too long. As matters stand, only drastic measures, including the necessary degree of retrenchment, will repair the damage. For the time being it seems that the scheme can only keep afloat by severely plundering its long-term investments.

International foreign exchange markets

In a world of persistent large balance of payments disequilibria, the system of floating exchange rates has in 1976 again proved its worth by preventing massive flows of hot money. It did, however, not avoid several more bouts of currency turbulence from happening. This time the crisis hit sterling which weakened 23 per cent against the US dollar, falling to US \$ 1.56 and only recovering to US \$ 1.71 by the end of last January, and fluctuated even more strongly against the D-mark—its climb-back having been prompted by the largest combined international credit operation ever mounted to cover a shortfall in foreign exchange that was depressing a national currency.

US current account in deficit

The US dollar/D-mark exchange rate moved in the latter's favour again in 1976. If some of its periodic spasms did not make obvious sense in terms of either the evolution of the two countries' current accounts or of their interest rate differential, the fact remains, as the past year has demonstrated afresh, that the fundamental data—including last year's deterioration of no less than US \$ 13 bn in the US current balance of payments—do prevail in the end.

Record foreign currency loans

Sterling was not the only sufferer. Weakness was also displayed by the Italian lira and the French franc, the latter for the second time withdrawing from the European currency snake in March, 1976. Major stand-by credits were extended by the European Economic Community—which thus for the first time figured as a direct debtor—to both Italy and Ireland. World-wide, official loans of this kind to countries in temporary trouble were on an unprecedented scale and were supplemented by a number of substantial credit facilities which were privately arranged.

Foreign currency aid to individual countries provided, if possible, through international agencies, and thus usually with stabilization policy strings attached, is to be welcomed. A more general practice of charging interest at market-related rates, at least from the industrial countries, would strengthen the inducement to debtors to put their own house in order even further.

Realignment of snake currencies

In the end, after a struggle, some realignment of the European snake currencies proved unavoidable. Tantamount to a graduated revaluation of the D-mark, this step, taken on October 17, 1976, produced a rapid return to normal. We expect such adjustments to be made rather more promptly in future, since they are the natural concomitant of a joint float not yet supported by the harmonized economic policies of the participating countries.

Floating legalized

High-flying plans for a reform of the international monetary system were pigeon-holed for the time being and the world for good reasons contented itself with legalizing floating exchange rates instead.

The International Monetary Fund ran down its gold stocks as planned. Its auctions helped the market price to find its level at around US \$ 130 an ounce over the year, without the yellow metal showing signs of having forfeited any of its attraction as an investment.

Outlook

Steering a middle course between job creation and price stabilization

The world is at present caught in a web of structural weaknesses and deficiencies in demand and capital spending such as have rarely before coincided. The recovery in business activity has so far made little or no impression on the level of unemployment. To reduce the latter without at the same time setting at risk the ground that has so strenuously been gained in the battle against inflation, or nipping in the bud the first encouraging achievements pointing in this direction, must continue to be the prime target. There is no room here for large strokes of the reflationary brush, as such steps would not produce a lasting solution to the unemployment problem. What needs to be done instead, in West Germany no less than elsewhere, is to rebuild confidence in sound economic management and balanced socio-economic policies.

Selective measures of structural reform, placing no undue burden on public finance, seem best suited to brighten the business outlook. In addition, fiscal policy should once more give priority to augmenting capital spending and to removing investment disincentives in the private sector.

Future encumbered by high budget deficits

In the case of West Germany the public sector's budget deficits, which are running at 4 to 5 per cent of GNP, are already far too large for comfort; such high ratios are only being exceeded in countries where double-digit inflation rates have become endemic. The link between mounting public debt and a tendency towards monetary erosion is quite obvious.

In the coming decade, the expected further increase in the number of people of working age—the proportion of those between 15 and 64 years old is projected to rise from 65 to 69 per cent of the total population by 1988—will provide a temporary breathing space for public finance and even more so for the national social security system. The opportunity this offers for reducing the existing public sector budget deficits, and for replenishing the depleted reserves of the social security funds, is one that should not be missed. Failure to do so would impose an excessive burden on the coming generation—a matter which has received scant attention hitherto.

Ominous pay settlements ...

On the wages front, meanwhile, the current year has opened unpropitiously with a number of pay settlements that apparently gave little thought to the danger of resurgent inflation or of even worse unemployment. The fact that companies will have to calculate their costs even more stringently than hitherto cannot fail to worsen the labour market situation still further, since the more wage rises outstrip productivity growth, the harder it will be to create and preserve jobs.

... but encouraging headway on prices

Yet, for all the clouds that loom on the horizon, we are confident that in the Federal Republic 1977 will bring continued recovery in business activity. Although only modest growth is likely in the medium term, there are good chances of its being sustained. In this respect, the progress the national economy has made towards price stabilization is a valuable asset which must not lightly be jeopardized.

Full and self-propelling recovery will be possible only if the social market economy built up since the war is not tampered with. Only then will individual energies be kept mobilized and entrepreneurial initiative encouraged to prepare the ground for new growth.

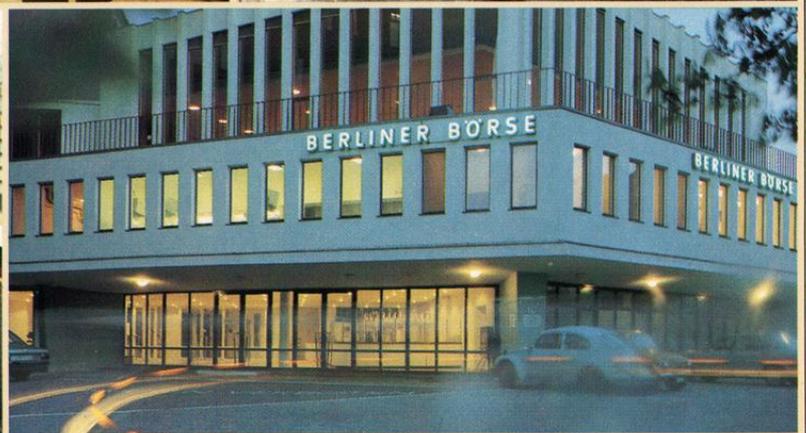
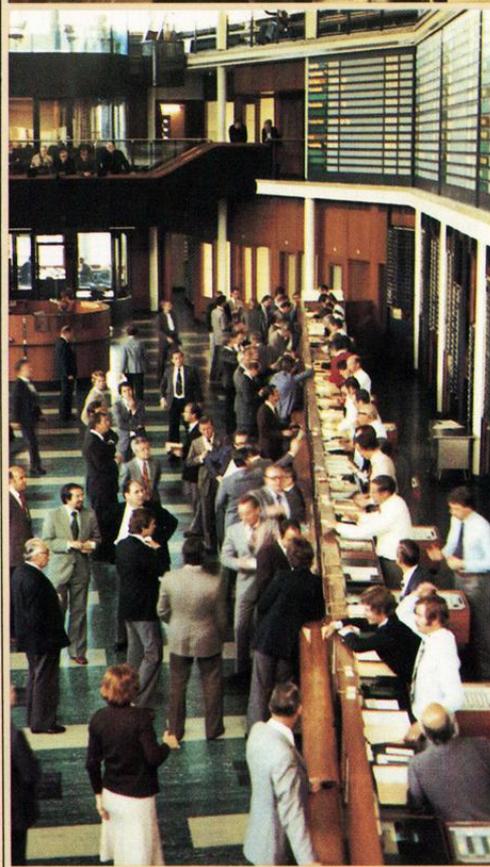
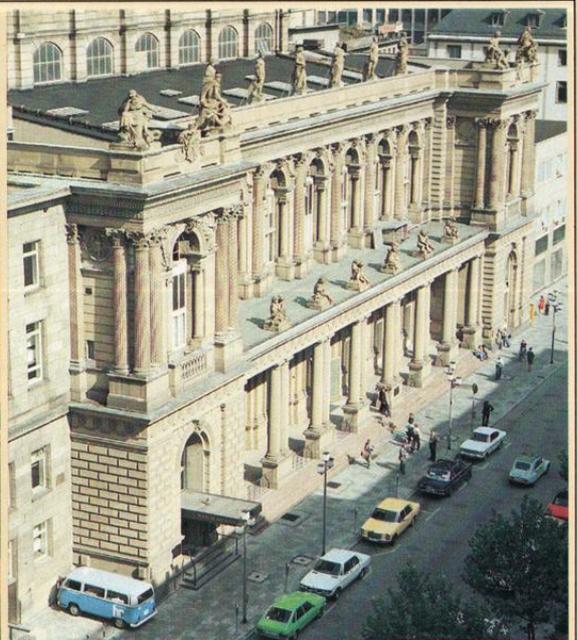
Stronger promotion
of private wealth formation desirable

The current wages round has highlighted the case for the promotion of private wealth formation becoming an even bigger feature of German collective bargaining than hitherto, and Government, employers, and trade unions should endeavour to pave the way with all possible speed. This is especially true of what concerns the spread of profit-sharing schemes which, apart from benefiting employees, could also help strengthen the capital base and investment capability of the companies concerned.

Steady growth also a duty to the world economy

The responsibility which West Germany has towards the rest of the world will best be discharged not by stoking up a fast and then inevitably short-lived boom, but by going for a less conspicuous yet sustainable upward trend. Beyond this, the country must seek to do still more for the developing world—an aim which early international agreement on machinery enabling the less developed countries to participate more effectively in world economic growth would do much to facilitate.

(The German edition of this Report went to press in early March, 1977.)



STOCK MARKETS

There is no place to give a better idea of the functioning of a market than the bourse. Serving as a clearing house for securities, the stock exchanges provide the solid foundation supporting the capital market, with banks and other financial institutions that are well equipped to place new issues acting as intermediaries.

It is, however, above all through the willingness and ability of private individuals to build up and then invest their savings that these markets for long-term funds become inspired with activity: this is either in the form of securities bought by millions of private savers or through the portfolio

management strategies pursued by banks, life insurance companies, and other institutions investing on a large scale. Such policies also ultimately reflect the general public's free decisions to put money aside, whether to finance larger purchases or a home of their own, to spend on

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- 1, 2 Frankfurt
- 3 Berlin
- 4, 5 Düsseldorf

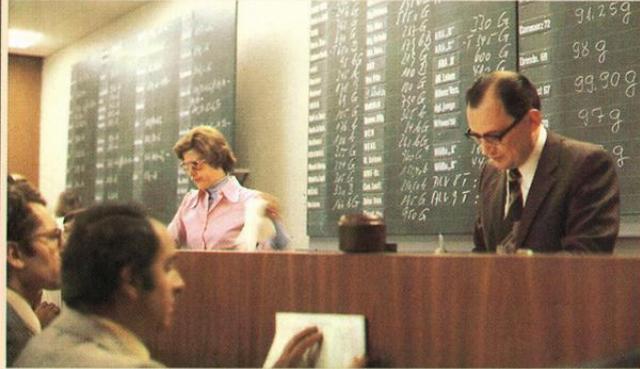
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1400	1500	1600	1700
1800	1900	2000	2100
2200	2300	2400	2500
2600	2700	2800	2900
3000	3100	3200	3300
3400	3500	3600	3700
3800	3900	4000	4100
4200	4300	4400	4500
4600	4700	4800	4900
5000	5100	5200	5300
5400	5500	5600	5700
5800	5900	6000	6100
6200	6300	6400	6500
6600	6700	6800	6900
7000	7100	7200	7300
7400	7500	7600	7700
7800	7900	8000	8100
8200	8300	8400	8500
8600	8700	8800	8900
9000	9100	9200	9300
9400	9500	9600	9700
9800	9900	10000	

BÖRSE

1841 wurde die 1528 gegründete Börse von der Festschnecke neben dem alten Rathaus an diesen Platz verlegt und dem sich umher das am 1430 gegründete Maria-Magdalenen-Kloster befand.

Der ursprünglich spätklassizistische Bau wurde von Carl Ludovic Wimmel und Franz Gustav Friesmann entworfen.

Später mehrfache Erweiterungen: 1882-1884 Flügel am Alten Wall, 1909-1913 Flügel mit dem Ubrarium an der Großen Johannisstraße.



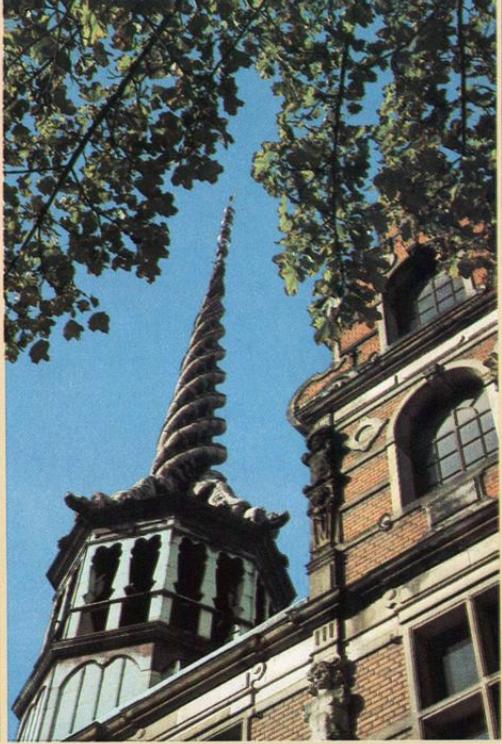
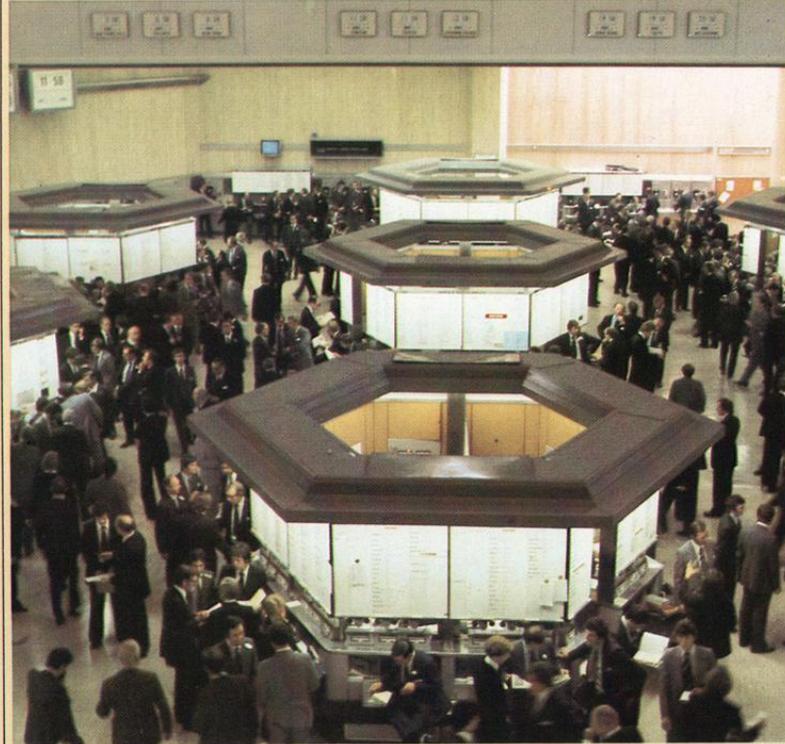
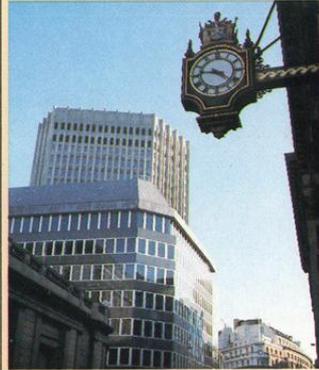
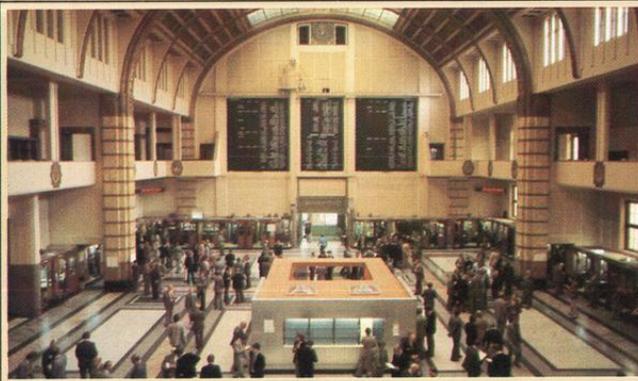
travelling or sports, to provide for old age or unexpected contingencies, or to ensure the education and well-being of the children. Moreover, the fact that shares and bonds can so easily and quickly be converted into ready cash on the stock exchange causes many people

to consider their securities holdings as a slice of freedom. In West Germany, 1975 and 1976 were especially good years as regards the overall savings volume, and 1977 promises to be just as fine, with a great deal of confidence being again shown in securities.

Shares in particular, hitherto often neglected by private savers, will benefit from the corporation tax reform which has finally done away with the unfairness of the double tax burden on corporate profits. It is also hoped that this will encourage more businesses

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7	8	

- 1 Frankfurt
- 2, 3 Hamburg
- 4, 5 Munich
- 6 Bremen
- 7 Stuttgart
- 8 Hanover



to adopt the form of the Aktiengesellschaft (joint-stock company) and to take advantage of the possibility of raising capital by issuing new shares. The price lists of the German stock exchanges, which had shortened over the

past few years, could thus begin to grow longer again.

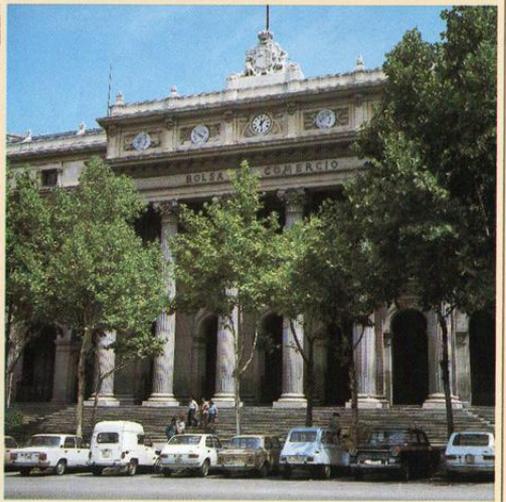
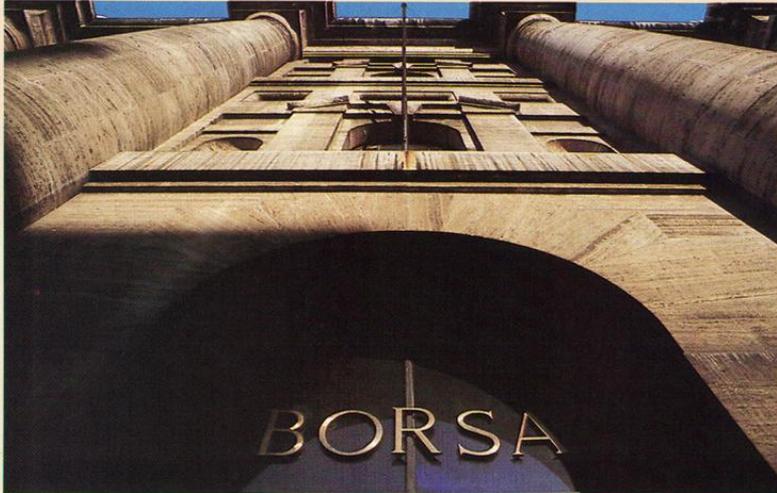
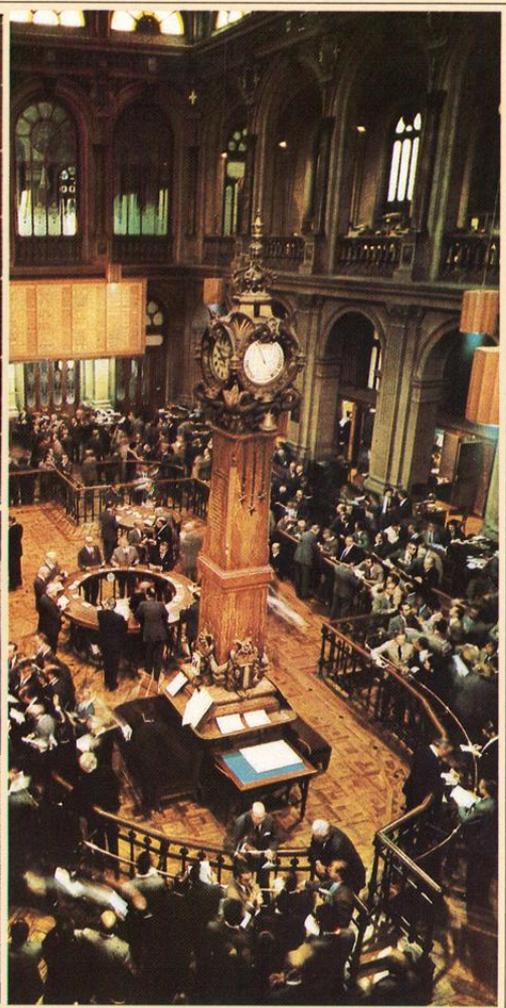
If the vast projects which the public sector and the business community—and especially the building industry—have to cope with are to be financed without

fuelling inflation, a high level of savings is a must and a return to longer maturities thus very desirable. Sound investment cannot be based on short-term funds but requires long-term capital.

1	2
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4	6

- 1, 2 Amsterdam
- 3, 4 London
- 5 Brussels
- 6 Copenhagen

120	ETRANGER	SIORO	300	I.G.I.	2 430	LUXEMBOURG
265	ATLANT WIT	SOC GEN BOUE	2 650	ITOM	380	ALEXANDER
26	BAXTER	1 650		ITO-YOKADO	2 300	BRAZILIAN EQ
	BELGO LUX	11		KOMATSU	1 080	RUCKLERSB
	BELGO RIG	110 VM		KUAGIA	900	
2350				MITSUBISHI	1 590	CAPITAL INT.
	CIE & LAWE	2 000		MITS HEAVY	1 850	CAP. ITALIA
				MITS SHOJI	2 340	CENTENARY
1 180	CHEMED	700		MITSUI	1 130	
	COCKERILL	8 10		OLYMPUS	1 060	CONVERT A
	COMMERZBANK	2 930		OMRON	410	CONVERT B
820				SANKO	2 600	CROSBY
35	DRESDNER BK			SHARP	1 080	EUROPE OBL
245				TAISHO MAR	370	FIN UNION
5 000	E B E S	2020		TAKEDA	280	FLEMING JAP
4 500	FELTEN GUIL	1820		TORAY IND	180	FONDITALIA
800	HEINEKEN S	2 170		TOSHIBA	870	DELTEC
800	HEINICHERS	620		TRID ELECT.	1 230	F OF NATIONS
76	INTERCOM	1 540				HILL SAMUEL
	PHILIPS	4328/1				HISPANO FUND
	ROYAL D S T	1 792				HOPE STREET



The volume of new issues reached record levels in 1976, both on the German and on the Euro-capital markets. The pattern behind these satisfactory performances was a similar one: sentiment was healthy and, with interest rates

on the downgrade, borrowers were able to move increasingly away from the shorter end of the market to which they had been forced to turn in previous years, offering longer-term issues again.

Stock exchanges are by no means a modern phenomenon. As early as in the sixteenth century, commodity and stock exchanges were established in the main centres of European trade. In the nineteenth century, when fund-raising through shares powered both the

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3	5

- 1 Luxembourg
- 2, 3 Milan
- 4, 5 Madrid



process of industrialization and the rapid expansion of railway traffic, the stock markets flourished—as is witnessed to by proud buildings on both sides of the Atlantic, constructed in the then popular neo-classical and neo-baroque styles.

The stock markets have always proved very sensitive to the ups and downs of the economy, and one cannot imagine the business boom of the fifties and sixties without their existence.

Modern technology has made it possible for very large turnovers in shares and bonds to be processed efficiently, and for customers and dealers to be informed rapidly as to prices.

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4	7

1, 2, 3 Paris
4, 5 Zurich
6, 7 Vienna



In recent years there have been many instances of foreign shares being admitted for quotation on domestic stock exchanges. German banks and companies were very much involved in this process of

“internationalization”, which is reflected in the 140 or so foreign stocks officially dealt in on at least one German bourse, and in the shares of some 25 German companies that in some cases are quoted

on more than ten foreign exchanges. Rising turnovers in foreign shares and bonds are evidence that such promising steps led in the right direction.

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5	6

- 1, 2 New York
- 3 Toronto
- 4, 5 Tokyo
- 6 Hong Kong
- 7 Sydney (under construction)

General performance of Commerzbank

For Commerzbank, last year's restrained credit demand by its business customers made for a cautious policy of expansion. At DM 3.6 bn, or 9.2 per cent, 1976 growth in Balance Sheet total was slower than the year before, while business volume (Balance Sheet total plus endorsement liabilities) was 16.7 per cent higher on average.

Salient Balance Sheet figures as at December 31, 1976, are as follows:

Balance Sheet total	DM 42.1	bn
Borrowed funds	DM 39.3	bn
Total lending	DM 25.6	bn
Capital and reserves	DM 1.781	bn

Extension of the branch network was continued subject to stringent selection criteria, while a number of smaller branch offices whose performance offered little hope of lasting profitability were closed. At the end of the year, a total of 786 domestic and foreign branches were in operation and almost one-fifth of the Balance Sheet total was accounted for by the branch offices abroad.

The Commerzbank Group

The Consolidated Balance Sheet total of the Commerzbank Group as at December 31, 1976, was DM 63.3 bn. Subject to approval by the annual general meetings of the consolidated companies, its capital and reserves will stand at DM 1,942 m. (For the Consolidated Annual Report and Accounts, see pages 67 to 91 below.)

At the turn of 1976/77, the banks affiliated within the Commerzbank Group were operating about 3.8 million accounts for some 2.4 million customers at 861 branches staffed by 20,275 employees.

Calculated on a full-time basis, the Group's personnel totalled 19,207 at the end of the year.

The following major affiliated banks, whose annual reports and accounts are summarized

on pages 76 to 81 below, form part of the Group together with the Parent Bank, Commerzbank AG:

Berliner Commerzbank AG, Berlin,
balance sheet total DM 2,264 m;

Commerzbank International S.A., Luxembourg,
balance sheet total equalling DM 8,500 m;

Rheinische Hypothekenbank, Frankfurt,
balance sheet total DM 11,579 m.

The Group's net profit for 1976 amounted to DM 177.8 m, after allocating DM 71.9 m from the consolidated year's earnings to the reserves; the corresponding figures for 1975 were DM 133.5 m and DM 71.1 m, respectively. A further DM 39.5 m (1975: DM 12.1 m) will be allocated to the reserves of consolidated companies following the latter's annual general meetings.

Parent Bank: greater contribution to earnings by international business

Receipts in 1976 rose less than expenditure, with the result that the previous year's exceptionally high level of earnings was not maintained, as had been expected.

While the increased income due to growth in business volume did not quite compensate for the smaller interest margin, all major items of commissions received from services were higher than the year before. Thus stock exchange business made another sizeable contribution to the overall result, and earnings from foreign business and currency dealings also made a very impressive showing.

As in 1975, current personnel expenditure was up some 11.6 per cent, but because of the previous year's substantial non-recurring allocation to the pension fund the rise appears as only little more than 3 per cent. General operating expenses were more than 9 per cent higher.

The branches and principal affiliates abroad all turned in improved 1976 results, with Commerzbank International S.A. in Luxembourg once more achieving an outstanding profit gain. Dividend payments from our subsidiaries in respect of 1976 will, however, only be effected during the current year.

The Parent Bank's own international business was also very satisfactory, with stock exchange and underwriting commissions making most of the running.

Computer-linked branches top 100

On the organizational side, use of remote data processing has been further extended, and at the end of 1976 a total of 101 branches—including all foreign ones—were connected through some 600 terminals to our teleprocessing network. This link, which we plan to extend even further in 1977, is being used increasingly for the handling and posting of customer orders. It also enables input and output data for international settlements—which in future will be transmitted via the international SWIFT network—to be dealt with directly by the branches keeping the accounts involved.

DM 800 m raised through savings certificates and bonds

Our borrowing policy responded to the growing interest in longer-term investment media. This brought the added benefit of an improvement in the maturities pattern of the funds deposited with us. The level of interest charges on longer-term borrowings was a good deal lower than the year before.

Sales of savings certificates netted roughly DM 400 m, and those of the Bank's own 5 to

8-year bonds produced almost as much again, thus expanding the volume of such long-term funds by almost DM 800 m over the year.

In line with fluctuating market conditions, our acceptance of customers' time deposits was flexible throughout, with their level at times dropping to below DM 10 bn.

Our dealings in the money market, both at home and abroad, were as lively as ever. Interbank claims, however, again exceeded liabilities, with our foreign branches continuing to provide an above-average share of both.

Well-poised to accommodate borrowers

The additional funds raised during 1976 were for the most part invested in easily realizable assets, among which nostro balances and discountable Treasury notes occupied pride of place. These liquid resources can quickly be mobilized if and when the demand for credit revives.

Our bond portfolio, on the other hand, was allowed to shrink, partly on account of redemptions. Our holdings of bonds and marketable shares taken together represented 4.5 per cent of the year-end Balance Sheet total.

The book value of our holdings in associated companies rose chiefly through subscriptions of new shares issued by affiliated banks, as well as through our participation in early 1976 in a capital

Utilization of new funds in 1976			
Source of funds	DM m	Application of funds	DM m
Increase in liable funds	233	Increase in liquid or easily realizable funds	566
Increase in borrowed funds	3,207	nostro balances	(263)
bank deposits	(733)	Treasury bills	(303)
customers' deposits	(1,574)	Increase in loans	3,492
bonds outstanding	(900)	loans to banks	(428)
Increase in provisions	66	claims on customers for agreed periods of	
Reduction of assets	790	– less than four years	(1,594)
cash, cheques, and collection items	(298)	– four years or more	(1,470)
bills of exchange	(390)	Increase in fixed assets	263
bonds	(75)	holdings in associated companies	(177)
other securities	(20)	land and buildings	(42)
other assets	(7)	furniture and equipment	(44)
Increase in other liabilities	23	Increase in other assets	41
Depreciation on fixed assets	67	Decrease in other liabilities	24
	4,386		4,386

increase effected by the Mercedes inter-holding company STELLA, in which we are a minority shareholder.

Further increase in liable funds

Following a rights issue out of an authorized capital increase, which the holders of both our shares and convertible bonds were invited to subscribe to at DM 125 per DM 50 nominal share, the Bank's capital and reserves were augmented by DM 183.3 m in the late summer of 1976.

After an allocation of DM 50 m to the reserves from the year's earnings, the liable funds of Commerzbank AG now stand at DM 1,781 m.

Serving our business customers

The year's growth of more than DM 3 bn in total lending was largely accounted for by personal loans and lending to the public sector. Non-resident borrowers, most of whom are serviced by our foreign branches, made their weight felt to a greater extent in 1976.

Meanwhile the call for funds from domestic industry remained sluggish, although the previous year's tendency for companies to replace short-term by longer-term debt was maintained. We were in fact involved in such refinancing, especially on the part of small and medium-sized firms, to

a growing degree. Our discount business was on average more animated than in 1975.

Industrial credit demand reached its nadir in the spring of 1976, with subsequent months producing a slow but steady expansion in new loan commitments and disbursements alike.

Industry's share of total lending down to 56%

Although total domestic lending to companies and individual persons was in all 7 per cent higher, industry had a rather less prominent part to play, its share dropping from 60 to 56 per cent over the year. Steel producers were an especially weak spot in this respect, while the mechanical engineering and car industries were the only sectors to finish up with a higher share of the total. By contrast, trade and commerce, other services, the professions, and private borrowers accounted for a remarkably large proportion of our increased lending.

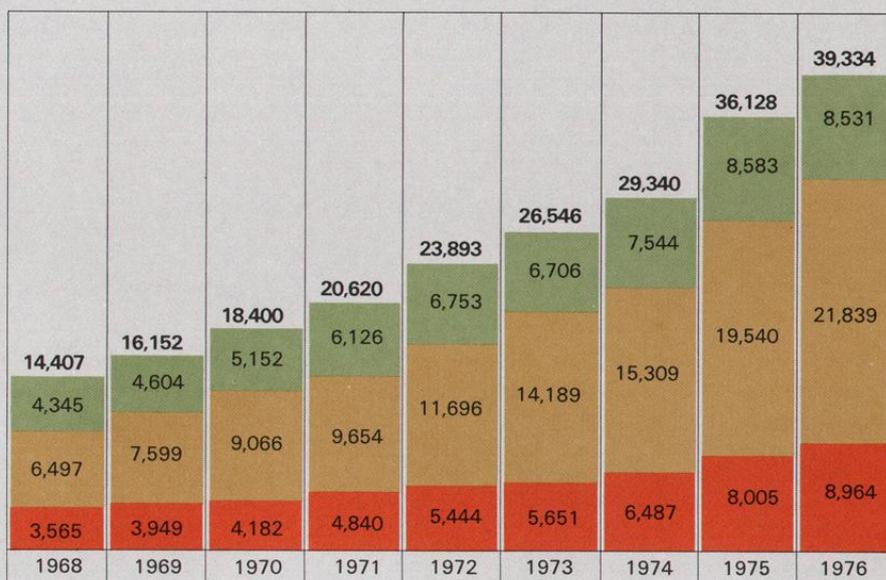
Domestic guarantees also up

Particularly worthy of mention is the further big rise in guarantees and letters of credit. Though this was mostly connected with international business, and primarily the growth in West German exports of capital goods and industrial plant, it was accompanied this time by a marked advance on domestic account. We see this as reflecting a need for greater security on the part of German buyers, including public authorities, who have

Lending to domestic business and private customers*)	31-12-1976	31-12-1975
Mining and public utilities	7.2%	8.0%
Chemical industry	9.0%	9.9%
Electrical and precision engineering, metal products, plastics processing	10.9%	11.5%
Production of iron, steel, and other metals; foundries	5.4%	7.2%
Steel construction, mechanical engineering, car industry, shipbuilding	10.7%	10.4%
Building and civil engineering	1.9%	2.3%
Food, drink, and tobacco; animal feeding stuffs	3.7%	3.8%
Textiles, clothing and footwear; leather	4.1%	4.2%
Wood, paper, and printing	2.7%	2.7%
Commerce	14.3%	13.8%
Other services; professions	8.9%	7.9%
Private persons without independent means	16.8%	14.1%
Other borrowers	4.4%	4.2%
	100.0%	100.0%

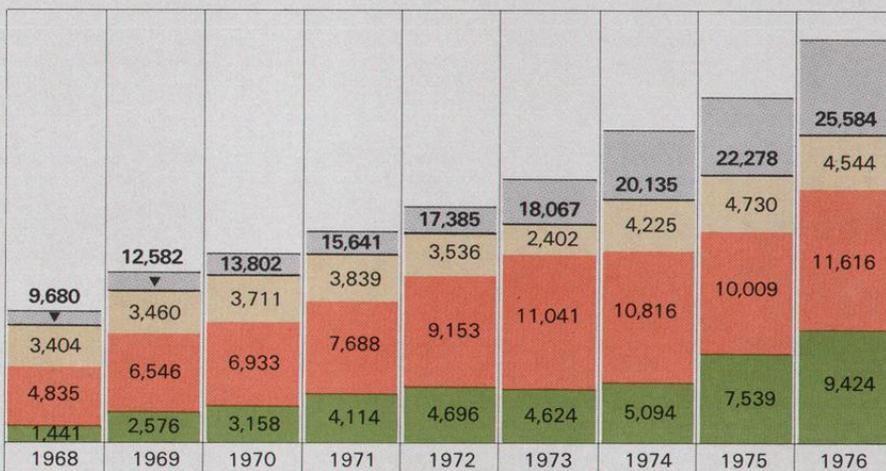
*) excluding guarantees, but including credits transmitted on a trust basis.

Commerzbank: balanced growth



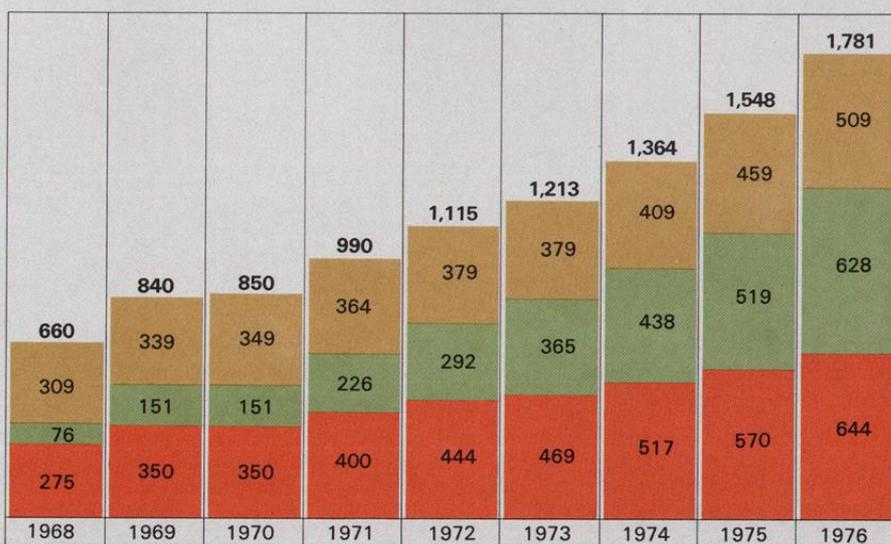
Borrowed funds
Savings deposits and savings bonds continued their strong growth, increasing by almost DM 1 bn, while the volume of time deposits plus the Bank's outstanding bonds was up by over DM 2 bn.

in DM m:
■ sight deposits
■ time deposits, own bonds and acceptances outstanding
■ savings deposits and savings bonds



Volume of lending
With the general tendency for funding short-term loans continuing, the Bank's long-term lending showed again strong growth.

in DM m:
■ guarantees
■ discounts
■ short and medium-term book and acceptance credits
■ long-term credits (for four years or more)



Liabie funds
The Bank's capital and reserves were augmented in 1976 by 15%, which exceeded the growth in total assets.

in DM m:
■ other reserves
■ statutory reserve
■ share capital

been asking for bank guarantees to a hitherto unknown extent. This is above all true of small and medium-sized construction firms.

Even granting that public funds must be used with extra care, one may nevertheless wonder whether the authorities are not being a shade meticulous. There can hardly be any doubt that an added demand for bank guarantees runs counter to the aim of assisting smaller businesses when, as it must, it reduces the scope of bank lending.

Few bad debts

Although our stringent lending policy enabled us to keep the volume of bad debts within very narrow limits, we are fully aware that not a few companies whose earnings slumped have still not recovered sufficiently. We therefore carefully scrutinized our debtors' portfolio and set aside valuation reserves where needed. The practice we have followed for a number of years of avoiding speculative risks in the property development field has also stood us in good stead.

In addition to lending on our own account, we were again instrumental in arranging long-term advances by third parties, especially through mortgages by our subsidiary Rheinische Hypothekenbank and through loans against borrower's note. Plant and machinery as well as property leasing was thus lent further impetus. These operations are handled by Commerz- und Industrie-Leasing GmbH and by Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH.

Serving our private customers

Business with our private customers, who availed themselves on a large scale of the services offered by the Bank—viz. payments and clearings, investment of funds and, above all, loans—was once again the highlight of the year. The addition of several new strings to our bow on both the borrowing and the lending sides caused our market share to expand.

Preference for longer-term deposits

Savings deposits were up by a little more than DM 500 m in 1976. Although this was below the previous year's figure, the shortfall on the record result of 1975 is much less when sales of savings certificates and of the Bank's own bonds, also mostly bought by private households, are included. If we add to this securities purchased through savings withdrawals and regular

inpayments on the investment fund build-up accounts offered by our affiliate ADIG, it is almost eliminated.

Total savings deposited with us amounted to DM 8,270 m at the end of the year. Despite the increased popularity of savings in the form of securities, both deposits at agreed and at statutory periods of notice grew at the same pace, leaving the latter with an unchanged share of 48 per cent of overall savings. The former include Government-promoted premium savings which at year-end again represented one-eighth of the total; these were largely invested in Commerzbank's "combined" savings accounts which yield a special bonus and covered a contracted value that rose by more than a third to DM 853 m during 1976.

The average balance on all savings accounts was more or less unchanged:

Size of savings accounts in DM	Number of accounts	Total amount in DM m
up to 1,000	956,357	235.0
from 1,000 to 10,000	755,592	2,530.5
from 10,000 to 50,000	153,094	2,866.2
over 50,000	16,387	2,638.1
	1,881,430	8,269.8

New types of savings bonds

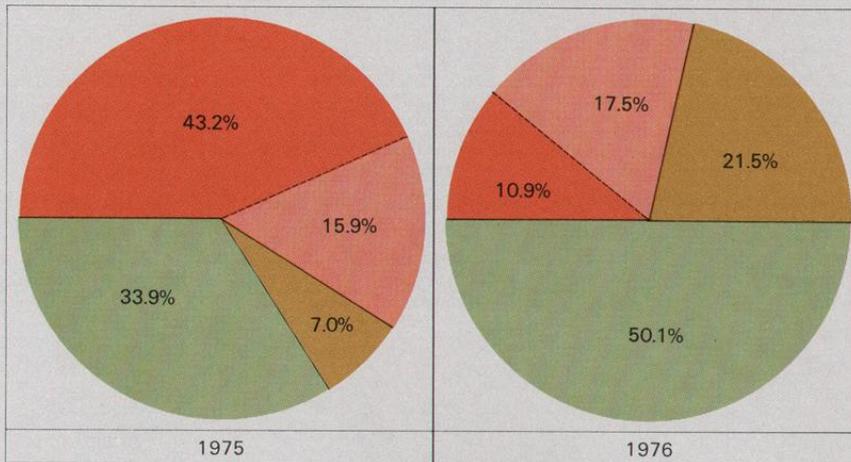
Our branches scored particular success with sales of the Bank's own savings bonds, the outstanding volume of which was up 170 per cent to around DM 700 m. Here a major part was played by a new kind of savings certificate, which instead of bearing interest is issued at a discount. Yet another type of savings bond, with an annually increasing coupon, was introduced in early 1977 and is proving popular because it is redeemable any time after six months of the date of purchase.

Funds transferred from current to savings accounts under standing order savings plans amounted to DM 161 m during 1976, almost 1½ times as much as the year before.

Standardized personal loans in active demand

On the personal loan front, the previous year's high growth rates were exceeded yet again—a success which we consider attributable to our forceful marketing and to the fact that the exten-

Commerzbank: serving its private customers



Savings volume

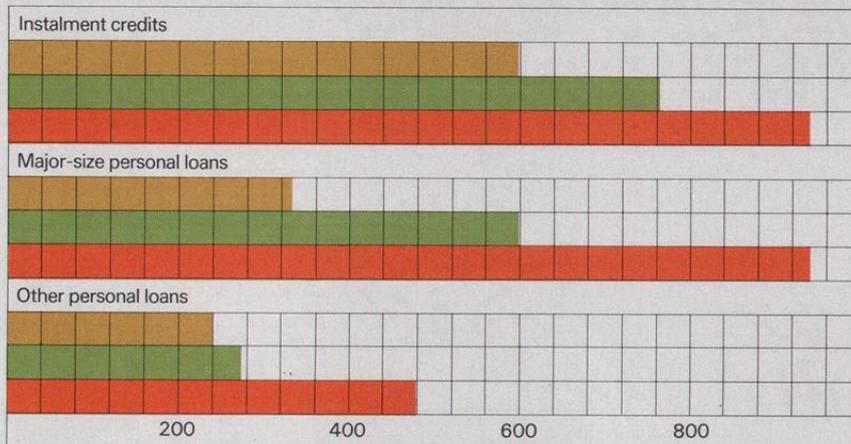
(savings accounts and savings bonds)

in 1975: DM 2,295 m
in 1976: DM 1,861 m

Longer-term investments were clearly preferred in 1976.

share of total, in %:

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



Personal loan schemes

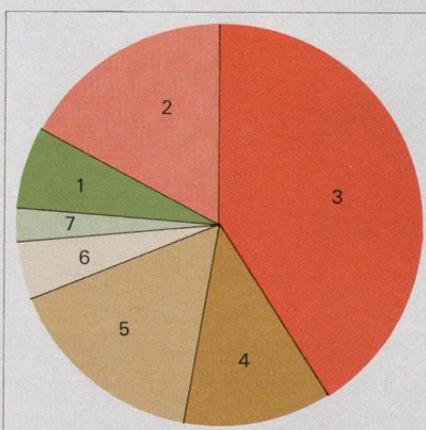
(loans outstanding at year-end)

1974: DM 1,165 m
1975: DM 1,634 m
1976: DM 2,350 m

The volume of advances under personal loan schemes has grown to equal one eighth of total book credits to non-bank customers.

in DM m:

- 1974
- 1975
- 1976



1 Self-employed persons	6.6%
2 Workers	17.1%
3 Employees, civil servants	41.0%
4 Housewives	11.8%
5 Children, pupils, students	16.2%
6 Pensioners	4.7%
7 Other	2.6%

Private customers

breakdown at year-end, 1976

Of our total clients, close on 2 million, or 94%, are private customers.

sive range of standardized credit facilities on offer caters well for the manifold fund raising needs of both private households and the professions.

The volume of outstanding instalment credits—offered for amounts of up to DM 25,000—increased by almost a quarter during 1976, while that of mortgage-secured personal loans—available up to a sum of DM 250,000—even rose by more than half.

Both these types of credit, which are the two principal components of our range of standardized personal loans, totalled just under DM 1 bn each in funds outstanding at year-end.

More home loans

Home building and house purchase are among the most useful objectives to which long-term personal advances may be applied. This is particularly true of a newly-introduced type of mortgage credit which is tailored to the needs of home-buyers who prefer a fixed expenditure plan and is repayable in invariable monthly instalments, changes in interest rates being taken into account by adjusting the loan period. Commerzbank's "package" building-finance scheme is now also available without a mortgage loan from a building and loan association. With a view to reducing annual charges, the scope of building finance offered by us has recently been enlarged by a two-stage bridging loan which, together with the subsequent similarly two-stage mortgage finance from a building and loan association, provides for an overall repayment period of 16 years. We have found that many of our personal credit facilities are also being used increasingly for the modernization of older houses.

There is also active demand by doctors and members of other professions for the special loans we have made available to them since 1975 to meet the cost of establishing a practice.

Including straight and thus informal overdrafts, the volume of standardized personal loans in 1976 grew by 44 per cent to close on DM 2.4 bn, accounting for one-eighth of our overall book credits to non-bank borrowers.

Integrated advisory services further extended

Commerzbank has almost two million private customers who represent 94 per cent of its total clientele. In order to improve still further the quality of the service provided by the Bank, an integrated system of customer counselling and sales promotion is gradually being used in all the Bank's

branches. Private clients are thus able to obtain advice on any of the Bank's main services from one and the same versatile counter assistant who can take into consideration their personal financial situation and requirements.

Issues and stock exchange business

A specially gratifying event towards the year's close was the launching of a DM 150 m bond issue on the domestic market by the leading department store group Kaufhof AG. This was the first to be made by a private sector company after an interval of four years, and we were proud to be involved as co-managers.

The Bank was again very active in all kinds of capital market business, often managing or co-managing international bond issues and credits.

Record volume of Euro-bond issues

In 1976, the Bank was lead-manager for eight D-mark bond offerings by foreign issuers which altogether amounted to DM 775 m, and for two foreign currency bond issues of a total amount of US \$ 105 m. It acted as co-manager for a further 52 international issues equivalent to over DM 6.5 bn, including 22 more foreign bond offerings denominated in D-mark. We cooperated in many of these issue syndicates with other members of the Europartners group of banks. All in all during 1976, we took part in a total of 197 foreign currency bond placements of the equivalent of US \$ 9 bn, no less than 44 of which were denominated in Canadian dollars.

We also played a major role in providing funds for an EEC loan worth US \$ 1.3 bn which attracted world-wide attention as the biggest single Euro-market financing operation mounted to date. It was launched in four tranches, and we co-managed both the DM 500 m bond component and the private placement portion of US \$ 500 m.

Larger syndicated loans

At the same time, the international syndicated loans in which we participated, more often than not figuring in the management group, totalled the equivalent of over US \$ 6 bn. They included two bumper loans of US \$ 1 bn each, to Spain and Venezuela, for both of which we took part in the management, being the sole European lead-manager for the latter. In early 1977, moreover, we joined forces with eleven other international banks in financing the US \$ 1.5 bn Euro-loan for Britain, the largest ever extended.

Listing of foreign shares

Under our management, the shares of Norton Simon and Thomson-Brandt as well as the participation certificates of Swiss Bank Corporation were listed on German stock exchanges, and Commerzbank also, without the formation of a banking consortium, arranged for the quotation of the shares of Monsanto in Germany.

Stock and bond markets on a see-saw...

Whereas in the second half of 1976 the German bond market staged a good recovery from the temporary setback of the early summer, German shares, after continuing their previous year's price gains and advancing a further 7 per cent up to March, subsequently eased. Over the whole year, the fall in share prices as measured by Commerzbank's index of 60 leading German stocks was 6 per cent, while the total market value of the more than 400 quoted companies covered by the Bank's stock exchange statistics suffered a decline from DM 134 bn to DM 125 bn.

... in active dealings

During the year under review, dealings on behalf of our customers were thus most buoyant on the fixed-interest side. Spearheaded by funds investing solely in bonds, sales of investment fund shares actually more than doubled.

Portfolio management and investment saving

Trust business in securities handled by Commerzbank itself and by its subsidiary, Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofa), continued its strong expansion. At the end of 1976, the portfolio managed by Cofa, mainly for insur-

ance companies and independent pension funds, amounted to DM 612 m, an increase of 33 per cent on the year.

Commerzbank's efforts to place investment fund shares again centred on those offered by ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, an investment company for which it acts as one of the depository banks and whose eight funds at the end of 1976 were managing total assets that exceeded DM 3.7 bn.

Closed and open-end property investment funds

The assets administered by the open-end property fund Haus-Invest, for which we also act as depository bank, had by December 1976 risen to DM 146 m. Early in 1977, investment in the shares of this property fund was made more attractive by the introduction of a build-up account referred to as "Baustein-Konto".—To serve our German customers interested in investing in North America, we also participated, through our affiliate Deutsche Gesellschaft für Immobilienanlagen "America" mbH, in setting up a closed-end property investment fund holding a majority in a high-rise office building in Houston, Texas.

Foreign business and international activities

Our international organization, which continued to operate successfully, has been further expanded. We were the first of the leading German banks to open branch offices in France and Belgium; our Paris office started its activities in the autumn of 1976, and the Brussels one in early 1977. Our sixth foreign branch office is to be set up in Tokyo later in 1977.

Cooperation in underwriting syndicates			
Year	Capital increases through rights issues*)	Domestic bond issues (incl. convertible bonds)	Foreign DM bond issues
1970	37 totalling DM 1.8 bn	19 totalling DM 4.6 bn	29 totalling DM 2.7 bn
1971	28 totalling DM 1.8 bn	40 totalling DM 6.8 bn	36 totalling DM 3.6 bn
1972	35 totalling DM 1.0 bn	32 totalling DM 7.4 bn	53 totalling DM 5.4 bn
1973	25 totalling DM 1.2 bn	18 totalling DM 8.2 bn	39 totalling DM 3.7 bn
1974	20 totalling DM .5 bn	18 totalling DM 7.3 bn	8 totalling DM .8 bn
1975	27 totalling DM 2.5 bn	20 totalling DM 8.8 bn	60 totalling DM 5.6 bn
1976	20 totalling DM 1.4 bn	23 totalling DM 10.8 bn	70 totalling DM 7.2 bn

*) cash proceeds

In addition we participated in placing 745 foreign currency bond issues between 1970 and 1976.

Presence in 40 cities abroad

The Bank's international network at present comprises eight operational bases, viz. its five foreign branch offices, its Luxembourg subsidiary, and the Amsterdam and Rotterdam branch offices of Europartners Bank (Nederland) N.V. in which Commerzbank holds a 60 per cent stake. Moreover, there are 18 representative offices all over the world, six of which are jointly run by the Europartners banks. In addition, the Bank maintains separate counters assigned to it by the other Europartners or by affiliated foreign banks in Bangkok, Beirut, Brussels, Dubai, Jakarta, Jeddah and Riyadh, Kinshasa, Madrid, Milan, Paris, São Paulo, and Strasbourg. All in all, customers can today call on Commerzbank staff at 40 different places abroad.

The foreign branches' primary function is to offer a comprehensive banking service, with emphasis on lending and clearing business, to German firms established in their areas of operation. They also act as staging posts for the Bank's world-wide foreign exchange dealings, with the London branch in particular being actively engaged in the Euro-money market.

Foreign subsidiaries and affiliates

Our Luxembourg subsidiary, Commerzbank International S.A., again managed to improve its results. After a further capital injection equivalent to DM 51 m in line with the growth in business volume, its capital and reserves now amount to DM 229 m (for further details, see page 78 below in the Consolidated Annual Report).—The Amsterdam-based Europartners Bank (Nederland) N.V. increased its balance sheet total from Dfl 440 m to nearly Dfl 700 m, to which its Rotterdam branch, although only set up in 1976, already made some contribution.

Among our foreign affiliates, mention must also be made of International Commercial Bank Ltd., London, which as one of the leading banks specializing in the Euro-market, augmented its total assets from £ 440 m to over £ 500 m during the year under review. The growth of U.B.A.E. Union de Banques Arabes et Européennes, Luxembourg and Frankfurt, is reflected in an expansion in balance sheet total from DM 580 m to around DM 790 m. U.B.A.E. is a member of the U.B.A.F. banking group which gives priority to the financing of German-Arab trade, and to the management of which some of Commerzbank's staff have been seconded.

A venture set up during the year, in which Commerzbank is the only major European bank to have

a stake, and in whose management it is also represented, is the Saudi Investment Banking Corporation, Riyadh. Its object is to promote the development of the Saudi Arabian economy by means of longer-term loans extended to the private sector, and we regard our interest in this newly-established banking institution as one of special importance.

Europartners:
continued success of TransCredit scheme

Within the Europartners group of banks, the TransCredit loan system has continued to prove its usefulness, and it was especially Commerzbank's business customers who benefited from the operating credits they could obtain under the scheme for their foreign subsidiaries.

The exchange of personnel between the four Europartners banks, the chief aim of which is to familiarize junior staff with the banking business in one another's countries, has also been maintained. Joint seminars, dealing particularly with international financing, are held three times a year to provide further training at management level.

The Europartners also figured in joint stands at ten international trade fairs and exhibitions in the course of the year under review.

1976 saw the commencement of operations as a merchant bank of Nippon European Bank, Brussels, with an initial capital equivalent to US \$ 10 m. This is a joint venture, in which the four Europartners banks each have a 10 per cent stake, the remainder being held by Mitsui Bank and The Long-Term Credit Bank of Japan.

In New York, the affiliated investment bank EuroPartners Securities Corporation enjoyed its best year since its foundation in 1968. It participated in the underwriting of 34 international bond issues and of more than 250 bond offerings on the American capital market, thus further strengthening the position it has been occupying in this field. The bank likewise arranged a number of private placements and company takeovers on its own. It also again proved its worth in assisting European customers with financing problems in the United States and in counselling them on how best to establish a presence there. Dealings in US securities and trust business were both greatly extended.

Vigorous growth
in commercial transactions with abroad

The volume of export and import financing handled for our customers expanded substantially,

with another above-average increment in both documentary credits and guarantees, a reflection no doubt of the changing pattern of Germany's foreign trade. On the one hand, the growing size of individual orders is obviously making exporters more anxious to cover the ensuing higher risks, while on the other importers, as security for the fulfilment of contracts involving much larger amounts, are demanding bank guarantees in respect of both the offer made and downpayments.

The external position of our domestic branches as shown in the returns to be made to the central bank—comparing their foreign claims and liabilities, both of which kept increasing during 1976—is still showing a sizeable net credit position.

Long-term export financing

Our export financing business was stepped up by the growth in West Germany's foreign sales of capital goods, with the amount of such dealings financed through AKA Ausfuhrkredit-Gesellschaft mbH rising accordingly. This took place in spite of the Bundesbank's restrictive policies concerning AKA export finance available under ceiling B, and also despite the lower interest rates prevailing in third markets which impaired AKA financing under ceiling A.

German exporters have a continued keen interest in finance that will better their balance sheet position by not unduly adding to their liabilities. This together with the notable improvements made in respect of official export cover for financial credits provided by the Federal Government has led to a growing demand by their foreign customers for buyer credits from German banks. The funds required for this purpose were supplied in great part jointly by AKA and the state-owned Reconstruction Loan Corporation, but in the case of big projects mostly by the banks themselves. This is a field of financing in which Commerzbank has managed to enlarge its share significantly.

Growing foreign demand for the financing of West German exports of capital goods also gave rise to a greater call for supplementary credits, to cover down-payments and instalments as well as local costs. Such funds had to be raised in the domestic and in third markets. Here again, Commerzbank succeeded in securing a considerably bigger share of the business. As many of the projects concerned are too large to be financed single-handed, we became increasingly involved, as leader or co-manager, in banking consortia formed to shoulder the burden.

Staff and welfare report

Despite continuing technical advances and the considerable gains derived from rationalization, a bank is still vitally dependent on the skill of its staff. Since corporate and individual customers expect comprehensive and reliable service, constant care is needed in the training and recruitment of personnel. At the same time, the fringe benefits we provide ensure that our employees also share in the Bank's success.

Staff increase due to business expansion

The Bank could not have coped with last year's further growth in its activities without an increase in staff. By the end of 1976, our three head offices and our domestic branches had a total of 18,555 employees, including 2,031 people working part-time—equivalent to a total full-time staff of 17,540, and thus 1.9 per cent more than the year before.

An above-average expansion in the business of our London, New York, and Chicago branches, and the opening of new branch offices in Paris and Brussels, produced a rise from 271 to 376 in the number of members of the Bank's staff working abroad. These were employed at 40 different places on all five continents, some being seconded to affiliated institutions.

The Bank's combined domestic and foreign staff, again on a full-time basis, totalled 17,729 at the end of 1976.

Last year 180 employees were able to look back on 25 years and a further 20 on 40 years service with the Bank. Special mention should be made of Mr. Johannes Hahn of Düsseldorf, who celebrated 50 years in Commerzbank's service. The number of those retiring was 177, and altogether 3,091 pensioners and widows were being cared for when the year ended.

We record with regret that 37 of our employees and 100 of the Bank's pensioners died in 1976.

Highly qualified staff needed

The keen competition in which the German banks are engaged requires that their staff be well trained and highly skilled. We have therefore continued to attach great importance to thorough basic professional instruction, followed up by extension courses for junior grades and supplemented by a wide range of seminars for the more advanced. Increasing emphasis is, however, being given to other fundamental questions such

as manpower planning, salary structure, performance evaluation, and a personnel data bank.

Bed-rock of basic training

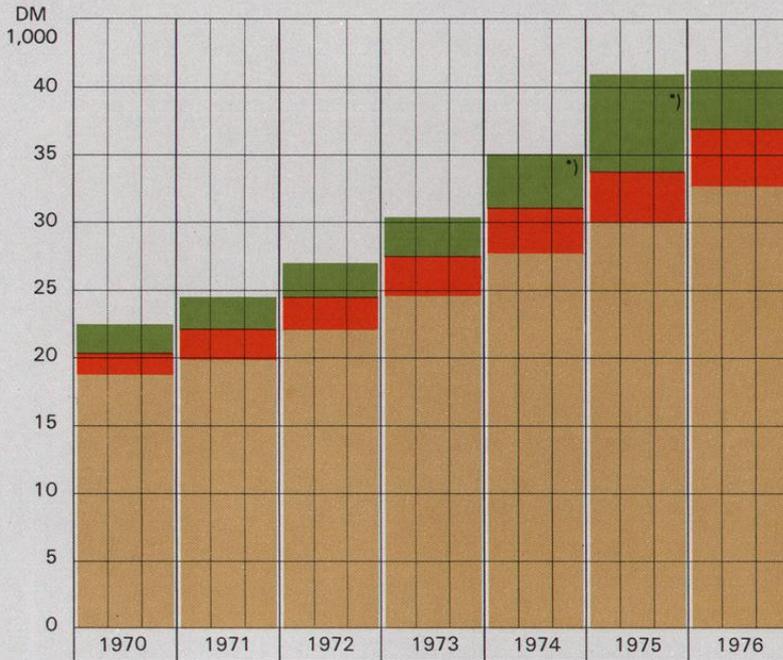
A banking career, as the great number of apprenticeship applications we receive confirms, is still a much prized goal. We were thus glad to be able once more to make a useful socio-economic contribution by raising our quota for new trainees by a further 10 per cent to 647—a figure which again exceeded our immediate requirements. While we have kept employing an increasing proportion of high-school graduates, we are also concerned to provide for as balanced an educational mix as possible among our trainees.

30 Commerzbank training centres



Basic training is the natural foundation for forward staff planning. So far, a good 85 per cent of our apprentices have successfully graduated to a permanent post at Commerzbank, although the more than adequate scale of our recruitment to date might make this proportion rather difficult to maintain in the coming years. Because we may later have to ask employees to take a post at another of our branches, we put great emphasis on future mobility even at the recruitment stage.

Statistical data on Commerzbank staff



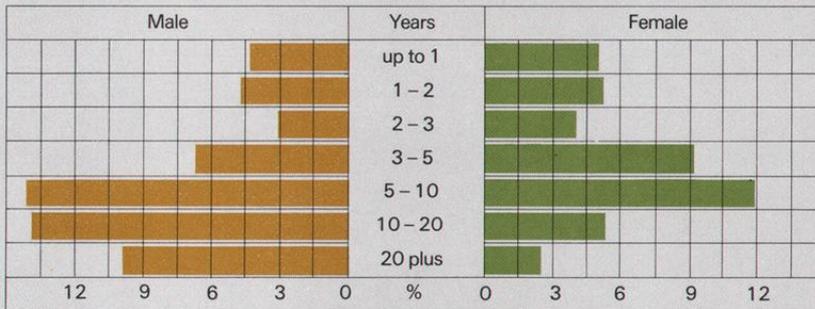
Personnel expenditure

During the past 6 years, expenditure per employee increased by about 85%, with the rise in social security charges alone at 170% no less than doubling that figure.

expenditure per employee, in DM 1,000:

- pension payments
- social security contributions
- wages and salaries

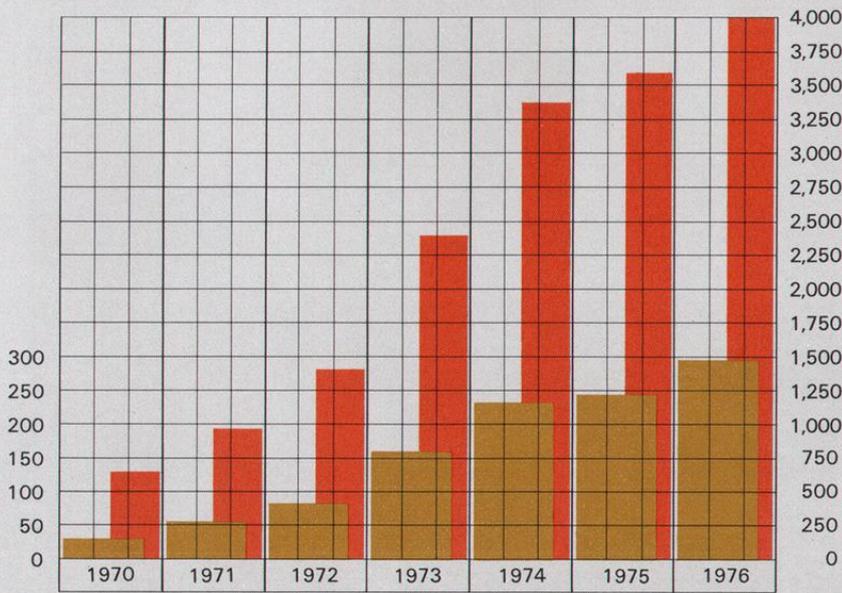
*) including special allocations to pension provisions



Years of service with Commerzbank

The majority of the Bank's staff, almost 58%, have been working with it for over five years, and more than half of these for longer than ten years. Commerzbank can thus rely upon a core of people with high qualifications and skills.

- female employees
- male employees



Advanced training

The Bank attaches great value to advanced training. In 1976, some 4,000 of its employees took part in almost 300 seminars.

- number of seminars and participants:
- participants
 - seminars

Induction into the job takes place on the spot, of course, in our branch offices. We have also found it useful to provide for additional specialized training within the Bank to complement compulsory vocational courses. We have thus during the past two years established 30 internal training centres situated in such of our branches as are within easy reach of several others. These centres are at present staffed by 35 professional instructors, and between 40 and 140 students attend for a full day once a fortnight. Courses are centrally planned to ensure that the same syllabus is taught throughout the Bank.

University degree not a must

Having served their apprenticeship, many trainees, and not least the ablest among them, are anxious to complete their education at a technical college or university. But with available places at both colleges and universities limited and with the present glut of graduates, this is becoming more and more of a stony road to follow.

To obviate this difficulty, and to make it possible for talented trainees to advance to middle management positions even without the benefit of a university degree, we have introduced a multi-stage programme of further education which builds on the foundation of the basic training course.

Specialist training

Turning the raw recruit into a qualified specialist for one or other of the Bank's activities normally takes two years, during which period he or she is also familiarized with the work done in bordering sectors. Such training was being given to 172 members of our staff at the end of 1976.

Preparation for management posts

The Bank also provides specialist training courses—usually spread over a 2½-year period and attended by staff who already have some years of successful work behind them as well as by university graduates. Here employees of above-average ability or qualification are prepared for executive posts, mostly with a view to appointment as branch managers.

Advanced training on target

Some 4,000 employees took part in the 136 central and 160 regional advanced training seminars held during the year, the target figure set for 1976

being thus met. An important part was played in the programme by our training centre at Glashütten/Oberems in the Taunus hills, which great demand and careful planning kept fully occupied for most of the year.

The range of lectures and seminars we offer is continually updated by being added to and diversified in line with current business requirements. Those who wish can also take classes which extend over several weeks and lead to an examination qualifying them as instructors. The number of central seminars for members of the staff councils has been stepped up, and the introduction of a new course for their junior grade delegates is planned for 1977.

More sophisticated personnel management

Like other companies, Commerzbank conducts, at every personnel level, a screening process in which the method of assessment introduced in 1973 has proved particularly useful.

All our efforts to promote staff performance—from individual instruction to a standard system of evaluation—form part of a comprehensive and, from a career building point of view, progressively important personnel management pattern, to which a staff data bank—aimed to assist us both in our day-to-day decision-making and in our medium-term manpower planning—is the latest addition.

Personnel costs increased by special factors

The development of labour costs gives us cause for concern. If we include social charges and voluntary benefits, they rose to DM 731.3 m in 1976. Apart from the 5.4 per cent collective pay increase which came into force on March 1, 1976, and rises in individually negotiated salaries, the Bank also employed on average 3 per cent more staff than the year before. Moreover, collective wage settlements also had the effect of again boosting fringe benefits.

In 1976, the payroll bill was further swollen by a number of non-recurring factors, such as the introduction last autumn of a separate retirement scheme, requiring a special allocation, for office cleaning staff. At the end of the year, total pension provisions amounted to DM 360.9 m, almost twice as much as at the end of 1972.

Expenditure on all forms of general staff and junior management training and on advanced education absorbed approximately DM 29 m.

Steady increase in fringe benefits

Part of the year's augmented personnel expenses was also due to another rise in non-obligatory fringe benefits. Thus, as forecast in our 1975 report, considerably higher voluntary holiday bonuses were paid from the beginning of 1976 onwards. Starting in April, the Bank has paid that portion of an employee's income tax due on his employer's share in his contribution to the banking industry's own pension fund scheme.

During 1976 we offered eligible staff and also Bank pensioners a further two employees' shares at a preferential price of DM 120 per share—a discount of rather more than 40 per cent on the ruling market price. The offer, of which about one-third of our personnel availed themselves, and for which the necessary shares were bought by us in the market as usual, cost us substantially more than in preceding years. With the sole exception of 1967, we have offered employees' shares ever since 1965; the difference between the selling price and our own purchase price for the shares thus sold has altogether meant an expenditure of some DM 5 m.

To assist employees in buying homes of their own, we last year improved our staff mortgage terms. And, under a new scheme worked out in consultation with the Bank's brigade of athletes, more funds are from 1977 onwards being provided for company sports.

Good working relationship with staff councils

In all personnel-related and social matters we have continued to work closely with the central staff council, referring any problems remaining to be resolved by give and take in committee. The same constructive and cooperative spirit has also persisted within the local staff councils at branch level.

Thanks to employees

Our employees have supported the Bank's operations with unabated enthusiasm. Our thanks are due to all whose initiative, energy, and personal dedication have done so much to contribute to the year's success.

Parent Bank's Annual Report for the Year 1976

Notes on the Parent Bank's Annual Accounts

During the financial year 1976, the Parent Bank's Balance Sheet total increased by DM 3,554.4 m to DM 42,090.1 m, representing a rise of 9.2%. Details of changes as compared with the previous year are as follows:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	- 297.8	Bank deposits	+ 733.4
Bills	- 390.4	a) demand	(+ 137.6)
Lending to banks	+ 691.7	b) time	(+ 595.8)
Treasury bills	+ 303.1	Customers' deposits	+ 1,574.0
Bonds, notes, and other securities	- 94.9	a) demand	(- 189.7)
Lending to customers	+ 3,063.7	b) time	(+ 1,239.4)
Holdings in associated companies	+ 168.4	c) savings deposits	(+ 524.3)
Land and buildings, furniture and equipment	+ 27.3	Bonds outstanding	+ 899.6
Sundries (including credits transmitted on a trust basis)	+ 83.3	Provisions	+ 65.9
		Capital and reserves	+ 233.3
		Net profit	+ 13.8
		Sundries (including credits transmitted on a trust basis)	+ 34.4
	+ 3,554.4		+ 3,554.4

AssetsLiquidity

At the end of the year under review, cash funds—consisting of cash in hand plus balances with the Bundesbank and on postal cheque accounts—stood at DM 2,372.7 m. This represented 6.0% of our total liabilities to banks and other creditors plus bonds issued by us and our own acceptances outstanding, amounting to DM 39,334.5 m. Total liquid resources—cash funds, cheques, maturing bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the Bundesbank, balances due from banks (for

periods of less than three months), Treasury bills and discountable Treasury notes plus fixed-interest securities eligible as collateral for Bundesbank advances—were DM 11,475.9 m, representing 29.2% of the borrowed funds mentioned above, compared with 35.5% in the preceding year.

Claims on banks

Our claims on banks rose by DM 691.7 m to DM 12,247.4 m. This item comprises balances from clearings, money market investments, and loans to German and foreign banks, and is broken down as follows:

Claims on banks (in DM m)	1976	1975
Money employed and clearing balances	9,890.1	9,626.2
of which: demand	(1,249.6)	(1,101.6)
time	(8,640.5)	(8,524.6)
Lending	2,357.3	1,929.5
including: long-term	(1,212.6)	(798.5)
Total	12,247.4	11,555.7

Securities holdings

Holdings of bonds and notes declined slightly by 5.6% to DM 1,268.9 m, with 67.4% of this total being eligible as collateral for Deutsche Bundesbank advances.

The item "securities not included elsewhere" covers such of our investments in shares marketable

on the stock exchange (including trade investments), investment fund shares, and other securities as not shown under other items. We reduced this portfolio by DM 20.1 m to DM 620.3 m.

At December 31, 1976, the Bank held more than 25% of the share capital of the following concerns (other than those listed as associated companies on pages 83 and 84) below:

Tax-privileged holdings	Share capital in DM million
<u>Holdings of more than 25%</u>	
Karstadt Aktiengesellschaft, Essen	360.0
Kaufhof Aktiengesellschaft, Cologne	300.0
Brauerei Isenbeck AG, Hamm	6.0
Commerzbank Aktiengesellschaft von 1870, Hamburg	(RM* 100.0)
Hannoversche Papierfabriken Alfeld-Gronau vormals Gebr. Woge, Alfeld (Leine)	40.0
Hochtief Aktiengesellschaft für Hoch- und Tiefbauten vorm. Gebr. Helfmann, Essen	46.5
Kempinski Hotelbetriebs-Aktiengesellschaft, Berlin	11.0
<u>Holding of more than 50%</u>	
H. Maihak Aktiengesellschaft, Hamburg	5.0

* Reichsmark

As before, all holdings of securities have been valued in the Balance Sheet at the lower of cost or market value.

Lending

Our credit business (excluding loans transmitted on a trust basis and guarantees) with both banks and non-bank customers was expanded by DM 3,306.0 m, or 14.8%, compared with the previous year.

Details are as follows:

Total lending	1976	1975
<u>Loans to</u>		
a) credit institutions	DM 2,357.3 m = 9.2%	DM 1,929.5 m = 8.7%
b) customers	DM 18,682.5 m = 73.0%	DM 15,618.9 m = 70.1%
Book and acceptance credits	DM 21,039.8 m = 82.2%	DM 17,548.4 m = 78.8%
Discounts	DM 4,544.3 m = 17.8%	DM 4,729.7 m = 21.2%
Total	DM 25,584.1 m = 100.0%	DM 22,278.1 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 for possible losses on loans was made to the extent permitted by tax regulations.

At the end of 1976, our book and acceptance credits were made up of DM 11,616.2 m at short and medium term and DM 9,423.6 m at long term.

This meant an increase of DM 1,607.0 m, or 16.1%, in short and medium-term book credits compared with December 31, 1975, whilst those at long term were up by DM 1,884.4 m, or 25.0%.

Of the short and medium-term book credits, DM 10,471.5 m (up DM 1,593.3 m) were to non-bank clients and DM 1,144.7 m (up DM 13.7 m) to banks. Of our long-term lending, DM 8,211.0 m (up DM 1,470.3 m) was to non-bank customers and DM 1,212.6 m (up DM 414.1 m) to banks.

Overall long-term lending was financed, inter alia, from DM 585.6 m of bonds with a life of more than four years issued by the Bank and from DM 2,893.7 m of long-term funds mainly bor-

rowed from Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) and from other banks and public agencies. Where appropriate agreements had been made with the lenders, the funds concerned were advanced to the ultimate borrowers on the former's terms.

While total book credits at the end of the year were up DM 3,491.4 m, or 19.9%, discounts decreased slightly by DM 185.4 m, or 3.9%. Of the total discount credits of DM 4,544.3 m reached at year-end, DM 504.5 m, or 11.1%, had been rediscounted.

Our lending to some 408,000 borrowers breaks down as follows:

Size of loans	1976	1975
353,948 loans of up to DM 20,000	86.6%	88.0%
37,403 loans of more than DM 20,000, up to DM 100,000	9.2%	8.2%
	95.8%	96.2%
14,366 loans of more than DM 100,000, up to DM 1,000,000	3.5%	3.1%
2,775 loans of more than DM 1,000,000	.7%	.7%
	100.0%	100.0%

Equalization and covering claims

Equalization and covering claims on public authorities ensuing from the 1948 German currency reform declined by DM 6.6 m to DM 79.8 m as a result of repayments on or ahead of schedule.

Holdings in associated companies

Our holdings in associated companies as shown in the Balance Sheet were raised by DM 168.5 m during the year under review, the rise stemming from DM 189.3 m in new acquisitions and capital increases, fulfilment of payment commitments, and reinforcement of holdings, but also accounting for retirements of DM 11.8 m and write-offs of DM 9.0 m. The resultant book value was DM 922.8 m, of which DM 255.9 m related to interests held abroad.

The following significant new holdings were acquired in:

Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mit beschränkter Haftung, Düsseldorf

Nippon European Bank S.A., Brussels

Saudi Investment Banking Corporation, Riyadh

Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt

The rise in holdings through capital increases largely related to STELLA Automobil-Beteiligungsgesellschaft mbH, Frankfurt, in which we acquired a stake late in 1975 and which in early 1976 augmented its capital to the requisite level.

The retirements were for the most part in respect of holdings in Banco Urquijo S.A., Madrid, and in Finance Company VIKING, Zurich, which are now being held by our Luxembourg subsidiary, Commerzbank International S.A.

These holdings in associated companies are shown in a chart on pages 83 and 84 below, giving details of our share in the capital of each.

Our affiliates and subsidiaries continued to develop satisfactorily in 1976. Including receipts from profit transfer agreements, our income from this source amounted to DM 48.5 m against DM 34.2 m in the previous year.

For details of our relations with the associated companies see the Consolidated Annual Report, pages 67 to 91 below.

Land and buildings

Land and buildings at DM 544.4 m are shown DM 23.5 m higher than in 1975. This increase represents the net balance after additions of DM 42.5 m, retirements of DM .8 m, and depreciation to the full extent permitted under tax regulations of DM 18.2 m.

The additions are mainly new buildings and extensions in Cologne, Frankfurt, Nuremberg, and Wetzlar.

Furniture and equipment

The net book value of furniture and equipment increased to DM 143.5 m, after additions of DM 38.8 m, retirements of DM 1.3 m, and scheduled depreciation of DM 33.7 m. Moreover, minor-value equipment acquired at a cost of DM 6.1 m was fully written off on purchase.

Sundry assets

"Sundry assets" as shown in the Balance Sheet include holdings of gold bars, precious metal coins and medals, as well as various accounts receivable not related to banking.

LiabilitiesCreditors

During the year under review, our liabilities to banks and other creditors resulting from our banking business rose by 6.4% to DM 38,200.6 m. Of the total increase of DM 2,307.5 m, deposits by banks accounted for DM 733.5 m and by non-bank customers for DM 1,574.0 m.

The overall structure of our liabilities is illustrated by the table below.

The liabilities to banks for agreed terms or at fixed periods of notice of four years or more include two mortgage-secured loans by a mortgage bank of together DM .6 m, the non-callable mortgages in question having been taken over by us in connection with a property purchase.

Own bonds

Our own bonds outstanding were up from DM 191.3m to DM 1,090.9m, or by DM 899.6m. Those amounting to DM 505.3 m shown as due within less than four years represent certificates of deposit placed by our foreign branches.

The item "bonds outstanding" also includes bearer bonds issued by the Bank to finance its long-term lending. In addition, there are the 5 1/2% convertible bonds with a life of more than four years issued by Commerzbank in 1972 and shown at an unchanged amount of DM 62.0 m still outstanding.

A DM 15.5 m contingent share capital remains authorized for issue, to meet possible conversion demands by the holders of the convertible bonds.

Own acceptances

Acceptance credits used by our customers were DM 131.1 m. At the closing date, DM 43.0 m of our own acceptances were outstanding.

Provisions

On the basis of actuarial calculations, provisions for pensions totalled DM 360.9 m at Decem-

Liabilities	1976	1975
Bank deposits		
a) demand	DM 2,458.5 m = 6.4%	DM 2,320.8 m = 6.5%
b) time	DM 9,004.8 m = 23.6%	DM 8,431.3 m = 23.5%
Liabilities for customers' drawings on other banks		
	DM 67.8 m = .2%	DM 45.5 m = .1%
	DM 11,531.1 m = 30.2%	DM 10,797.6 m = 30.1%
Customers' deposits		
a) demand	DM 6,073.1 m = 15.9%	DM 6,262.8 m = 17.4%
b) time	DM 12,326.6 m = 32.3%	DM 11,087.1 m = 30.9%
c) savings deposits	DM 8,269.8 m = 21.6%	DM 7,745.6 m = 21.6%
	DM 26,669.5 m = 69.8%	DM 25,095.5 m = 69.9%
Total liabilities	DM 38,200.6 m = 100.0%	DM 35,893.1 m = 100.0%

ber 31, 1976, having increased by DM 33.2 m from DM 327.7 m. Since the end of 1975, these commitments are shown on the basis of the so-called "partial value" taking full account of deferred entitlements.

Other provisions, shown at DM 262.2 m, include those for taxes and year-end bonus payments, for anticipated losses under executory contracts, and for other liabilities of uncertain amount, as also that portion of the global valuation reserves for possible loan losses which provides for loss contingencies on loan commitments not given accounting recognition, so that it cannot be offset against any of the asset items.

Reserves subject to future taxation

The amount of DM 23.3 m (DM 35.0 m in 1975) shown under this item represents a deferred credit resulting from such partial writing-back of the global valuation reserves as had become obligatory under new tax regulations imposed in 1974; of this, DM 11.7 m, or the minimum required, was taken into income in the year under review.

Capital and reserves

The Bank's management was authorized by the Annual General Meeting on May 11, 1976, to raise the share capital by up to DM 150 m.

Upon approval by the Supervisory Board, the Bank availed itself of this authority in August 1976 and augmented the share capital by DM 73.3 m through the issue of new shares at a price of DM 125 per share of DM 50 nominal, i.e. at a rate of 250%. The resulting premium of DM 75 per share, totalling DM 109.95 m, was allocated to the statutory reserve. In addition to shareowners, holders of our convertible bonds were likewise entitled to exercise subscription rights to these shares. The remaining unissued authorized capital stands at DM 76.7 m. The statutory reserve also rose following the allocation of the premium amounting to DM 73,500 resulting from the market sale of those shares from the capital increase effected in 1976 that were not subscribed to.

Other reserves were raised by an appropriation of DM 50 m from the year's earnings.

At the closing date, the Bank's liable funds were made up as follows:

Capital and reserves (in DM m)	1976	1975
Share capital	643.600	570.300
Reserves		
a) statutory reserve	628.402	518.378
b) other reserves	509.000	459.000
Total liable funds	1,781.002	1,547.678

Further information on the Balance Sheet and other remarks

Endorsement liabilities from bills rediscounted amounted to DM 504.5 m at the end of 1976, against DM 299.5 m at December 31, 1975.

Commitments under guarantees, including guarantees of bills and cheques, and under indemnity agreements came to DM 7,843.0 m at the closing date. The increase of 24.6% on the year was again due to the expansion of the Bank's foreign business.

Uncalled payments on shares issued but not fully paid up of both joint-stock (AG) and private limited companies (GmbH) amounted to DM 5.5 m, and similar liabilities in respect of shares in cooperatives to DM .5 m. In addition, pursuant to Article 24 of the German Law on Private Lim-

ited Companies (GmbHG), the Bank may be held responsible for fellow shareholders' possible defaults on such calls.

In respect of the Bank's stake in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking system formed in 1974, there is an uncalled payment of DM 27.375 m the calling of which will, however, require a resolution by the shareholders. Moreover, we have provided guarantees to an amount of DM 197.625 m as principal obligor for such uncalled payments of the members of Bundesverband deutscher Banken e.V. (Federation of German Banks).

Pursuant to Article 5, paragraph 10, of the by-laws of the German banks' Deposit Insurance Fund, the Bank has furthermore undertaken to absolve the Federation of German Banks of any liability for possible losses incurred on account of actions that

might prove necessary for the benefit of domestic banks in which Commerzbank has a majority holding.

Profit and loss account

Interest and similar receipts from lending and money market transactions amounted to DM 2,265.7 m, against DM 2,309.0 m in the preceding year. The decrease, occurring despite the expanded business volume, was a reflection of the further reduction in interest rates.

Receipts from fixed-interest securities, Government-inscribed debt, other securities, and from holdings in associated companies compared with 1975 rose by DM 4.2 m, or 2.6%, to reach DM 166.9 m. Interest income exempt from taxation and foreign dividend payments enjoying inter-company tax privileges also included in this item amounted to DM 19.3 m compared with DM 13.9 m in 1975. Similar tax-privileged receipts from German holdings also shown here increased by 19.0% to DM 66.5 m.

These total interest receipts of DM 2,432.6 m, after deduction of DM 1,480.1 m of *interest payments and similar expenditure*, produced a net interest income of DM 952.5 m, representing a decrease of DM 9.3 m, or 1.0%, on 1975.

Personnel expenditure (in DM m)	1976	1975
<i>Wages and salaries</i>	580.2	519.6
<i>Statutory social security contributions</i>	76.7	64.9
<i>Expenditure on retirement pensions and other benefits</i>	74.4	123.4
Total	731.3	707.9

The rise shown is thus no more than DM 23.4 m, or 3.3%. Disregarding, however, the exceptional and non-recurring items which had lifted the 1975 figure, and particularly the augmented allocation to pension provisions effected under the German law enlarging the scope for claims on company pension schemes of December 19, 1974, the increase on the previous year would amount to 11.6%.

The latter advance reflected higher salaries and also an average 3.0% growth in the number of staff.

The overall expansion in our business together with climbing prices resulted in a DM 20.4 m, or 9.2%, increment in *general operating expenses* which reached DM 241.0 m.

Commissions and other receipts from services rendered, at DM 274.9 m, were up 7.3%. With *commissions and similar expenditure on services received* of DM 10.7 m, there was a surplus on commissions of DM 264.2 m, i.e. an increment of DM 16.9 m, or 6.8%, on the year. This growth derived about equally from the different areas of our service business.

Other receipts including gains from writing back provisions in connection with lending business are shown at DM 85.7 m. This item covers income from the Bank's own foreign exchange operations, rent from our properties, and miscellaneous as well as exceptional receipts. It also comprises profits realized on our own securities dealings, payments received on claims already written off, and gains from the writing-back of valuation reserves and provisions no longer required in the lending business.

Write-downs of and valuation reserves for claims and securities and additions to provisions in connection with lending business were completely offset against *other receipts* during the year under review.

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

Depreciation and other write-downs of land and buildings and of furniture and equipment at DM 57.9 m were at the level permitted by tax legislation. DM 9.0 m of *write-downs of holdings in associated companies* related to foreign affiliates and also to the book value of a German inter-holding company.

Taxes came to DM 95.8 m, after DM 129.6 m in 1975. Of this total, *other taxes* accounted for DM 10.5 m compared with DM 8.9 m.

Other expenditure increased by DM 7.4 m to DM 24.3 m due to a doubling to 6 per mill of customers' deposits of the premium rate that had to be paid to the German banks' deposit insurance scheme; Commerzbank contributed DM 15.1 m, as against DM 6.2 m in 1975.

The remuneration of the Bank's Managing Directors amounted to DM 5,808,073.21 for the year under review, whilst pensions paid to former members of the Board of Managing Directors and to their dependants totalled DM 2,890,101.44. Members of the Supervisory Board received DM 954,483.00 and members of the Central Advisory Board DM 418,251.00. The members of our Regional Advisory Councils were paid DM 1,282,205.02.

Dealings in own shares

In 1976, a total of 15,378 Commerzbank shares were bought on the market at an average price of DM 211.34 and resold to employees of the Bank and of its affiliates at DM 120.00 each.

As part of securities transactions subject to disclosure pursuant to Article 71, paragraph 1, item 1 of the German Companies Law (AktG),

the Bank purchased 605,302 Commerzbank shares (bearer shares of DM 50 nominal each), of a total nominal value of DM 30,265,100,

whilst companies controlled by us or in which we have a majority interest acquired 9,810 Commerzbank shares of a total nominal value of DM 490,500,

at market prices at various times during the year, at a weighted average buying price of DM 189.69 each, and subsequently resold these shares at

a similarly calculated average selling price of DM 189.94.

The proceeds from these sales were allocated to working funds. Neither the Bank itself nor companies controlled or majority-owned by it held any Commerzbank shares at the closing date.

The collateral furnished by borrowing customers included

201,925 of Commerzbank shares of a total nominal value of DM 10,096,250,

and a further 10,219 Commerzbank shares of a total nominal value of DM 510,950 accepted as security by companies controlled or majority-owned by the Bank.

After appropriation of DM 50 m to the reserves, there remains a net profit of

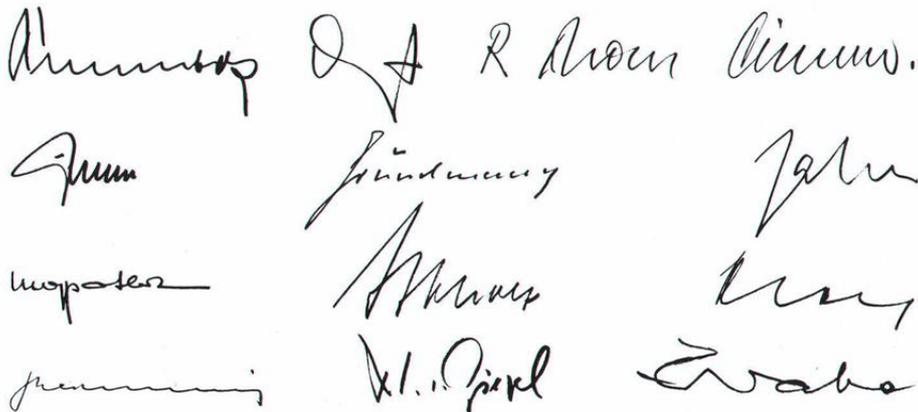
DM 109.251 m.

It is proposed that this amount be used for payment of a dividend of DM 9 per DM 50 nominal share.

The DM 73.3 m additional share capital issued in August, 1976, ranks for dividend as from July 1, 1976.

THE BOARD
OF MANAGING DIRECTORS

Düsseldorf, March 1, 1977



The image shows four rows of handwritten signatures in cursive script, arranged in three columns. The signatures are: Row 1: [Signature], [Signature], R. Brown, [Signature]. Row 2: [Signature], [Signature], [Signature]. Row 3: [Signature], [Signature], [Signature]. Row 4: [Signature], [Signature], [Signature].

Report of the Supervisory Board

During the year under review, the Supervisory Board discharged the duties incumbent upon it according to law and the Bank's By-laws and continuously supervised the conduct of the Bank's business. It had the Board of Managing Directors periodically report on the course of business and on the Bank's performance, and discussed with it important business transactions. This applied particularly to the Bank's lending and to its international operations.

The Supervisory Board's Standing Committee periodically checked commitments involving larger or exceptional risks, and its Social Committee dealt with important staff matters.

Independently of the Supervisory Board's regular meetings, its Chairman was kept continuously informed of all major items of business, and both he and other Members of the Supervisory Board assisted the Board of Managing Directors in an advisory capacity.

On May 11, 1976, Herr Paul Lichtenberg, who for many years had been the Spokesman of the Bank's Board of Managing Directors, was elected to the Supervisory Board and, after Dr. Hanns Deuss had declined re-election, became its chairman.

Dr. Deuss had joined the Bank's Board of Managing Directors in 1942, becoming its Spokesman in 1958 following the Bank's reunification, and had presided over the Supervisory Board since 1961. The Bank's successful rebuilding after the war owes much to him, and it was therefore in fitting tribute to this abiding services that, upon his retirement, he was elected Honorary President of the Supervisory Board—an honour never previously bestowed on any man in the Bank's long history. Regrettably, his death on May 24, 1976, at the age of 75, left him but a few days to take pleasure in this gesture of esteem.

On May 11, 1976, Herr Robert Dhom was appointed the new Spokesman of the Board of Managing Directors, and Herr Heinz Niederste-Ostholt its Deputy Spokesman. Dr. Friedrich Grundmann, until then a Deputy Member, and Herr Dietrich-Kurt Frowein, until then a Member of the Board of Managing Directors of Berliner Commerzbank AG, were both appointed full Members of the Board of Managing Directors with effect from November 1, 1976.

The Parent Bank's Annual Accounts and its Report as well as its books for the period from January 1 to December 31, 1976, were audited and certified without qualification by the Auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf. The Supervisory Board has signified its agreement with the result of the audit. Having itself examined the Annual Accounts, the Report, and the proposal of the Board of Managing Directors regarding the allocation of the net profit, it has raised no objection. The Supervisory Board has approved the Annual Accounts, which may accordingly be considered adopted, and also concurs with the proposal of the Board of Managing Directors as to the allocation of the profit.

The Consolidated Annual Accounts and Report, and the report thereon by the Group Auditors, as well as their certificate without qualification, were also submitted to the Supervisory Board.

Düsseldorf, March 25, 1977

THE SUPERVISORY BOARD



Chairman

Business Progress 1952/1976

	Total assets	Total lending	Capital and reserves	Savings deposits	Dividends	Total amount of dividends paid	Allocation to reserves from year's earnings	Taxes paid	Staff*)	Branches
	DM bn	DM bn	DM m	DM m	per cent	DM m	DM m	DM m		
1-1-1952	1.6	1.3	55	75	—	—	—	—	4,812	108
31-12-1952	1.9	1.6	73	115	6	3.1	17.6	12.5	5,297	109
31-12-1953	2.5	2.1	89	178	8.5	4.9	4.0	22.7	5,935	114
31-12-1954	3.2	2.5	101	324	9	5.8	6.2	20.7	6,651	139
31-12-1955	3.7	3.0	152	387	10	8.1	15.7	32.9	7,160	149
31-12-1956	4.4	3.2	179	382	12	12.6	17.0	33.7	7,401	155
31-12-1957	5.3	3.4	226	458	12	15.9	17.0	39.0	7,537	168
31-12-1958	5.6	3.5	253	587	14	21.0	17.0	35.1	7,690	185
31-12-1959	6.4	4.0	338	789	14 + 2	25.2	25.0	57.9	8,371	217
31-12-1960	6.9	4.5	360	930	16	28.8	22.0	62.1	9,465	266
31-12-1961	7.8	5.5	410	1,053	16	32.0	19.0	57.3	10,507	332
31-12-1962	8.7	5.6	420	1,257	16	32.0	10.0	48.1	10,657	372
31-12-1963	9.3	6.0	435	1,477	16	32.0	15.0	51.6	10,740	392
31-12-1964	9.8	6.6	500	1,720	16	36.0	20.0	54.8	11,021	402
31-12-1965	10.3	6.9	520	2,154	16	36.0	20.0	54.0	11,402	436
31-12-1966	11.0	7.4	540	2,649	16	36.0	20.0	55.2	12,076	461
31-12-1967	12.9	8.4	605	3,040	16	40.0	40.0**)	55.3	12,760	550
31-12-1968	15.4	9.7	660	3,565	17	46.8	30.0***)	59.8	13,409	636
31-12-1969	17.4	12.6	840	3,949	17 + 3	62.5	30.0	77.5	14,350	688
31-12-1970	19.7	13.8	850	4,182	17	59.5	10.0	47.1	15,441	719
31-12-1971	22.1	15.6	990	4,840	17	61.6	15.0	57.1	15,952	731
31-12-1972	25.6	17.4	1,115	5,420	17	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,592	17	79.6	—	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,389	17	79.6	30.0	71.9	16,585	765
31-12-1975	38.5	22.3	1,548	7,746	18	95.5	50.0	129.6	17,328	782
31-12-1976	42.1	25.6	1,781	8,270	18	109.3	50.0	95.8	17,729	790

*) calculated as full-time staff; from 1973 onwards does not include 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, 1976

Balance Sheet pages 62/63

Profit and Loss Account pages 64/65

Balance Sheet as at December 31, 1976

Assets	DM	DM	DM	Dec 31, 1975 DM 1,000
Cash			141,528,668.05	148,506
Balance at the Deutsche Bundesbank			2,209,406,728.79	2,359,903
Balances on postal cheque accounts			21,747,275.48	35,175
Cheques, maturing bonds, interest and dividend coupons, and items received for collection			159,141,129.90	286,078
Bills of exchange			4,039,766,662.11	4,430,241
including: a) rediscountable at the Deutsche Bundesbank	3,747,088,383.80			
b) own drawings	—			
Claims on banks				
a) payable on demand		1,571,275,632.46		1,359,152
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months		1,911,479,876.10		3,068,905
bb) no less than three months, but less than four years		6,833,267,738.36		5,703,443
bc) four years or more		1,931,371,346.78		1,424,186
			12,247,394,593.70	11,555,686
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder governments		858,750,000.00		555,656
b) other		—		—
			858,750,000.00	555,656
Bonds and notes				
a) with maturities of up to four years				
aa) of the Federal and Länder governments	114,334,109.17			
ab) of banks	122,913,993.52			
ac) other	—	237,248,102.69		246,629
including: eligible as security for Deutsche Bundesbank advances				
DM 122,985,725.59				
b) with maturities of more than four years				
ba) of the Federal and Länder governments	238,201,712.28			
bb) of banks	584,476,650.36			
bc) other	208,951,502.01	1,031,629,864.65		1,097,055
			1,268,877,967.34	1,343,684
including: eligible as security for Deutsche Bundesbank advances				
DM 732,470,856.91				
Securities, so far as they have not to be shown under other items (incl.: trade investments)				
a) shares marketable on the stock exchange and investment fund shares			610,621,644.41	631,596
b) other securities			9,698,525.93	8,771
			620,320,170.34	640,367
including: holdings of more than one-tenth of the share capital of joint-stock or mining companies; excluding Holdings in associated companies	528,515,000.00			
Claims on customers, for agreed periods, or at agreed periods of notice, of				
a) less than four years			10,471,530,922.09	8,878,234
b) four years or more			8,211,013,451.43	6,740,646
			18,682,544,373.52	15,618,880
including: ba) secured by mortgages on real estate	1,363,828,771.47			
bb) municipal loans	776,274,014.35			
Equalization and covering claims on public authorities (ensuing from 1948 German monetary reform)			79,797,756.59	86,406
Transmitted credits (on a trust basis)			79,812,275.88	31,189
Holdings in associated companies			922,782,000.00	754,348
including: in banks	566,006,000.00			
Land and buildings			544,362,000.00	520,889
Furniture and equipment			143,545,000.00	139,676
Other assets			29,597,318.50	28,064
Prepaid expenses and deferred charges				
a) unamortized debt discount (difference pursuant to Article 156, paragraph 3, of the German Companies Law—AktG)			40,132,703.78	181
b) other prepaid expenses and deferred charges			625,528.38	813
			40,758,232.16	994
			Total Assets	38,535,742
			42,090,132,152.36	38,535,742
The assets and the recourse claims for commitments shown on the liabilities side include				
a) claims on affiliated enterprises			1,530,120,921.02	1,642,866
b) claims which arise from loans to insiders falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the German Banking Law, unless included under (a) above			156,938,548.14	120,502

Liabilities	DM	DM	DM	Dec 31, 1975 DM 1,000
Liabilities to banks				
a) payable on demand		2,458,467,216.25		2,320,853
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	1,927,845,667.12			
bb) no less than three months, but less than four years	5,145,413,412.63			
bc) four years or more	1,931,525,021.22	9,004,784,100.97		8,431,281
including: due within less than four years	DM 1,491,932,228.49			
c) liabilities for customers' drawings on other banks		67,807,133.29		45,479
			11,531,058,450.51	10,797,613
Liabilities to other creditors (customers' deposits)				
a) payable on demand		6,073,133,729.54		6,262,813
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	6,161,277,590.90			
bb) no less than three months, but less than four years	5,203,038,779.14			
bc) four years or more	962,219,139.11	12,326,535,509.15		11,087,124
including: due within less than four years	DM 872,243,486.12			
c) savings deposits				
ca) subject to statutory period of notice	3,976,214,612.56			
cb) other	4,293,612,553.39	8,269,827,165.95		7,745,548
			26,669,496,404.64	25,095,485
Bonds outstanding, with maturities of				
a) up to four years		505,299,697.00		—
b) more than four years		585,583,334.00		191,319
			1,090,883,031.00	191,319
including: due within less than four years	DM 73,583,334.00			
Acceptances and promissory notes outstanding			43,020,525.79	43,535
Transmitted credits (on a trust basis)			79,812,275.88	31,189
Provisions				
a) for pensions		360,857,000.00		327,670
b) other		262,219,000.00		229,510
			623,076,000.00	557,180
Other liabilities				
			34,952,014.17	26,142
Deferred credits				
			98,724,609.77	109,470
Reserves subject to future taxation (pursuant to the fiscal regulation governing global valuation reserves)				
			23,300,000.00	35,000
Share capital (contingent capital, additionally authorized for conversion rights: DM 15,500,000.00)				
			643,600,000.00	570,300
Reserves				
a) statutory reserve (allocation from premium on share issue: DM 110,023,500.00)		628,401,500.00		518,378
b) other reserves (allocation from Year's earnings: DM 50,000,000.00)		509,000,000.00		459,000
			1,137,401,500.00	977,378
Commerzbank Foundation				
			5,556,340.60	5,672
Net profit				
			109,251,000.00	95,459
Total Liabilities			42,090,132,152.36	38,535,742
Endorsement liabilities from bills of exchange rediscounted			504,533,731.76	299,471
Commitments under guarantees, including guarantees of bills and cheques, and from indemnity agreements			7,842,995,942.06	6,293,852
Contingent liabilities under repurchase agreements, unless shown here above the line			70,000,000.00	91,484
Savings bonuses under the German Savings Bonus Law			168,329,631.29	161,000
The contingent liabilities and the commitments shown here below the line include those to affiliated enterprises, amounting to			559,278,343.09	637,532

Profit and Loss Account for the Year ended December 31, 1976

Expenditure	DM	DM	1975 DM 1,000
Interest and similar expenditure		1,480,107,737.29	1,509,858
Commissions and similar expenditure on services received		10,709,817.21	8,943
Salaries and wages		580,238,331.93	519,577
Statutory social security contributions		76,688,754.19	64,857
Expenditure on pensions and other employee benefits		74,383,621.21	123,458
General operating expenses		240,999,354.63	220,617
Depreciation and other write-downs of Land and buildings, Furniture and equipment		57,929,739.20	50,373
Write-downs of and valuation reserves for Holdings in associated companies		9,042,558.55	4,625
Taxes			
a) on income and assets	85,285,540.99		120,682
b) other	10,465,435.98		8,905
		95,750,976.97	129,587
Charges for losses incurred by associated companies		765,729.27	—
Other expenditure		24,320,510.33	16,934
Year's earnings		159,251,000.00	145,459
	Total Expenditure	2,810,188,130.78	2,794,288

	DM	DM	1975 DM 1,000
Year's earnings		159,251,000.00	145,459
Allocations from Year's earnings to Reserves			
a) to the statutory reserve	—		—
b) to other reserves	50,000,000.00		50,000
		50,000,000.00	50,000
Net profit		109,251,000.00	95,459

Receipts	DM	DM	1975 DM 1,000
Interest and similar receipts from lending and money market transactions		2,265,710,054.57	2,309,025
Receipts from			
a) fixed-interest securities and Government-inscribed debt	76,810,882.53		87,692
b) other securities	43,016,122.16		42,307
c) Holdings in associated companies	47,109,467.84		32,662
		166,936,472.53	162,661
Commissions and other receipts from services rendered		274,905,274.84	256,200
Other receipts, including gains from writing back provisions in connection with lending business		85,744,000.88	63,047
Receipts from profit pooling agreements, and from agreements for full or partial transfer of profits		2,186,578.62	1,526
Gains from writing back provisions, unless included under Other receipts		3,005,749.34	1,829
Gains from writing back Reserves subject to future taxation		11,700,000.00	—
Total Receipts		2,810,188,130.78	2,794,288

Pension payments and payments to Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a.G.), Berlin, amounting to DM 39,447,498.94 were made during the year. For the next five years we expect pension payments equivalent to 109%, 116%, 122%, 132%, and 141% of that amount.

Düsseldorf, March 1, 1977

COMMERZBANK

AKTIENGESELLSCHAFT

THE BOARD OF MANAGING DIRECTORS

Behrenbeck Deuss Dhom Dicken Frowein Grundmann
Jahn Knappertsbusch Niederste-Ostholt Reckel Reimnitz Spiegel Terrahe

According to our audit, made in conformity with our professional standards, the bookkeeping, the annual accounts, and the annual report comply with the provisions of the applicable law and the Bank's by-laws.

Düsseldorf, March 4, 1977

T R E U A R B E I T
AKTIENGESELLSCHAFT

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Dr. Scholz
Wirtschaftsprüfer
(German public accountant)

Umlandt
Wirtschaftsprüfer
(German public accountant)



Consolidated Annual Report for the Year 1976

Notes on the Consolidated Annual Accounts

The higher 1976 earnings shown for the Commerzbank Group were largely accounted for by the more important of the consolidated companies. In the case of the Parent Bank, the year's earnings were up by 9.5% whilst those of the Group showed a 19.0% gain. The Balance Sheet total of the Parent Bank increased by 9.2%, the growth rate for the Group was 12.0%.

The following companies are affiliated with Commerzbank AG, whose direct or indirect holding in each is shown in per cent:

1) Companies included
in the Consolidated Annual Accounts

Companies with whom profit and loss transfer agreements were concluded:

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf		
Share capital DM 100,000	100.00	
Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf		
Share capital DM 3,500,000	100.00	
Commercium Vermögens- verwaltungs-GmbH, Hamburg		
Share capital DM 50,000	100.00	
Commerz- und Industrie- Leasing GmbH, Frankfurt		
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	
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt		
Share capital DM 1,000,000	100.00	

Subsidiaries of L.I.A.,
managing individual leasing projects:

Actium Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Actium Leasobjekt GmbH, Grundstücksverwaltungsgesellschaft Weil KG, Frankfurt		
Limited liability capital DM 20,000		100.00
Albus Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Collis Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Emesia Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Mons Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Rivus Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Tellus Leasobjekt GmbH, Frankfurt		
Share capital DM 20,000		100.00
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg		
Share capital DM 20,000		100.00
Companies with whom there were no profit and loss transfer agreements:		
Aussenhandel-Förderungs- gesellschaft mbH, Düsseldorf		
Share capital DM 100,000		100.00
Berliner Commerzbank Aktiengesellschaft, Berlin		
Share capital DM 35,000,000		100.00
Commerzbank Fonds- Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf		
Share capital DM 1,000,000		100.00
Commerzbank International S.A. Luxembourg		
Share capital Lfrs 1,570,000,000		100.00

Hera Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin			<u>3) Affiliated companies, not managed exclusively by the Parent Bank:</u>
Share capital DM 20,000	100.00		Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld			Share capital DM 10,000,000
Limited liability capital DM 10,000,000	100.00	60.00	
Ilse Bank, Sandow & Co., Peine			Europartners Bank (Nederland) N.V., Amsterdam
Limited liability capital DM 2,000,000	100.00	60.00	Share capital Dfl 40,000,000
Subsidiaries of L.I.A. (Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt) managing individual leasing projects:			Flender Werft Aktiengesellschaft, Lübeck
Altinum Leasobjekt GmbH, Frankfurt			Share capital DM 25,000,000
Share capital DM 20,000	100.00	68.90	
Forum Leasobjekt GmbH, Frankfurt			H. Maihak Aktiengesellschaft, Hamburg
Share capital DM 20,000	100.00	50.60	Share capital DM 5,000,000
Plavis Leasobjekt GmbH, Frankfurt			
Share capital DM 20,000	100.00		<u>Re. 1: Companies included in the Consolidated Annual Accounts</u>
C. Portmann, Frankfurt			We report below on our legal and business relations with the companies included in the Consolidated Annual Accounts, in the order of their importance to the Group:
Limited liability capital DM 1,500,000	100.00		Rheinische Hypothekenbank, Frankfurt
RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim			In line with our general business policy and within the scope offered by the German Mortgage Bank Law (HBG), we exercise control over this mortgage bank, and such domination will become even more marked when almost its entire administration will have moved to Frankfurt—a process that has already begun. We put a great deal of lending business in the way of this subsidiary, and also afford it the additional support of our bond placing power.
Share capital DM 20,000	94.05		
Rheinische Hypothekenbank, Frankfurt			During the year under review, the balance sheet total of Rheinische Hypothekenbank reached DM 11.6 bn. An unchanged dividend of DM 9 per share, or a total amount of DM 9.3 m, will be paid from the year's earnings and, subject to the approval of the AGM, another DM 22.5 m will be allocated to the reserves.
Share capital DM 51,700,000	92.09		
Friedrich W. Thomas, Hamburg			Further details on the bank's performance are given on pages 80 and 81 below.
Limited liability capital DM 900,000	100.00		Commerzbank International S.A., Luxembourg
<u>2) Companies not included in the Consolidated Annual Accounts, pursuant to Article 329 of the German Companies Law (AktG)</u>			
Foreign companies:			
Atlas Participations—France S.A.R.L., Paris			
Share capital Ffrs 10,500,000	100.00		
Minor companies:			
Francommerz Vermögensverwaltungsgesellschaft mbH, Frankfurt			
Share capital DM 20,000	100.00		Our Luxembourg subsidiary, under the direct and firm control of the appropriate departments of the Parent Bank, is instrumental in handling the latter's operations in the Euro-markets.

It was able to expand its international business even further during the year under review. In line with the greater volume of business, the share capital was augmented on December 29, 1976, by Lfrs 390 m to Lfrs 1,570 m at an issue price of 200%. Taking into account the planned allocation to the reserves from the 1976 earnings, total liable funds will amount to Lfrs 3,470 m, equivalent to DM 229.4 m on the basis of the official Frankfurt middle rate of exchange at the closing date. An unchanged dividend of 18% is to be paid for the whole year on the increased share capital of Lfrs 1,570 m.

Further details on this bank's satisfying performance are given on pages 78 and 79 below.

Berliner Commerzbank Aktiengesellschaft, Berlin

Although legally autonomous, the subsidiary through which Commerzbank maintains a presence in Berlin practically forms part of the Parent Bank as regards both its internal set-up and the externals.

The 1976 result enables the bank to pay an unchanged dividend of 16%, making a total payment of DM 5.6 m as compared with DM 5.0 m the previous year, and also to augment its reserves by another DM 4.0 m. The bank's liable funds thus amounted to DM 82.0 m at the end of the year under review.

Further details on this bank's business in 1976 are given on pages 76 and 77 below.

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.

The business of both

C. Portmann, Frankfurt,

and

Friedrich W. Thomas, Hamburg,

has largely been shifted to the Parent Bank. Overall, we are satisfied with the results achieved by these legally autonomous merchant banks, whose

operations are confined almost exclusively to managing their assets.

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

This plant and property leasing firm, which was set up jointly by Commerzbank and Deutsche Bank, is avoiding involvement in additional business and limiting its operations to the completion and administration of leasing projects contracted prior to its foundation. It also looks after the activities of the Frankfurt-based property company GERAP Grundbesitz- und Verwaltungsgesellschaft mbH in which Commerzbank has a majority holding. As from January 1, 1976, we have concluded a profit and loss transfer agreement with L.I.A.

Commerz- und Industrie-Leasing GmbH, Frankfurt

The operations of this leasing company were expanded through personnel and organizational changes effected during the year under review.

Our instalment credit business is carried out by

Bank für Teilzahlungskredit Gesellschaft
mit beschränkter Haftung, Düsseldorf,

which achieved satisfactory profitability during the year under review.

We provide these last-mentioned specialized leasing and instalment credit banks with the necessary finance to the required amount. Our mortgage bank subsidiary, to the extent permitted by law, also makes finance for the leasing of land and buildings available through mortgage loans.

Finally, mention must be made of

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

This firm is an investment company which, at the balance sheet date, was managing 25 specialized investment trusts other than Cofonds, which is publicly offered.

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

Re. 2: Companies not included
in the Consolidated Annual Accounts

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

Foreign companies:

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

Together with our subsidiary, Atlas Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf, we hold part of the share capital of this company which continues to have a 10% interest in Crédit Chimique S.A., Paris. The unchanged dividend we received was tax-free under the Franco-German double taxation agreement.

Re. 3: Affiliated companies,
not managed exclusively by the Parent Bank:

Commerz-Credit-Bank Aktiengesellschaft
Europartner, Saarbrücken

By agreement with the other partner banks in Madrid and Rome, the business policy of this bank, which operates mainly in Saarland, is jointly determined by Crédit Lyonnais and ourselves in the spirit of the unique cooperation of the Europartners. Working closely with it, both we and Crédit Lyonnais furnish the bank with funds at market rates to finance in particular its extensive lending activities. As an additional service and for an appropriate fee, Commerzbank permits it to make use of its EDP system for accounting purposes.

At the end of a generally satisfactory year the balance sheet total of this affiliate amounted to DM 525 m. From the results achieved, an unchanged 12% dividend will be distributed, making for a total payment of DM 1.2 m. The year's earnings further allowed for an allocation of DM .8 m to the reserves.

Europartners Bank (Nederland) N.V., Amsterdam

This bank, in which Banco di Roma and Crédit Lyonnais each have a 20% stake while Commerzbank holds the remainder of the share capital, looks after the interests of the Europartners member banks in the Netherlands. Major policy decisions require the consent of the shareholder banks whose chief function in their subsidiary's regard is as providers of internationally raised

funds at prevailing market rates. In addition, the bank's accounting system is integrated with and thus handled by Commerzbank's EDP network for an appropriate fee.

The bank achieved satisfactory results and growth in 1976, with its balance sheet total up 64% to Dfl 692 m. Once again, instead of a dividend being distributed, earnings were used to strengthen the bank's reserves, to which Dfl 2 m were allocated.

Flender Werft Aktiengesellschaft, Lübeck

The company paid an unchanged dividend of 10% for 1975, and we are expecting another satisfactory result for the financial year 1976. Although this specialist shipbuilder does not construct bulk carriers or giant tankers, its future prospects can only be viewed with extremely guarded optimism, given the serious situation in which the German shipbuilding industry generally finds itself.

H. Maihak Aktiengesellschaft, Hamburg

While this company's sales remained practically the same as in 1975, its order intake improved and order books lengthened to about three months' work in hand. We expect that we will again receive a dividend of DM 6 per share.

Commerzbank maintains normal banking relations with the latter two industrial firms. Those of its Managing Directors who are serving on the supervisory boards of these companies merely watch over the Bank's financial interest, without seeking to influence the conduct of business.

Principles of consolidation

The Consolidated Annual Accounts as at December 31, 1976, were drawn up in accordance with the regulations of December 20, 1967, governing the presentation of the annual accounts of German banks; 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, Cofo, which has rendered an interim return as at year-end, the financial years of all companies included coincide with the calendar year. The accounts of our Luxembourg subsidiary, drawn up in Luxembourg francs, were converted at the official Frankfurt middle rate of exchange on the balance sheet date.

Assets and liabilities throughout the Group have been valued in accordance with the principles laid down in the German Companies Law (AktG).

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

Reciprocal claims and liabilities of the consolidated companies were set off against each other in the Consolidated Balance Sheet. The same procedure was followed with regard to their reciprocal expenses and receipts, thereby eliminating them from the Consolidated Profit and Loss Account.

Investment income from consolidated holdings received in 1976 in respect of the previous year has been included in the profit brought forward.

A provision for taxes still to be paid on income from holdings included in the consolidated net profit, but not yet transferred to the respective parent companies, was made in one case only, regarding the withholding tax payable at a later date on the dividend of our Luxembourg subsidiary. As concerns dividend income from our domestic holdings, such provisions were no longer required thanks to the amended German corporation tax law which abolished the previous double taxation of dividends.

Consolidated Balance Sheet total

The Group's Balance Sheet total amounted to DM 63,275 m, meaning a rise of DM 6,802 m, or 12.0%, on the preceding year. It exceeded the Balance Sheet total of the Parent Bank by DM 21,185 m, as against DM 17,937 m the year before. The individual Balance Sheet items showed the following changes on 1975:

Assets	DM m	Liabilities	DM m
Cash, cheques, and items for collection	– 230	Bank deposits	+ 1,847
Bills	– 389	a) demand	(+ 285)
Lending to banks	+ 1,768	b) time	(+ 1,562)
Treasury bills	+ 303	Customers' deposits	+ 1,901
Bonds, notes, and other securities	+ 63	a) demand	(– 123)
Lending to customers	+ 5,023	b) time	(+ 1,440)
Holdings in associated, non-consolidated companies	+ 125	c) savings deposits	(+ 584)
Land and buildings, furniture and equipment	+ 37	Bonds	+ 2,585
Bonds issued and held by Group members	– 46	Provisions	+ 111
Sundries (including credits transmitted on a trust basis)	+ 148	Capital and reserves	+ 233
		So-called "difference", pursuant to Article 331, paragraph 1, item 3, of the German Companies Law (AktG)	+ 32
		Consolidated net profit	+ 44
		Sundries (including credits transmitted on a trust basis)	+ 49
	+ 6,802		+ 6,802

Reflecting differences in growth rates, the Parent Bank at the balance sheet date accounted for 64.9% (1975: 66.1%) of the non-offset Consolidated Balance Sheet total; a further 34.9% related to credit institutions forming part of the Group and .2% to other companies.

Assets

Liquidity

At the end of the year under review, cash funds—consisting of cash in hand plus balances with the Bundesbank and on postal cheque accounts—amounted to DM 2,580 m. This represented 5.6% of the Group's liabilities to banks

and other creditors with a life of less than four years, plus bonds issued by Group companies and acceptances outstanding falling within the same maturity range, totalling DM 46,389 m. The Group's total liquid resources—made up of cash funds, cheques, maturing bonds, and interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at the Bundesbank, balances due from banks (for periods of less than three months), Treasury bills and discountable Treasury notes, plus fixed-interest securities issued by Group members or by others eligible as collateral for Bundesbank

advances—totalled DM 13,997 m. This figure represented 30.2% of the above-mentioned borrowed funds with a life of up to four years, as against 32.6% in 1975.

Lending business

Total lending to banks and non-bank customers, excluding transmitted credits extended on a trust basis and guarantees, was expanded by DM 6,134 m during the year under review.

The Group's credit volume breaks down as follows:

Total lending	1976	1975
Loans to		
a) banks	DM 4,658 m = 11.2%	DM 3,366 m = 9.5%
b) customers	DM 32,249 m = 77.3%	DM 27,226 m = 76.5%
Book and acceptance credits	DM 36,907 m = 88.5%	DM 30,592 m = 86.0%
Discounts	DM 4,789 m = 11.5%	DM 4,970 m = 14.0%
Total	DM 41,696 m = 100.0%	DM 35,562 m = 100.0%

Book and acceptance credits augmented their share in the Group's total lending from 86.0% to 88.5%, following a rise in loans to banks by DM 1,292 m to DM 4,658 m and in advances to customers by DM 5,023 m to DM 32,249 m. This last increase included DM 1,605 m in short and

medium-term loans and DM 3,418 m in long-term ones, with the latter representing 46.3% of our total lending and thus more closely approaching one half.

Total long-term lending is made up as follows:

Long-term lending (in DM m)	1976	1975	Change
Sundry long-term loans	8,068	6,414	+1,654 = +25.8%
Mortgage loans	5,893	5,136	+ 757 = +14.7%
Municipal loans	5,358	4,351	+1,007 = +23.1%
Total	19,319	15,901	+3,418 = +21.5%

Fixed assets and holdings in non-consolidated companies

The Group's fixed assets are shown at DM 1,252 m, as compared with DM 1,089 m the year before. They comprise DM 490 m of holdings in non-consolidated companies (as regards elimination from this item of the Group's consolidated holdings see under "principles of consolidation" above), DM 610 m of land and buildings, and DM 152 m of furniture and equipment.

Liabilities

Borrowed funds

Total funds borrowed by the Group rose by DM 6,332 m to DM 60,039 m in 1976 and were made up as follows (see overleaf):

Liabilities (in DM m)	1976	1975	Change
Medium-term liabilities of up to four years			
to banks	17,067	15,453	+ 1,614 = + 10.4%
to other creditors	28,136	26,800	+ 1,336 = + 5.0%
Bonds outstanding	1,143	509	+ 634 = + 124.5%
Acceptances outstanding	43	43	0 .0%
Sub-total	46,389	42,805	+ 3,584 = + 8.4%
Long-term liabilities of four years or more			
to banks	2,182	1,949	+ 233 = + 12.0%
to other creditors	1,239	675	+ 564 = + 83.6%
Bonds outstanding	10,229	8,278	+ 1,951 = + 23.6%
Sub-total	13,650	10,902	+ 2,748 = + 25.2%
Total borrowed funds	60,039	53,707	+ 6,332 = + 11.8%

Deposits by other banks came to DM 19,249 m and those by other creditors to DM 29,375 m, or 32.1% and 48.9% respectively of total borrowed funds, while outstanding bonds issued by Group members at DM 11,372 m accounted for 18.9%. Compared with the previous year, the relative importance of nostro liabilities remained almost unchanged, while the share in the total of bonds outstanding rose by nearly 2 percentage points at the expense of customers' deposits.

Capital and reserves

The Group's liable funds were up by DM 233 m to DM 1,781 m following a capital increase, producing DM 183 m of cash proceeds, by the Parent Bank and an allocation of DM 50 m to the latter's reserves. The difference pursuant to Article 331, paragraph 1, item 3, of the German Companies Law (AktG) rose by DM 32 m to DM 99 m. This item, which must be regarded as part of the liable funds, is the difference between divergent valuations of investments shown under "holdings in associated companies" in the Parent Bank's accounts and of the Group's stakes in the capital and reserves of the consolidated companies. It derives almost solely from appropriations to reserves by the consolidated subsidiaries. The above liable funds do not yet include a further DM 40 m to be allocated to the reserves of subsidiaries, following approval by the annual general meetings of the respective companies. After accounting for such additions to reserves as also for DM 22 m of minority interests (the latter not including the attributable share of profits), the Group's capital and reserves totalled DM 1,942 m at the balance sheet date, as against DM 1,650 m the year before.

Other commitments

Uncalled payments on shares issued but not fully paid up of both joint-stock (AG) and private limited companies (GmbH) amounted to DM 34 m at the end of the year under review, and similar liabilities concerning shares in cooperatives to DM 1 m. Moreover, pursuant to Article 24 of the German Law on Private Limited Companies (GmbHG), Group companies may be held responsible for fellow shareholders' possible defaults on such calls. In respect of the stakes that Group companies have in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking system, DM 29 m has not yet been paid up. Call for payment will, however, require a resolution by the shareholders. In addition, Group companies have provided guarantees to an amount of DM 205 m as principal obligors for such uncalled payments of the members of their respective banking associations. Pursuant to Article 5, paragraph 10, of the by-laws of the German banks' Deposit Insurance Fund, Commerzbank has further undertaken to absolve the Federation of German Banks of any liability for possible losses incurred on account of actions that might prove necessary for the benefit of domestic banks which are majority-owned by Commerzbank, but not included in its consolidated accounts.

Profit and loss accountReceipts

Interest and similar income from lending and money market transactions plus current receipts from securities, Government-inscribed debt, and from holdings in non-consolidated companies increased by DM 146 m to DM 3,804 m. With a rise in interest expenditure of DM 111 m to DM 2,620 m the Group's net interest income at DM 1,184 m was up DM 35 m, or 3.0%, on the previous year. Such higher return was in particular attributable to the good results of both Commerzbank International S.A. and the mortgage subsidiary, Rheinische Hypothekenbank, and outweighed the slight fall in net interest income suffered by the Parent Bank.

Net commission income from service transactions was up DM 14 m, or 5.5%, to DM 265 m.

The balance between *other receipts* and *write-downs of and valuation reserves for losses on loans and securities*, including write-downs of holdings in non-consolidated companies, increased from DM 78 m to DM 104 m during the year under review.

Expenditure

The *personnel expenditure* of the Group amounted to DM 799 m; *general operating expenses* for the banking business totalled DM 271 m.

The cost increases contained in these two items, excluding non-recurring expenses such as the special allocation totalling DM 9 m (1975: DM 65 m) to pension provisions, amounted to

DM 107 m, or 11.2%, compared with DM 101 m and 11.9%, respectively, in the preceding year.

Depreciation of land and buildings and of furniture and equipment totalled DM 71 m. This includes DM 7 m of special depreciation—as provided for in the West Berlin Investment Promotion Law—in respect of the head office building of Berliner Commerzbank AG.

Group *tax payments* amounted to DM 171 m compared with DM 191 m in the preceding year. Of these, DM 159 m (as against DM 181 m the previous year) were for taxes on income and assets. These figures do not include the additional tax expenditure by Rheinische Hypothekenbank pursuant to Article 170, paragraph 2, of the German Companies Law (AktG) which totalled DM 2 m for 1976.

Consolidated year's earnings and net profit

The Group's *earnings for the year* rose by almost one-fifth to DM 225 m. The profit of DM 26 m brought forward includes the dividends distributed by the consolidated companies in 1976 in respect of 1975, after deduction of taxes paid retrospectively. Following the transfer of DM 50 m to the reserves of the Parent Bank and DM 22 m to those of Group companies, and excluding DM 1 m representing the proportion of profit attributable to minority interests, the *consolidated net profit* remaining is DM 178 m. From this, it is proposed that the AGMs of Group companies should approve a further DM 40 m to be allocated to the reserves of such affiliates.

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

THE BOARD
OF MANAGING DIRECTORS

Düsseldorf, March 1, 1977

The image shows four rows of handwritten signatures in black ink. The first row contains three signatures: a large one on the left, a smaller one in the middle, and another large one on the right. The second row has three signatures, with the middle one being the most prominent. The third row has three signatures, with the middle one being the most prominent. The fourth row has three signatures, with the middle one being the most prominent.

Berliner Commerzbank Aktiengesellschaft, Berlin

General performance

Our Berlin subsidiary had another good year in 1976. Its balance sheet total grew by 21.2 per cent to DM 2,264 m, the rise resulting both from painstaking attention paid to private customers' requirements and from a greater involvement in the money market. Although operating income was somewhat down on 1975, the year's earnings were higher and permitted the allocation of a further DM 4 m to reserves as well as the distribution of an unchanged 16 per cent dividend, this latter making for a total payment of DM 5.6 m, as against DM 5.0 m in 1975.

Serving the business customer

Given the general economic background, credit demand by business customers was very slow, remaining for the most part confined to the re-financing of short and medium-term advances by long-term loans obtained at favourable interest rates. Apart from this, there was little inclination to become involved in new borrowing, bill financing included. Rigorous cash management by companies produced only minor changes in their sight deposits, whereas their time deposits showed a marked increase.

Serving the private customer

On the private customer side, intensification of client counselling and a further diversification of the services offered by the bank made for good results once again. Thanks to lively demand, standardized personal loans enlarged their share in total book credits extended to private customers to nearly one-third, with mortgage-secured long-term private borrowings and other funds lent for building purposes, including bridging finance for future credits by building and loan associations, showing above-average growth owing to both their convenience and their favourable interest rates and also to customers' keen interest in owner-occupied houses and flats. To a greater degree than in recent years, private customers availed themselves of straight overdrafts allowing them to borrow as they liked within certain pre-set limits, and instalment credits again enjoyed great popularity.

Lending was mostly financed through the sale of savings certificates and bonds, the former for the first time including certificates which, in lieu of bearing interest, were sold at a discount. Also on offer for the first time were the bank's own bearer

bonds. Through both types of securities, the bank responded to the prevailing demand for higher-yielding investment media.

Although the volume of securities purchased through savings withdrawals doubled in 1976, savings deposits were also again up by about 10 per cent. In addition, sales of investment fund shares through the bank's offices went up sharply, particularly as regards those offered by ADIG which are regularly invested in build-up accounts, including a special type of the latter where investors' outstanding commitments are covered by insurance.

Service business

While stock exchange business in shares contracted on account of their disappointing performance, sales of fixed-interest securities maintained their previous year's level. Furthermore, as a member of underwriting syndicates, Berliner Commerzbank participated in 21 capital increases involving rights issues and in one involving bonus shares, as well as in 41 D-mark bond offerings by domestic and foreign borrowers. Altogether, including investment fund sales, these dealings were fully satisfactory.

As in 1975, good results were produced by the bank's foreign business. Lower income from its staple line of financing West Berlin's imports and exports, both down in 1976, was offset by Euro-financing operations and the arrangement of TransCredit facilities as offered by the Europartners. Moreover, earnings from international loan business are increasingly pulling their weight.

Staff and organization

Following two years of especially marked business expansion, the number of personnel was slightly up. Calculated on a full-time basis, the bank employed 1,016 people at the end of 1976, compared with 943 a year earlier; of these, 121 were apprentices, 35 more than in 1975. More than half of the staff took part in advanced and further training.

The bank continued to pursue its modernization programme with the redesigning of eight older branch offices. The new counselling facilities and work places thus created were warmly welcomed. In order both to accelerate work processes and to improve the services offered, existing EDP systems were further extended.

Annual Accounts 1976

Assets	DM 1,000	Liabilities	DM 1,000
Cash	174,555	Liabilities to banks	(556,993)
Cheques and items received for collection	7,694	a) demand	135,011
Bills of exchange	106,565	b) time	421,982
Claims on banks	736,016	Liabilities to other creditors (customers' deposits)	(1,555,549)
Bonds and notes	19,141	a) demand	332,328
Other securities	2,854	b) time	554,755
Claims on customers for agreed periods of	(1,172,516)	c) savings deposits	668,466
a) less than four years	634,350	Bonds outstanding	20,544
b) four years or more	538,166	Transmitted credits	125
Equalization and covering claims on public authorities (ensuing from 1948 German monetary reform)	15,843	Provisions	36,815
Transmitted credits	125	Other liabilities	2,303
Holdings in associated companies	929	Deferred credits	4,078
Land and buildings	19,900	Share capital	35,000
Furniture and equipment	5,199	Reserves	47,000
Other assets	1,197	Net profit	5,600
Prepaid expenses and deferred charges	1,473		
Total Assets	2,264,007	Total Liabilities	2,264,007
		Endorsement liabilities	14,650
		Guarantees	137,595
Expenditure	DM 1,000	Receipts	DM 1,000
Interest and similar expenditure	57,501	Interest and similar receipts	119,848
Commissions paid	203	Receipts from	
Write-downs of and valuation reserves for losses on loans and securities, and allocations to provisions in connection with lending business	1,063	a) fixed-interest securities and Government-inscribed debt	1,357
Expenditure on personnel	40,346	b) other securities	33
General operating expenses	13,175	c) holdings in associated companies	180
Depreciation of fixed assets	11,178	Commissions and other receipts from services rendered	12,101
Taxes	3,816	Other receipts, including gains from writing back provisions in connection with lending business	3,064
Other expenditure	1,053	Gains from writing back provisions, unless included under "other receipts"	334
Year's earnings	9,600	Gains from writing back "reserves subject to future taxation"	1,018
Total Expenditure	137,935	Total Receipts	137,935

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

Objectives

Commerzbank International S.A., Luxembourg, operates mainly at the short end of the Euro-money and Euro-credit markets, availing itself on behalf of its customers the world over of the liberal facilities for international money and capital movements afforded by Luxembourg which, as a banking centre, provides a particularly attractive basis for such activities.

Capital and reserves

In line with the expansion in the bank's volume of business, there was another capital increase at the end of 1976, yielding Lfrs 780 m (equivalent to DM 51.6 m). The bank's share capital at December 31, 1976, was thus Lfrs 1,570 m, or DM 103.8 m; its reserves were Lfrs 1,385 m, or DM 91.5 m. After allocation from the 1976 earnings, the reserves will stand at Lfrs 1,900 m, or DM 125.6 m. Global valuation reserves were again made at the maximum tax-allowable rate.

General performance

Business done in 1976 was against a background of Euro-money market interest rates tending to ease, barring a brief interruption at the half-way stage. Foreign exchange markets, on the other hand, made a mixed showing, with the D-mark's sustained firming being a feature of the second half of the year. The bank as before exercised due caution in handling the resulting foreign exchange dealings coming its way.

The bank's international financing operations were further extended in 1976, once more in close cooperation with the Parent Bank and the latter's foreign branches and also with the other Europartners banks.

The balance sheet total showed an advance of 13 per cent on the year, from Lfrs 114 bn, or DM 7.4 bn, to Lfrs 129 bn, or DM 8.5 bn. This growth mainly resulted from stepped-up interbank money dealings but also from higher credit demand by business customers.

Credit volume doubled in 3 years

Money market and foreign currency operations expanded yet again, and securities transactions on behalf of customers as well as on the bank's own account were active and rewarding.

The bank's activities are centred upon both inter-bank money dealings and general lending business, and at Lfrs 61 bn, or DM 4.0 bn, the volume of credit outstanding has more than doubled during the last three years.

Earnings

The earnings performance was completely satisfactory. For 1976, an unchanged 18 per cent dividend will be paid on the increased share capital of Lfrs 1,570 m, the amount to be distributed thus rising to Lfrs 282.6 m from Lfrs 212.4 m the year before, or DM 18.7 m and DM 13.8 m, respectively.

Annual Accounts 1976

Assets	Lfrs 1,000	Liabilities	Lfrs 1,000
Claims on banks for agreed periods of		Liabilities to banks for agreed periods of	
a) up to 30 days	26,424,601	a) up to 30 days	56,703,553
b) more than 30 days	54,771,747	b) more than 30 days	55,758,252
Claims on finance companies	242,052	Liabilities to other creditors (customers' deposits) for agreed periods of	
Bills of exchange	926,420	a) up to 30 days	1,473,842
Claims on customers	40,968,422	b) more than 30 days	6,457,841
Securities	2,468,810	Liabilities to finance companies for agreed periods of	
Trusteeship accounts	143,894	a) up to 30 days	355,141
Holdings in associated companies	262,156	b) more than 30 days	1,268,308
Land and buildings	281,409	Trusteeship accounts	143,894
Furniture and equipment	8,735	Share capital	1,570,000
Prepaid expenses and deferred charges	2,007,220	Reserves	
Other assets	83,774	a) statutory reserve	157,000
		b) free reserves	197,500
		c) from capital increase	1,030,500
		Provisions and valuation reserves	986,732
		Deferred credits	1,673,058
		Other liabilities	16,019
		Profit for the year	797,600
Total Assets	128,589,240	Total Liabilities	128,589,240
	= DM 8,500 m		

Expenditure	Lfrs 1,000	Receipts	Lfrs 1,000
Interest and commissions paid	5,876,881	Interest and commissions received	7,111,072
Personnel and general operating expenditure	135,511	Other receipts	847,099
Taxes	749,392		
Valuation reserves	87,584		
Depreciation	2,481		
Other expenditure	308,722		
Profit for the year	797,600		
Total Expenditure	7,958,171	Total Receipts	7,958,171

Lfrs 100 = DM 6.61

Rheinische Hypothekenbank, Frankfurt

General performance

The mortgage banking subsidiary, Rheinische Hypothekenbank, had another good year. As before, most of its long-term lending was to public authorities, while credit demand by the private business community, especially as regards the house-building industry, was rather weaker. With the bond market in fine fettle, the bank took advantage of the public sector's substantial need for funds by expanding its business at an above-average rate.

Overall growth remained strong, although somewhat reduced against the exceptionally fast rate recorded in the previous year, with the balance sheet total up by 14.8 per cent in 1976. The year's earnings again permit payment of a dividend of DM 9 per DM 50 nominal share, over and above a planned allocation to the reserves of an unchanged DM 22.5 m.

Once the bank's AGM has approved of such an allocation, its reserves will stand at DM 225.8 m and its total liable funds at DM 277.5 m, both of which will allow scope for a further DM 3.2 bn worth of bonds to be issued in due course.

Lending

Unlike the previous year, which had seen a sizeable increase in the mortgage credit business as well, further growth in 1976 was confined to higher lending to public authorities. New loan commitments, including DM 109 m of renewals, amounted to DM 2,247 m (against DM 2,435 m the year before), of which DM 1,625 m were advances to local authorities, DM 298 m loans for financing new housing, DM 254 m for modernizing older residential buildings, and DM 70 m for commercial projects.

Mortgage loans and lending to public authorities, including short and medium-term advances, totalled DM 2,387 m. Credits outstanding at the end of the year rose from DM 8,163 m to DM 9,706 m, 47 per cent of which represented mortgage loans and 53 per cent advances to local authorities.

Borrowing

Sales of the bank's own bonds raised DM 1,921 m, of which municipal bonds accounted for 83 per cent. Of the total issued, 74 per cent were for terms between 5 and 10 years and, in a few cases, even longer. In addition, there was en-bloc borrowing to the tune of DM 25 m.

Bonds outstanding, including those not requiring cover or awaiting delivery, totalled DM 10,618 m at the end of the year, 43.4 per cent being mortgage bonds, 54.2 per cent municipal bonds, and 2.4 per cent bonds not requiring cover.

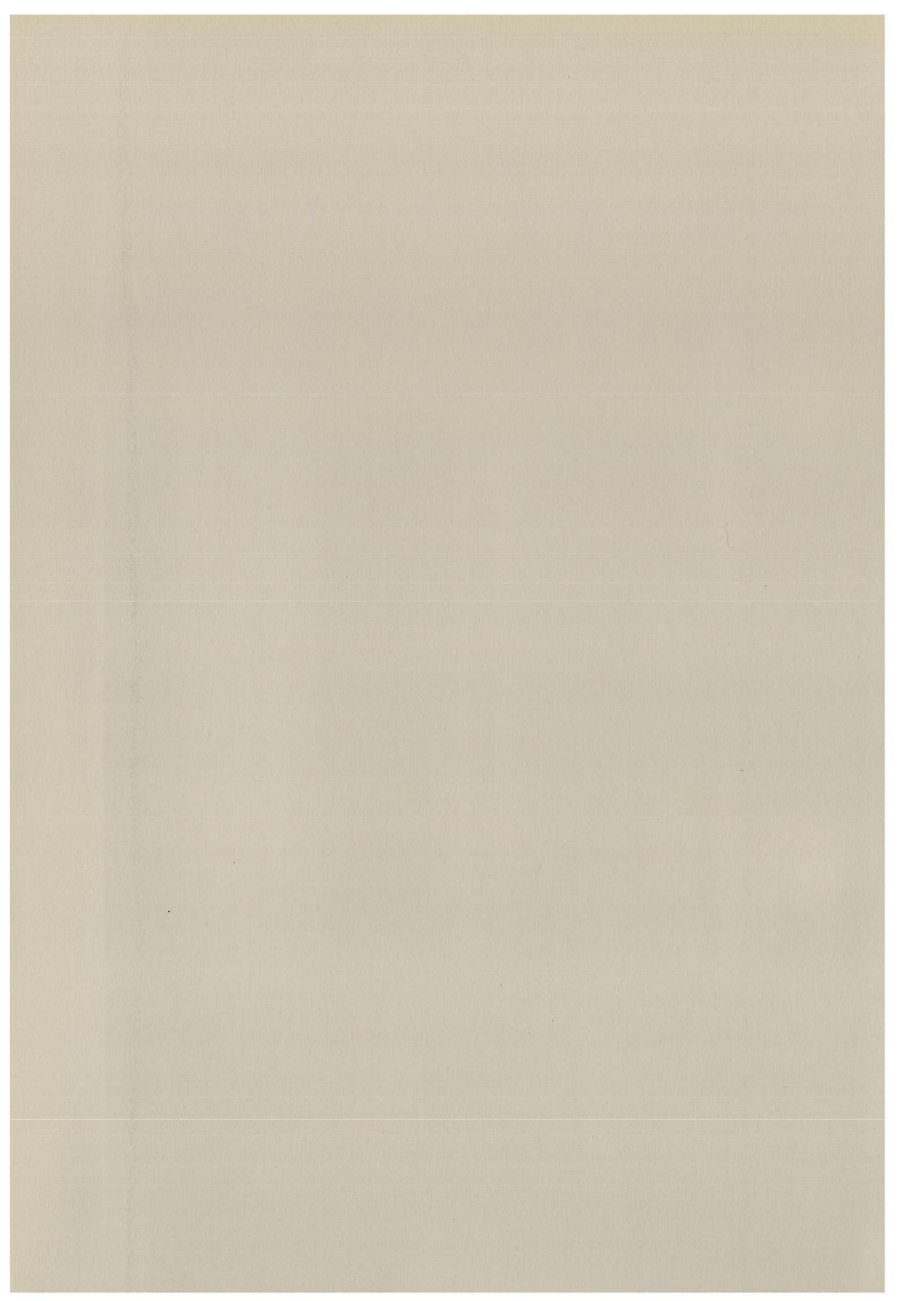
Outlook

Rheinische Hypothekenbank expects that 1977 will again see borrowing by the public sector making most of the running in the property loan business, while demand for mortgage credit by the house-building industry will revive only to a very limited extent. On the whole, and given the fact that public promotion of building activities has been much reduced, construction of new homes and flats will probably remain in the doldrums, a few signs to the contrary notwithstanding. The mainstay will therefore still be provided by one-family and two-family houses, particularly those to be occupied by their owners. Altogether, the bank will do well merely to hold its new lending business at something like last year's elevated level.

Annual Accounts 1976

Assets	DM 1,000	Liabilities	DM 1,000
Loans for agreed periods of four years or more		Bonds issued	
a) mortgage loans	4,544,007	a) mortgage bonds	4,413,123
b) municipal loans	5,124,216	b) municipal bonds	5,404,349
c) other	29,920	c) other bearer bonds	258,023
Equalization and covering claims on public authorities (ensuing from 1948 German monetary reform)	18,830	d) bonds drawn by lot and called for redemption	2,476
Bonds	112,397	Commitments to deliver bonds	64,754
Other securities	4,826	Loans taken up at long term	363,812
Cash and items received for collection	985	Liabilities to banks and to other creditors	287,681
Claims on banks and on other debtors	1,533,851	Interest on bonds issued and on loans taken up	319,235
Own bonds (nominal value DM 106,340,000)	97,735	Transmitted credits	83,163
Transmitted credits	83,163	Provisions and valuation reserves	52,751
Holdings in associated companies	1,298	Foundation	1,176
Land and buildings	22,514	Share capital	51,700
Furniture and equipment	1,336	Reserves	
Other assets	3,437	a) statutory reserve	79,311
		b) other reserves (pursuant to Article 7 of the German Mortgage Bank Law-HBG)	140,989
		Other liabilities	38,972
		Net profit	17,000
Total Assets	11,578,515	Total Liabilities	11,578,515

Expenditure	DM 1,000	Receipts	DM 1,000
Interest and similar expenditure	727,348	Interest and similar receipts	808,214
Non-recurrent expenditure on bonds issued and on loans granted	52,233	Non-recurrent receipts from bonds issued and from loans granted	51,063
Expenditure on personnel	16,837	Receipts from "holdings in associated companies"	35
General operating expenses	7,708	Other receipts, including gains from writing back provisions in connection with lending business	5,936
Depreciation and other write-downs of fixed assets	1,127	Gains from writing back provisions, unless included under "other receipts"	2,037
Taxes	27,488		
Other expenditure	544		
Year's earnings	34,000		
Total Expenditure	867,285	Total Receipts	867,285



Associated Companies of Commerzbank Aktiengesellschaft

Consolidated companies

Berliner Commerzbank Aktiengesellschaft, Berlin C DM 35.00 m	100.0%	Commerzbank International S.A., Luxembourg C Lfrs 1,570.00 m	100.0% *)	Rheinische Hypothekenbank, Frankfurt C DM 51.70 m	92.1%
Commercium Vermögensverwaltungs-GmbH, Hamburg C DM 0.05 m	100.0%	Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf C DM 1.00 m	100.0%	GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt C DM 0.02 m	95.0%
Immobilien- und Wohnungsgesellschaft mbH, Hamburg C DM 0.05 m	100.0%	L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt C DM 1.00 m	100.0% *)	Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg C DM 0.02 m	100.0% **)

Other participations in German banks

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken C DM 10.00 m	60.0%	Absatzkreditbank Aktiengesellschaft, Hamburg C DM 8.50 m	32.5%	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt C DM 4.80 m	27.1%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt C DM 1.00 m	12.7%	Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C DM 1.15 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 eurocheque-Zentrale GmbH, Frankfurt C DM 0.02 m	5.0%	Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung, Frankfurt b)	25.0%	Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH, Düsseldorf C DM 10.00 m	50.0%
Flender Werft Aktiengesellschaft, Lübeck C DM 25.00 m	68.9%	Gesellschaft für die Freigabe deutscher Vermögenswerte in Österreich mbH i. L., Frankfurt C DM 0.02 m	25.0%	Gesellschaft für Kreditsicherung mbH, Cologne C DM 0.30 m	26.7%
Rossmas Beteiligungsgesellschaft mbH, Frankfurt f)	40.0%	STELLA Automobil-Beteiligungsgesellschaft mbH, Frankfurt g)	25.0%	Treuhand- und Holdinggesellschaft mbH, Frankfurt C DM 0.14 m	50.0%

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\$ 3.77 m	28.3%	International Commercial Bank Ltd., London C £ 7.00 m	12.0%
Banque Marocaine du Commerce Extérieur, Casablanca C dirham 50.00 m	2.2%	Banque Nationale pour le Développement Economique, Rabat C dirham 70.00 m	0.4%	Bondtrade, Brussels/New York C US\$ 5.00 m	9.2%
Europartenaires Leasing S.A., Paris C Ffrs 0.10 m	33.3%	Finance Company VIKING, Zurich C Sfrs 60.00 m	6.7% **)	Finatourinvest S.A., Luxembourg C Lfrs 194.60 m	0.6%
IRIS – Institutional Research and Investment Services S.A., Geneva C Sfrs 0.90 m	25.0%	Mithai Europartners Finance and Investment Ltd., Bangkok C baht 40.00 m	9.8%	Nippon Europartners Consulting Company, Tokyo C ¥ 100.00 m	25.0% **)
Saudi Investment Banking Corporation, Riyadh C SR 30.00 m	5.0%	Sifida Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg C US\$ 15.81 m	0.6%	Société de Gestion du Rominvest International Fund S.A., Luxembourg C Lfrs 40.00 m	10.0%
U.B.A.E. Union de Banques Arabes et Européennes S.A., Luxembourg/Frankfurt C DM 30.00 m	13.7%	UNIBANCO – Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C Cr\$ 286.19 m	5.0%	Union Internationale de Banques S.A., Tunis C TD 3.00 m	4.0%

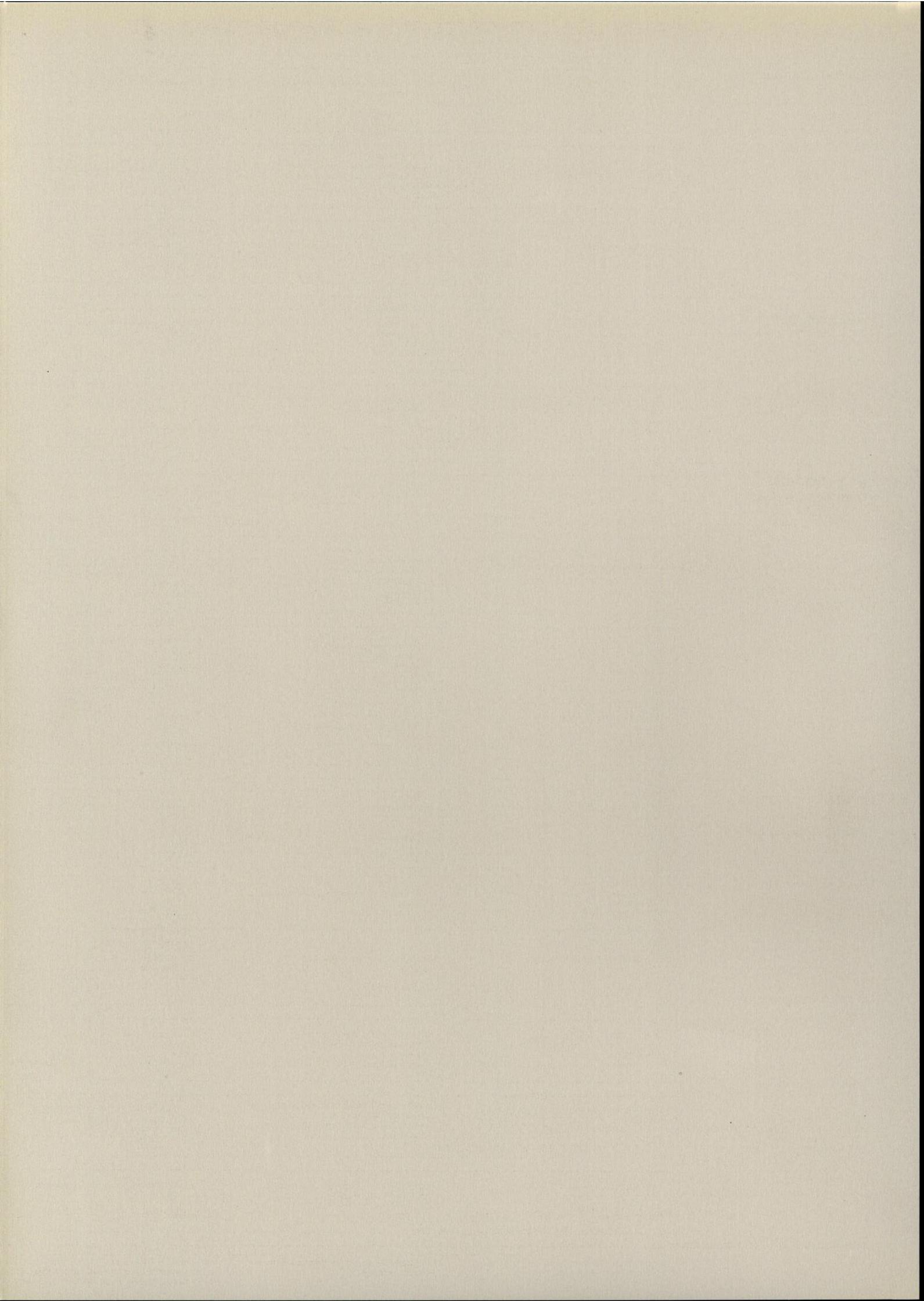
*) held in part indirectly
**) held wholly indirectly

***) held through Atlas Participations – France S.A.R.L.

Besides, the Bank holds interests in regional banks, credit guarantee associations, and housing associations and in addition there are further holdings of mi

C = Capital

Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf C DM 3.50 m 100.0%	Commerz- und Industrie-Leasing GmbH, Frankfurt C DM 1.00 m 100.0% **)	Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf C DM 0.10 m 100.0%	Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf C DM 0.10 m 100.0%
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg C DM 0.02 m 100.0%	Hera Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin C DM 0.02 m 100.0% **)	von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld C DM 10.00 m 100.0%	Ilse der Bank, Sandow & Co., Peine C DM 2.00 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 94.1% *)	Friedrich W. Thomas, Hamburg C DM 0.90 m 100.0%	
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt C DM 40.00 m 12.7%	Deutsche Grundbesitz-Investmentgesellschaft mbH, Cologne C DM 3.00 m 25.0%	Deutsche Schifffahrtsbank 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 3.7%	Lombardkasse AG, Berlin/Frankfurt C DM 4.50 m 9.4%	Münchener Hypothekenbank eG, Munich C DM 2.76 m 1.8%	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%	a) has holding ^o) in Heidelberger Druckmaschinen AG b) has holding ^o) in Horten AG c) has holding ^o) in Industriekreditbank AG – Deutsche Industriebank d) has holding ^o) in Hutschenreuther AG e) has holding ^o) in Gutehoffnungshütte Aktienverein f) has holdings ^o) in Bavaria Filmkunst GmbH and in Didier-Werke AG g) has holding ^o) in Mercedes-Automobil-Holding AG
Deutsche Grundbesitz-Anlagegesellschaft m.b.H., Cologne C DM 0.04 m 25.0%	Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt C DM 10.00 m 10.0%	Eurocard Deutschland Internationale Kreditkarten-Organisation GmbH, Frankfurt C DM 0.03 m 4.6%	
HOSTRA Beteiligungsgesellschaft mbH, Düsseldorf c) C DM 30.00 m 33.3%	Kistra Beteiligungsgesellschaft mbH, Frankfurt d) C DM 7.20 m 25.0%	REGINA Verwaltungsgesellschaft mbH, Munich e) C DM 37.50 m 25.0%	^o) of at least 25%, entitling to inter-company tax privileges
Adela Investment Company S.A., Luxembourg/Lima C US\$ 61.78 m 1.4%	Atlas Participations – France S.A.R.L., Paris C Ffrs 10.50 m 100.0% *)	AUC Holdings Ltd., Melbourne C A\$ 5.19 m 6.4% *)	Banco Urquijo S.A., Madrid C Ptas 6,075.84 m 0.8% **)
The Commercial Bank of Dubai Ltd., Dubai C DH 12.65 m 20.0%	Crédit Chimique S.A., Paris C Ffrs 34.00 m 10.0% ***)	The Development Bank of Singapore Ltd., Singapore C S\$ 100.00 m 0.5%	Europartners Holding S.A., Luxembourg C Lfrs 1.00 m 25.0% *)
P.T. Finconesia Financial Corporation of Indonesia, Jakarta C IRp 680.00 m 9.0%	Gestiver S.A., Madrid C Ptas 187.50 m 2.5%	The Industrial Finance Corporation of Thailand (IFCT), Bangkok C baht 250.00 m 2.0%	The International Investment Corporation for Yugoslavia S.A., Luxembourg C US\$ 13.50 m 1.2%
Nippon European Bank S.A., Brussels C Bfrs 400.00 m 10.0%	The Pakistan Industrial Credit & Investment Corporation Limited, Karachi C PR 70.00 m 0.4%	Private Investment Company for Asia (PICA) S.A., Panama City/Tokyo C US\$ 28.80 m 0.7%	Rifbank S.A.L., Beirut C L£ 4.00 m 31.8%
Société Européenne d'Édition et de Diffusion S.A., Luxembourg C Ffrs 0.82 m 6.1%	Société Financière de Développement – SOFIDE –, Kinshasa C zaires 2.00 m 2.5%	Société Libano Européenne pour la Gestion Privée (Crédit Lyonnais) S.A.L., SLIGEST, Beirut C L£ 2.00 m 5.0%	Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki C Fmk 71.00 m 0.6%
Wobaco Holding Company, Luxembourg C US\$ 21.60 m 2.7%			



Consolidated Annual Accounts as at December 31, 1976

Consolidated Balance Sheet pages 88/89

Consolidated Profit and Loss Account pages 90/91

Consolidated Balance Sheet as at December 31, 1976

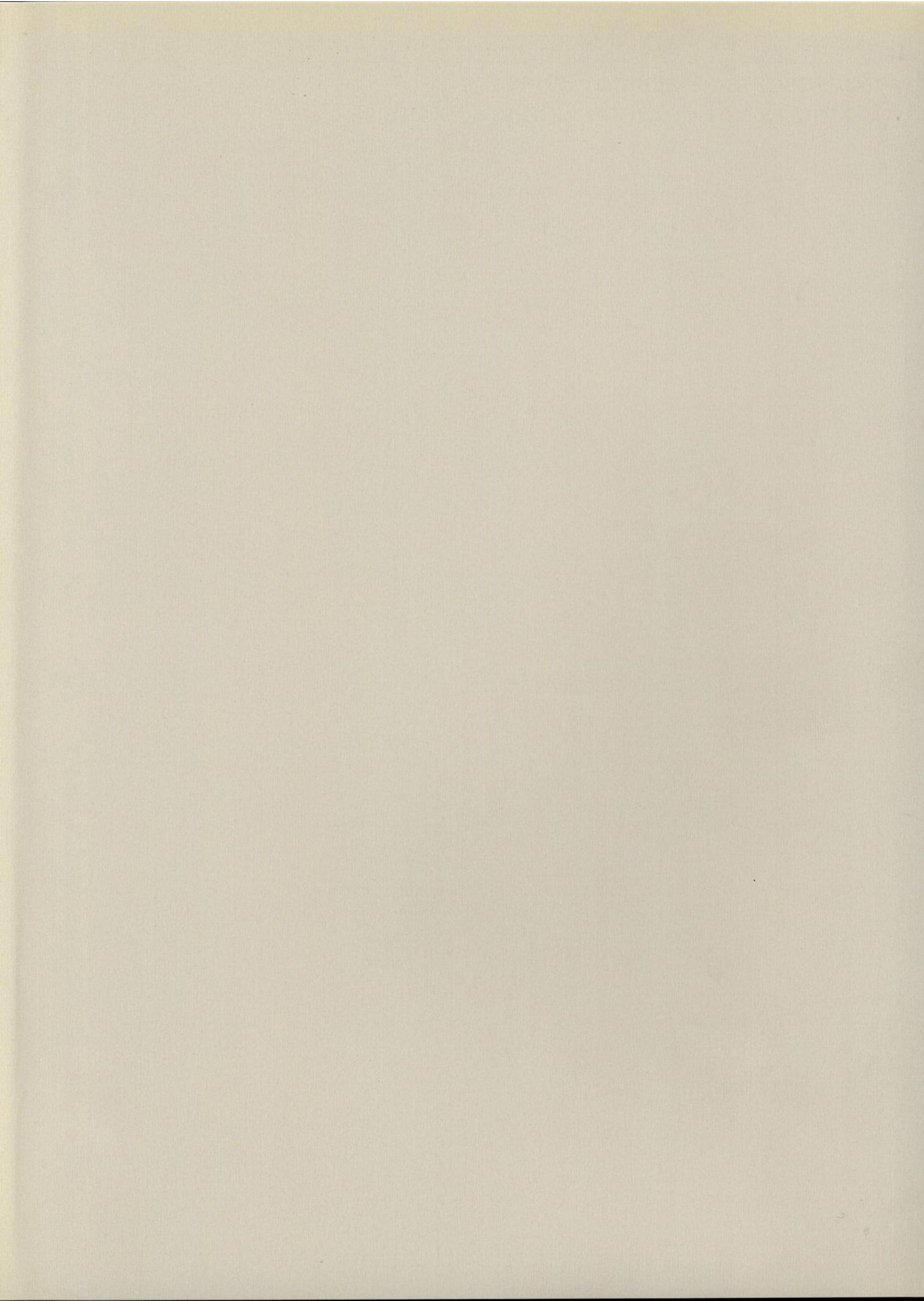
Assets	DM	DM	DM	Dec 31, 1975 DM 1,000
Cash			163,371,449.32	168,160
Balance at the Deutsche Bundesbank			2,393,187,138.96	2,466,677
Balances on postal cheque accounts			23,838,835.83	38,549
Cheques, maturing bonds, interest and dividend coupons, and items received for collection			173,109,457.70	310,399
Bills of exchange			4,270,159,735.51	4,658,640
including: a) rediscountable at Deutsche Bundesbank	3,858,906,661.35			
b) own drawings	983,626.20			
Claims on banks				
a) payable on demand		1,583,644,925.94		1,420,180
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months		3,800,084,208.93		3,677,564
bb) no less than three months, but less than four years		9,503,959,255.18		9,604,497
bc) four years or more		4,211,235,215.17		2,628,541
			19,098,923,605.22	17,330,782
Treasury bills and discountable Treasury notes				
a) of the Federal and Länder governments		858,750,000.00		555,656
b) other		—		—
			858,750,000.00	555,656
Bonds and notes				
a) with maturities of up to four years				
aa) of the Federal and Länder governments	178,210,100.84			
ab) of banks	123,424,218.52			
ac) other	—	301,634,319.36		316,255
including: eligible as security for Deutsche Bundesbank advances DM 181,083,221.37				
b) with maturities of more than four years				
ba) of the Federal and Länder governments	298,901,852.14			
bb) of banks	553,997,400.71			
bc) other	321,353,387.82	1,174,252,640.67		1,081,639
including: eligible as security for Deutsche Bundesbank advances DM 792,116,132.06			1,475,886,960.03	1,397,894
Securities, so far as they have not to be shown under other items (including: trade investments)				
a) shares marketable on the stock exchange and investment fund shares		631,275,086.67		648,286
b) other securities		10,512,452.05		8,858
including: holdings of more than one-tenth of the share capital of joint-stock or mining companies; excluding Holdings in associated companies	528,515,000.00		641,787,538.72	657,144
Claims on customers, for agreed periods, or at agreed periods of notice, of				
a) less than four years		12,930,200,273.58		11,325,423
b) four years or more		19,318,599,157.87		15,900,669
including: ba) secured by mortgages on real estate	5,892,749,608.83		32,248,799,431.45	27,226,092
bb) municipal loans	5,358,173,861.12			
Equalization and covering claims on public authorities (ensuing from 1948 German monetary reform)			115,807,535.68	127,814
Transmitted credits (on a trust basis)			179,020,984.24	118,435
Holdings in associated, non-consolidated companies			490,146,217.22	364,697
including: in banks	115,456,544.17			
Land and buildings			609,972,152.08	577,425
Furniture and equipment			151,397,092.97	146,584
Bonds issued and held by Group members			177,457,622.83	223,176
par value	196,275,500.00			
including: eligible as security for Deutsche Bundesbank advances	168,614,676.30			
Other assets			158,071,787.99	99,944
Prepaid expenses and deferred charges				
a) unamortized debt discount (difference pursuant to Article 156, paragraph 3, of the German Companies Law—AktG)		41,546,968.85		181
b) other prepaid expenses and deferred charges		3,502,714.23		4,118
			45,049,683.08	4,299
Total Assets			63,274,737,228.83	56,472,367
The assets and the recourse claims for commitments shown on the liabilities side include				
a) claims on affiliated enterprises			286,214,700.74	219,681
b) claims which arise from loans to insiders falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the German Banking Law, unless included under (a) above			180,770,384.18	139,999

Liabilities	DM	DM	DM	Dec 31, 1975 DM 1,000
Liabilities to banks				
a) payable on demand		2,544,802,525.54		2,260,268
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	5,336,613,472.14			
bb) no less than three months, but less than four years	9,182,329,959.92			
bc) four years or more	<u>2,181,799,365.52</u>	16,700,742,797.58		15,134,855
including: due within less than four years	DM 1,703,743,229.02			
c) liabilities for customers' drawings on other banks		<u>2,854,661.73</u>		6,625
			19,248,399,984.85	17,401,748
Liabilities to other creditors (customers' deposits)				
a) payable on demand		6,618,645,945.40		6,741,342
b) for agreed periods, or at agreed periods of notice, of				
ba) less than three months	6,765,107,417.10			
bb) no less than three months, but less than four years	5,719,689,998.93			
bc) four years or more	<u>1,239,393,491.10</u>	13,724,190,907.13		12,284,096
including: due within less than four years	DM 965,045,932.60			
c) savings deposits				
ca) subject to statutory period of notice	4,469,867,569.00			
cb) other	<u>4,562,913,859.88</u>	9,032,781,428.88		8,449,568
			29,375,618,281.41	27,475,006
Bonds outstanding, with maturities of				
a) up to four years		1,142,974,005.70		508,596
b) more than four years		<u>10,228,694,055.95</u>		8,277,747
including: due within less than four years	DM 3,070,752,911.01		11,371,668,061.65	8,786,343
Acceptances and promissory notes outstanding			43,020,525.79	43,535
Transmitted credits (on a trust basis)			179,020,984.24	118,435
Provisions				
a) for pensions		411,020,717.59		373,408
b) other		<u>351,383,945.96</u>		278,096
			762,404,663.55	651,504
Other liabilities			40,930,207.95	35,327
Deferred credits				
a) according to Article 25 of the German Mortgage Bank Law (HBG)		31,147,419.19		17,773
b) other		<u>111,039,549.22</u>		125,644
			142,186,968.41	143,417
Reserves subject to future taxation (pursuant to the fiscal regulation governing global valuation reserves)			23,790,681.00	36,739
Share capital (contingent capital, additionally authorized for conversion rights: DM 15,500,000.00)			643,600,000.00	570,300
Reserves				
a) statutory reserve		628,401,500.00		518,378
b) other reserves		<u>509,000,000.00</u>		459,000
			1,137,401,500.00	977,378
Difference between book value of consolidated companies' capital and reserves and corresponding item (Holdings in associated companies) in Parent Bank's accounts (pursuant to Article 331, paragraph 1, item 3, of the German Companies Law-AktG)			99,248,212.40	67,149
Contra item for minority interests including: from net profit			22,882,442.50	25,183
	DM 1,365,056.00			
Foundations			6,732,581.84	6,791
Consolidated net profit			177,832,133.24	133,512
			Total Liabilities	63,274,737,228.83
				56,472,367
Endorsement liabilities from bills of exchange rediscounted			518,315,432.87	310,869
Commitments under guarantees, including guarantees of bills and cheques, and from indemnity agreements			7,482,071,442.29	6,032,967
Contingent liabilities under repurchase agreements, unless shown here above the line			70,000,000.00	91,484
Savings bonuses under the German Savings Bonus Law			187,569,488.47	179,545
The contingent liabilities and the commitments shown here below the line include those to affiliated enterprises, amounting to			134,322,714.01	128,082

Consolidated Profit and Loss Account for the Year ended Decemb

Expenditure	DM	DM	1975 DM 1,000
Interest and similar expenditure		2,619,965,130.43	2,508,922
Commissions and similar expenditure on services received		12,853,476.69	9,813
Write-downs of and valuation reserves for losses on loans and securities, and allocations to provisions in connection with lending business		11,677,869.11	21,900
Salaries and wages		632,025,677.62	567,239
Statutory social security contributions		83,200,997.77	70,258
Expenditure on pensions and other employee benefits		83,721,991.04	135,830
General operating expenses		271,156,647.46	244,482
Depreciation and other write-downs of Land and buildings, Furniture and equipment		70,781,232.93	55,614
Write-downs of and valuation reserves for Holdings in associated, non-consolidated companies		9,142,557.55	6,862
Taxes			
a) on income and assets	159,436,622.24		180,766
b) other	11,715,640.98		9,887
		171,152,263.22	190,653
Charges for losses incurred by associated companies		310,000.00	—
Other expenditure		37,343,819.76	31,834
Consolidated year's earnings		225,209,356.68	189,224
Total Expenditure		4,228,541,020.26	4,032,631

	DM	DM	1975 DM 1,000
Consolidated year's earnings		225,209,356.68	189,224
Profit brought forward from the previous year		25,867,823.56	16,926
		251,077,189.24	206,150
Allocations from Consolidated year's earnings to Reserves to other reserves			
a) Parent Bank	50,000,000.00		50,000
b) consolidated companies	21,880,000.00		21,070
		71,880,000.00	71,070
Profit attributable to minority interests		179,197,189.24	135,080
		1,365,056.00	1,568
Consolidated net profit		177,832,133.24	133,512



Appendices

Issues and syndicate transactions, capital increases, and stock exchange introductions

Domestic public entities' bonds

AKA Ausfuhrkredit-Gesellschaft mbH
Free State of Bavaria
Land Berlin
Equalization of Burdens Bank¹⁾
German Federal Railways¹⁾
Federal Republic of Germany¹⁾
Land North Rhine-Westphalia¹⁾
Reconstruction Loan Corporation
Land Schleswig-Holstein

¹⁾ several issues

Other domestic bonds, including mortgage and communal bonds

Deutsche Genossenschaftsbank¹⁾
Deutsche Hypothekenbank
(Actien-Gesellschaft)¹⁾
Deutsche Schiffsbeleihungs-Bank
Aktien-Gesellschaft¹⁾
Kaufhof AG

¹⁾ several issues

Foreign issuers' DM bonds

Adela Investment Company S.A.
Arbed Finance S.A.³⁾
Asian Development Bank
Commonwealth of Australia
Australian Shipping Commission³⁾
Republic of Austria
Autopistas del Mare Nostrum S.A. (Aumar)
Banco Nacional de Obras y Servicios Públicos
Banque Française du Commerce Extérieur
Beecham Financiering B.V.
Federative Republic of Brazil
Caisse Centrale
de Coopération Economique C.C.C.E.
Caisse Nationale des Télécommunications (CNT)
Companhia Vale do Rio Doce – CVRD –¹⁾
City of Copenhagen
The Council of Europe Resettlement Fund
for National Refugees and Over-Population
in Europe¹⁾
Den Danske Bank af 1871 Aktieselskab
Kingdom of Denmark¹⁾
Eurofima European Company
for the Financing of Railway Rolling Stock
European Coal and Steel Community ("ECSC")¹⁾
European Economic Community (EEC)
European Investment Bank (EIB)¹⁾
Republic of Finland
Francetel Société Française de Financement
des Télécommunications S.A.

Girozentrale und Bank
der österreichischen Sparkassen AG¹⁾
Guest, Keen and Nettlefolds Finance B.V.
Hitachi Shipbuilding and Engineering Co., Ltd.
I.C.I. International Finance Limited
Inter-American Development Bank¹⁾³⁾
International Bank for Reconstruction
and Development (World Bank)¹⁾
Ireland
The Japan Development Bank
Aktieselskabet Kjøbenhavns Handelsbank
City of Kobe
Komatsu Ltd.²⁾
Kommunlåneinstitutet Aktiebolag (KLI)¹⁾
Municipality of Malmö
Mitsubishi Chemical Industries Limited²⁾
City of Montreal
Nacional Financiera, S.A. (Nafinsa)³⁾
New Zealand¹⁾
Nippon Telegraph & Telephone
Public Corporation (NTT)
Norges Kommunalbank
Norpipe A/S¹⁾
Norsea Gas A/S
Norsk Hydro a.s
Kingdom of Norway¹⁾
Petróleos Mexicanos (Pemex)
Red Nacional de los Ferrocarriles
Españoles (Renfe)
Sekisui Prefab Home Ltd.²⁾
Singapore Airlines Ltd.
Sociétés de Développement Régional (SDR)
United Mexican States

¹⁾ several issues

²⁾ convertible bonds

³⁾ private placement

Foreign issuers' foreign currency bonds

Adela Investment Company S.A.
Aluminium Company of Canada Limited
Commonwealth of Australia¹⁾
Australian Industry Development
Corporation (AIDC)
Australian Shipping Commission³⁾
Republic of Austria
Avco Financial Services Canada Limited
Bank of Montreal
Bank of Tokyo Holding S.A.
The Bank of Tokyo, Ltd.
Banque Canadienne Nationale
Banque Française du Commerce Extérieur
(BFCE)¹⁾
Bayerische Vereinsbank Finance Company B.V.
Bell Canada
The Bowater Corporation Limited
Brascan International Capital Corporation
Federative Republic of Brazil
British Gas Corporation
Caisse Nationale des Autoroutes (CNA)¹⁾

Calgary Power Ltd.	Manufacture Française des Pneumatiques Michelin ¹⁾
Canada Permanent Mortgage Corporation	Compagnie Financière Michelin Overseas N.V. ¹⁾
Canada Trustco Mortgage Company	Midland International Financial Services B.V.
Canadian National Railway Company	Mitsubishi Corporation ²⁾
Canadian Pacific Securities Limited	Mitsubishi Electric Corporation ²⁾
Charbonnages de France	Mitsubishi Heavy Industries, Ltd. ²⁾
Chrysler Credit Canada Ltd.	Mitsui Engineering & Shipbuilding Co., Ltd.
Commercial Credit Corporation Limited	Mitsui Mining and Smelting Company, Limited
Compagnie Française des Pétroles (CFP)	City of Montreal
Compagnie Nationale du Rhône	Montreal Urban Community
City of Copenhagen	Mo och Domsjö Aktiebolag ("MoDo") ¹⁾
Creditanstalt-Bankverein	The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark
Crédit Foncier Franco-Canadien ¹⁾	Mortgage Bank of Finland Oy
Crédit Lyonnais	Nacional Financiera, S.A. (Nafinsa)
Crédit National	National Coal Board
Crédit Suisse (Bahamas) Limited ²⁾	Nationale Nederlanden Finance Corporation N.V.
The Dai'ei Inc. ²⁾	National Westminster Bank Limited
Kingdom of Denmark	Province of New Brunswick
The Development Bank of Singapore ²⁾	The New Brunswick Electric Power Commission
DSM (Naamloze Vennootschap DSM)	Newfoundland and Labrador Hydro
Du Pont of Canada Limited	Newfoundland Municipal Financing Corporation
The Electricity Council	New Zealand ¹⁾
Enso-Gutzeit Osakeyhtiö	The Nippon Fudosan Bank, Limited ¹⁾
Telefonaktiebolaget L. M. Ericsson ¹⁾	Nissho-Iwai Co., Ltd.
Eurofima European Company	Noranda Mines Limited
for the Financing of Railway Rolling Stock	Norcen Energy Resources Limited
European Coal and Steel Community ("ECSC") ¹⁾	Norges Kommunalbank
European Economic Community (EEC) ¹⁾³⁾	Norpipe A/S
European Investment Bank (EIB) ¹⁾	Norsk Hydro a.s. ¹⁾
Finnish Export Credit, Ltd.	Kingdom of Norway
Ford Motor Credit Company of Canada, Limited ¹⁾	Province of Nova-Scotia
Fruehauf International Limited	N.Y.K. International Luxembourg S.A.
General Motors	Occidental Overseas Finance N.V. ¹⁾
Acceptance Corporation of Canada, Limited ¹⁾	Offshore Mining Company Limited
Groupement de l'Industrie Sidérurgique (G.I.S.) ¹⁾	Oki Electric Industry Company, Limited ("OKI")
Gulf & Western International N.V.	Olivetti International S.A.
Home Oil Company Limited	Ontario Hydro ¹⁾
Hydro-Quebec	Orient Leasing (Caribbean) N.V.
IAC Limited	City of Oslo
Industrial and Mining Development Bank of Iran	Pakhoed Holding N.V.
Industrialization Fund of Finland Ltd.	PanCanadian Petroleum Limited
International Harvester	Pechiney Ugine Kuhlmann
Credit Corporation of Canada Limited	Automobiles Peugeot
ISE Canadian Finance Ltd. ¹⁾	Polysar Limited ¹⁾
Ishikawajima-Harima	Port Authorities
Heavy Industries Co., Ltd. (IHI)	Bordeaux – Dunkerque – Le Havre – Marseilles –
C. Itoh & Co., Ltd.	Nantes-Saint-Nazaire – Paris
I.U. Overseas Finance N.V.	The Provincial Bank of Canada
Keppel Shipyard Limited	Province of Quebec ¹⁾
Kinross Mortgage Corporation	Quebec Urban Community
K mart (Australia) Finance Limited	Reading & Bates Exploration Co.
Kockums Mekaniska Verkstads Aktiebolag	Red Nacional de los Ferrocarriles
Kubota, Ltd. ²⁾	Españoles (Renfe)
City of Laval	Ricoh Company, Ltd. ²⁾
Lloyds Eurofinance N.V.	The Royal Bank of Canada ¹⁾
The Long-Term Credit Bank of Japan, Limited ¹⁾	The Royal Trust Company Mortgage Corporation ¹⁾
Province of Manitoba	RoyMor Limited
Marui Co., Ltd. ²⁾	RoyNat Ltd.
Massey-Ferguson Nederland N.V.	

Sandoz Overseas Limited
 Sandvik Aktiebolag
 Santa Fé International Finance Corporation
 Sanyo Electric Co., Ltd.²⁾
 Province of Saskatchewan
 The Seagram Company Ltd.
 Showa Line, Ltd.
 Simpsons-Sears Acceptance Company Limited
 Skandinaviska Enskilda Banken
 Société Financière Européenne –
 S.F.E. Luxembourg
 Södra Skogsägarna Aktiebolag
 Republic of South Africa
 South of Scotland Electricity Board
 Sparbankernas Bank AB
 Sumitomo Metal Industries Ltd.²⁾
 Sundstrand Finance International N.V.
 Svenska Handelsbanken
 Sydsvenska Kraftaktiebolaget
 Texasgulf Canada Ltd.¹⁾
 The Toronto-Dominion Bank
 Toyo Menka Kaisha, Limited
 Traders Group Limited
 Union Bank of Switzerland (Luxembourg)
 Union Carbide Canada Limited¹⁾
 Union de Banques Arabes et Françaises U.B.A.F.
 United Mexican States
 Urquijo International N.V.
 City of Vancouver¹⁾

- ¹⁾ several issues
²⁾ convertible bonds
³⁾ private placement

Domestic shares

Allgemeine Deutsche Credit-Anstalt
 Allianz Versicherungs-Aktiengesellschaft
 Augsburger Kammgarn-Spinnerei
 Aktiengesellschaft
 Balcke-Dürr AG
 Bayer Aktiengesellschaft
 Bayerische Motoren Werke AG
 Bayerische Vereinsbank
 Beton- und Monierbau Aktiengesellschaft
 BIEWAG Investitions-AG
 Bremer Vulkan Schiffbau und Maschinenfabrik
 Deutsche Dampfschiffahrts-Gesellschaft "Hansa"
 Deutsche Hypothekenbank
 Hannoversche Papierfabriken Alfeld-Gronau
 vormals Gebr. Woge
 Hapag-Lloyd AG
 Industrie-Werke Karlsruhe Augsburg AG
 Klöckner-Humboldt-Deutz AG
 Mannesmann AG
 Mannheimer Versicherungsgesellschaft
 Mercedes-Automobil-Holding AG
 Mitteldeutsche Hartstein-Industrie AG
 Münchener Rückversicherungs-Gesellschaft
 Phywe AG
 Schering AG

Schubert & Salzer Maschinenfabrik AG
 Standard Elektrik Lorenz AG
 August Thyssen-Hütte AG
 Varta Aktiengesellschaft
 Vereinsbank in Nürnberg

Foreign shares

Amsterdam-Rotterdam Bank N.V.
 Banco Central S.A.
 Jacques Borel
 Compagnie Bruxelles Lambert
 pour la Finance et l'Industrie S.A.
 Compagnie Financière de Suez S.A.
 Consolidated Gold Fields Limited
 Fisons Limited
 Honda Motor Co., Ltd.
 Imperial Chemical Industries Limited
 Komatsu Ltd.
 Mitsubishi Chemical Industries Ltd.
 (Mitsubishi Kasei Kogyo Kabushiki Kaisha)
 Monsanto Company
 Norton Simon, Inc.
 Rolinco N.V.
 Rotterdamsch Beleggingsconsortium N.V.
 Swiss Bank Corporation*)
 Taisho Marine and Fire Insurance Co., Ltd.
 Thomson-Brandt S.A.
 United Technologies Corporation

- *) certificates of participation

Other syndicate transactions

Allgemeine Elektrizitäts-Gesellschaft
 AEG-Telefunken
 Dortmunder Union-Schultheiss Brauerei AG
 Gelsenwasser AG
 Hartmann & Braun AG
 Industrie-Werke Karlsruhe Augsburg AG
 Löwenbrauerei-Böhmisches Brauhaus AG
 Sloman Neptun Schiffahrts-Aktiengesellschaft
 Thyssen-Industrie AG (vorm. Rhein Stahl AG)

Head Offices

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<u>Frankfurt</u>	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone 13621, Telex 411 246
<u>Hamburg</u>	7-9 Ness, D-2000 Hamburg, Telephone 361321, Telex 2 12391

All International Departments are in Frankfurt

Domestic Branches

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

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

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

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

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

Foreign Branches

Brussels

Commerzbank Aktiengesellschaft
Succursale de Bruxelles
19 H Avenue des Arts
B-1040 Brussels (Belgium)

Chicago

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

London

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

New York

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

Paris

Commerzbank Aktiengesellschaft
Succursale de Paris
10 Rue de la Paix
F-75002 Paris (France)

Tokyo

Commerzbank Aktiengesellschaft
Tokyo Branch
(to be opened later in 1977)

Subsidiaries

BERLINER COMMERZBANK

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

with sub-branches:

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

COMMERZBANK INTERNATIONAL S.A.

22-24 Boulevard Royal, Luxembourg

VON DER HEYDT-KERSTEN & SÖHNE

Wuppertal-Elberfeld

ILSEDER BANK, SANDOW & CO.

Peine

BANK FÜR TEILZAHLUNGSKREDIT GMBH

Düsseldorf

COMMERZ- UND INDUSTRIE-LEASING GMBH
Frankfurt

COMMERZBANK FONDS-VERWALTUNGS-
GESELLSCHAFT MBH (COFO)
Düsseldorf

Affiliated Banks

(Majority holdings)

RHEINISCHE HYPOTHEKENBANK

Frankfurt · Cologne · Mannheim

COMMERZ-CREDIT-BANK

AKTIENGESELLSCHAFT EUROPARTNER

4 Faktoreistrasse, D-6600 Saarbrücken
with 7 branch offices in Saarland

EUROPARTNERS BANK (NEDERLAND) N.V.

571-573 Herengracht
Amsterdam (Netherlands),
with branch office at
6 Westblaak, Rotterdam (Netherlands)

Representative Offices Abroad

Arabian Peninsula

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Argentina, Paraguay, Uruguay

Karl-Lutz Ammann
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São Paulo: Alexander Gregor
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Commerzbank Representação Ltda.
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Denmark, Norway, Sweden, Finland, Iceland

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for the Nordic Countries
Banco di Roma/Banco Hispano Americano/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Wilfried A. Reschke
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DK-1550 Copenhagen V (Denmark)

East Asia

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
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Egypt, Sudan, Ethiopia

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P. O. Box 1944
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Jakarta (Indonesia)

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Dr. Helmut R. Töllner
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P. O. Box 33-467
Tehran (Iran)

Lebanon, Libya, Iraq, Jordan, Syria

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Boîte Postale No. 11-3246
Beirut (Lebanon)

Mexico, Central America, Caribbean Islands

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

Peru, Bolivia, Chile, Ecuador

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

South East Asia

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

Southern Africa

Joint Representative Office Banco di Roma/
Commerzbank AG/Crédit Lyonnais
Commerzbank Repr.: Werner P. Kahrs
Standard Bank Centre, 78 Fox Street
P. O. Box 61219, Marshalltown 2107
Johannesburg (Republic of South Africa)
Agency: Keller & Neuhaus
Trust Co. (Pty.) Limited
Kaiserstreet, P. O. Box 156
Windhoek (South West Africa)

Spain, Portugal

Günter Schönberner
11 Calle Cedaceros
Madrid-14 (Spain)

USSR

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

Venezuela, Colombia

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

**Participations
in Foreign Financial Institutions
and Holding Companies**

Australia

AUC Holdings Ltd., Melbourne

Belgium

Nippon European Bank S.A., Brussels

Brazil

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

Dubai

The Commercial Bank of Dubai Ltd., Dubai

Egypt

Misr International Bank S.A.E., Cairo

Finland

Teollistamisrahasto Oy –
Industrialization Fund of Finland Ltd., Helsinki

France

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

Indonesia

P.T. Finconesia Financial Corporation
of Indonesia, Jakarta

Japan

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

Lebanon

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

Luxembourg

Adela Investment Company S.A.
Luxembourg/Lima
Commerzbank International S.A.
Luxembourg
Europartners Holding S.A., Luxembourg
Finatourinvest S.A., Luxembourg
The International Investment Corporation
for Yugoslavia S.A., Luxembourg
Sifida Société Internationale Financière
pour les Investissements
et le Développement en Afrique, Luxembourg
Société de Gestion du Rominvest
International Fund S.A., Luxembourg
Société Européenne d'Édition
et de Diffusion S.A., Luxembourg
U.B.A.E. Union de Banques Arabes
et Européennes S.A., Luxembourg/Frankfurt
Wobaco Holding Company, Luxembourg

Morocco

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

Netherlands

Europartners Bank (Nederland) N.V.
Amsterdam

Pakistan

The Pakistan Industrial Credit & Investment
Corporation Limited, Karachi

Saudi Arabia

Saudi Investment Banking Corporation
Riyadh

Singapore

The Development Bank of Singapore Ltd.
Singapore

Spain

Banco Urquijo S.A., Madrid

Switzerland

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

Thailand

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

Tunisia

Union Internationale de Banques S.A., Tunis

United Kingdom

International Commercial Bank Ltd., London

USA

EuroPartners Securities Corporation
New York

Zaire

Société Financière de Développement
– SOFIDE –, Kinshasa

The International Presence of the Europartners

	Foreign branches and subsidiaries	Representative offices abroad	Bank affiliations and participations abroad
Commerzbank	■	▲	●
Banco di Roma	■	▲	●
Banco Hispano Americano	■	▲	●
Crédit Lyonnais	■	▲	●
Joint foreign footholds*)	■	▲	●

*) of Banco di Roma, Commerzbank, and Crédit Lyonnais (and, as regards the Europartners' joint subsidiaries at Saarbrücken and Geneva, their joint holdings at Brussels and Cairo, and their joint representative office at Copenhagen, also of Banco Hispano Americano)

The Europartners in Europe

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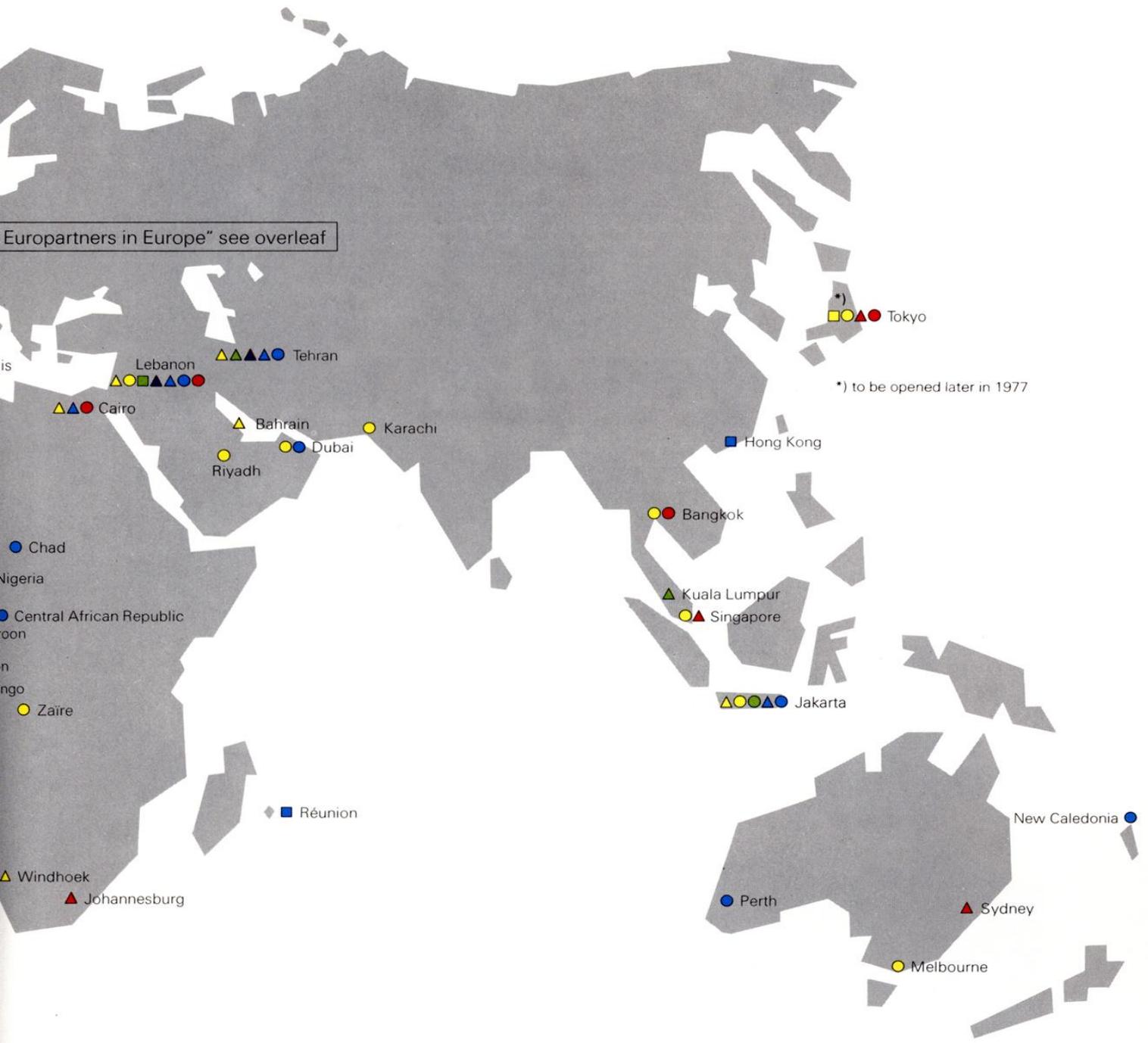
The Europartners Overseas

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The Europartners Overseas



Europartners in Europe" see overleaf



The Europartners in Europe



Europartners Highlights¹⁾

BANCO DI ROMA

	Mid-1976	Year-end, 1975	Change
Balance Sheet Total	Lire 11,483 billion	Lire 11,078 billion	3.7%
Deposits	Lire 8,056 billion	Lire 8,013 billion	.5%
Capital and Reserves	Lire 230 billion	Lire 196 billion	17.4%
Branches	277	275	.7%
Number of accounts	1,672,000	1,694,900	-1.4%
Staff	12,694	12,561	1.1%

BANCO HISPANO AMERICANO

	Year-end, 1976 ²⁾	Year-end, 1975	Change
Balance Sheet Total	Ptas 636,665 million	Ptas 461,925 million	37.8%
Deposits	Ptas 575,611 million	Ptas 417,587 million	37.8%
Capital and Reserves	Ptas 36,672 million	Ptas 28,757 million	27.5%
Branches	998	774	28.9%
Number of accounts	2,701,000	2,186,400	23.5%
Staff	19,419	17,117	13.5%

COMMERZBANK

	Year-end, 1976	Year-end, 1975	Change
Balance Sheet Total	DM 42,090 million	DM 38,536 million	9.2%
Deposits	DM 39,334 million	DM 36,128 million	8.9%
Capital and Reserves	DM 1,781 million	DM 1,548 million	15.1%
Branches	790	782	1.0%
Clients	2,074,800	2,005,000	3.5%
Staff	17,729	17,328	2.3%

CREDIT LYONNAIS

	Year-end, 1976 ²⁾	Year-end, 1975	Change
Balance Sheet Total	Ffrs 178,540 million	Ffrs 141,957 million	25.8%
Deposits	Ffrs 156,507 million	Ffrs 126,345 million	23.9%
Capital and Reserves	Ffrs 1,230 million	Ffrs 1,230 million	.0%
Branches	2,487	2,487	.0%
Clients	3,638,000	3,732,000	*)
Staff	48,768	48,839	-.2%

*) not comparable

The Group³⁾

	Year-end, 1976 ⁴⁾	Year-end, 1975	Change
Balance Sheets Sum Total	DM 180,031 million	DM 151,937 million	18.5%
Deposits	DM 155,434 million	DM 132,298 million	17.5%
Capital and Reserves	DM 4,256 million	DM 3,657 million	16.4%
Branches	4,552	4,318	5.4%
Staff	98,610	95,845	2.9%

¹⁾ parent banks only;

²⁾ provisional figures; Banco Hispano Americano figures after take-over of two local Spanish banks; capital and reserves of Crédit Lyonnais before appropriation of profit;

³⁾ conversion made according to the official Frankfurt middle rates of Dec 31, 1976:
Ffr 1 = DM 0.4756; Lire 100 = DM 0.2699; Ptas 100 = DM 3.461;

⁴⁾ provisional figures; Banco di Roma figures as at mid-1976.

