

COMMERZBANK
AKTIENGESELLSCHAFT

1972



International Partners

BANCO DI ROMA · CREDIT LYONNAIS

COMMERZBANK
AKTIENGESELLSCHAFT

	1972		1971	
Dividend paid per DM 50.— nominal share	DM	8.50	DM	8.50
Total of dividends paid	DM	68.0 m	DM	61.6 m
Allocation from year's earnings to published reserves	DM	15.0 m	DM	15.0 m
Capital and reserves at year-end	DM	1,115.0 m	DM	990.0 m

COMMERZBANK GROUP*)

In DM m, at year-end

ASSETS			LIABILITIES		
	1972	1971		1972	1971
Cash reserve	3,358	2,481	Liabilities to credit institutions	6,932	5,873
Cheques, collection items	357	216	Liabilities to customers	20,974	18,045
Bills of exchange	2,614	3,307	of which:		
Claims on credit institutions	6,551	4,542	sight deposits	(5,393)	(4,971)
Bonds and notes	1,081	1,161	time deposits	(9,686)	(7,823)
Shares	682	640	savings deposits	(5,895)	(5,251)
Claims on customers	19,527	16,819	Bonds outstanding	5,403	4,507
of which:			Own acceptances outstanding	90	77
for agreed periods of less than four years	(9,916)	(8,553)	Other liabilities	675	598
for agreed periods of four years or more	(9,611)	(8,266)	Capital and reserves	1,172	1,058
Participations	193	182	of which:		
Land and buildings	389	301	share capital	(444)	(400)
Own bonds, held by the Group	111	122	published reserves	(671)	(590)
Other assets	470	459	so-called "difference"***)	(25)	(26)
Total Assets	35,333	30,230	interests held by third parties***)	(32)	(42)
			Consolidated profit	87	72
			Total Liabilities	35,333	30,230
			Endorsement liabilities	1,134	788
			Guarantees	2,439	2,120
Branches	805	800			
Clients	2,307,300	2,219,600			
Staff	17,707	17,533			

*) full balance sheet see pages 106/109

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

***) excluding attributable share of profits

COMMERZBANK
AKTIENGESELLSCHAFT



REPORT
FOR THE YEAR 1972

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

Responsible for English edition: L. Launhardt

Translation by AF International Translation Services Ltd., London



The shell of our new high rise Frankfurt headquarters was completed at the end of 1972.

Twentyfirst Ordinary General Meeting of Shareholders

on Friday, May 4, 1973, at 10 a. m.

at the Gesellschaftshaus of the Palmengarten at Palmengartenstrasse, Frankfurt a. M.

AGENDA

1. To receive the established Annual Statement of Accounts, the Report of the Board of Management, and the Report of the Supervisory Board, as well as the Consolidated Annual Accounts and the Group Report for the year 1972.

2. To resolve on the appropriation of the profit.

The Board of Management and the Supervisory Board propose that the net profit of DM 68,000,000.– for the year 1972 be used to pay a dividend of DM 8.50 per share of DM 50.– nominal.

3. To resolve on the discharge of the Board of Management and the Supervisory Board from responsibility for the year 1972.

4. To elect Members of the Supervisory Board

Mr. Hans Reintges has resigned from the Board. The Supervisory Board proposes that in his stead Mr. Ernst Rieche, Frankfurt a. M., be elected, who with the end of the Annual General Meeting retires from the Board of Management of Commerzbank AG.

Proposals for election are not binding on the Annual General Meeting. The composition of the Supervisory Board is governed by Article 96, paragraph 1, and Article 101, paragraph 1, of the Companies Law, and by Article 76, paragraph 1, of the Law on the Constitution of Enterprises of 1952 in conjunction with Article 129 of the Law on the Constitution of Enterprises of 1972.

5. To elect the Auditors for 1973.

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

Aufsichtsrat (Supervisory Board)

DR. HANNS DEUSS, Düsseldorf

Chairman

KONSUL DR. FRANZ HILGER, Düsseldorf

Industrialist

Deputy Chairman

HELMUT LORENZ-MEYER, Hamburg

Personally Liable Partner, Theodor Wille

Deputy Chairman

GENERALKONSUL PROFESSOR DR. DR. h. c. PHILIPP MÖHRING, Karlsruhe

Lawyer

Deputy Chairman

PROFESSOR DR. DR. h. c. mult. DR. E. h. mult. OTTO BAYER, Leverkusen

Chairman of the Supervisory Board of Bayer Aktiengesellschaft

ROLF BECKMANN, Düsseldorf

Commerzbank AG

KARIN BEHRENS, Berlin

Berliner Commerzbank AG

EWALD FAJKUS, Frankfurt a. M.

Commerzbank AG

URSULA FAMERS, Essen

Commerzbank AG

GENERALKONSUL DR. HANS GERLING, Cologne

Chairman of the Board of Management of Gerling-Konzern

Versicherungs-Gesellschaften

EHRENSENATOR DR.-ING. E. h. FRANZ GRABOWSKI, Wetzlar

DR. KARL-HEINZ KÜRTEIN, Oberhausen

Chairman of the Board of Management of Thyssen Niederrhein AG

Hütten- und Walzwerke,

and Member of the Board of Management of August Thyssen-Hütte AG

RUDOLF AUGUST OETKER, Bielefeld

Owner, Dr. August Oetker

HANS REINTGES, Frankfurt a. M.-Höchst

Member of the Board of Management of Farbwerke Hoechst AG

vormals Meister Lucius & Brüning

EHRENSENATOR HUGO RUPF, Heidenheim (Brenz)

Chief Executive, J. M. Voith GmbH

TONI SCHMÜCKER, Essen

Chairman of the Board of Management of Rheinstahl AG

ERNST VOSSEN, Düsseldorf
Commerzbank AG

HELMUT WEINERT, Frankfurt a. M.
Commerzbank AG

HERIBERT WERHAHN, Neuss
Partner, Wilh. Werhahn

LISELOTTE WÖHRLE, Stuttgart
Commerzbank AG

DR. GERD WOLLBURG, Augsburg
Member of the Board of Management of Maschinenfabrik
Augsburg-Nürnberg AG

Vorstand (Board of Management)

DR. RUDOLF BEHRENBECK, Frankfurt a. M.

DR. HELMUT BRANDS, Düsseldorf

DR. PETER DEUSS, Hamburg

ROBERT DHOM, Frankfurt a. M.

DR. WOLFGANG JAHN, Düsseldorf

GÖTZ KNAPPERTSBUSCH, Frankfurt a. M.

PAUL LICHTENBERG, Frankfurt a. M./Düsseldorf

HEINZ NIEDERSTE-OSTHOLT, Düsseldorf

ARMIN RECKEL, Hamburg

ERNST RIECHE, Frankfurt a. M.

DR. RABAN FRHR. v. SPIEGEL, Hamburg

DR. JÜRGEN TERRAHE, Düsseldorf

Direktoren mit Generalvollmacht
(Assistant General Managers)

HEINZ ALBRECHT, Munich

ENGELBERT DICKEN, Frankfurt a. M.

SIEGFRIED ERNST, Frankfurt a. M.

KLAAS-PETER JACOBS, New York

JÜRGEN REIMNITZ, Frankfurt a. M.

HANS VOLLBACH, Frankfurt a. M.

HERBERT WOLF, Frankfurt a. M.

Chefjustitiar der Bank (Chief Legal Adviser)

DR. HELMUT BECKER, Frankfurt a. M.

Report of the Board of Management

(I)

The inflationary trend continues to overshadow the world, all the more so as the American balance of payments is taking a long time to recover. At the same time economic controls are becoming more fashionable. We feel this development is basically due to excessive demands on public services and facilities on the one hand, and to a flagging resistance where group interests are concerned, on the other. Instead of resolutely countering these demands with a clear-cut policy, there is a general tendency to take the line of least resistance by trying to keep everyone happy, yet when this produces alarming rises in wages and prices, the powers that be fall back on economic controls and measures that run counter to free market principles. The German Federal Republic, which owes its economic recovery after the war to a consistent free-market policy, whilst striving to avoid controls had to finally resort to them to safeguard the economy against external influences.

Economic controls . . .

We look on the international "epidemic" of controls as a reaction to the erosion of money values, a trend which gained further momentum during 1972 in most countries. All we can hope for in the circumstances is that the efforts now being made to stabilize the value of money will at the same time enable the principles of a free market economy and free trade to regain their former ascendancy—one more reason for giving priority everywhere to the fight against world inflation and national price rises.

. . . no answer to world inflation

Mankind is concerned more than ever by another explosive social problem—the increasing pollution of the environment. People are taking stock of the position with a critical eye and this in turn leads to a process of rethinking. Economic expansion and technological records are no longer looked upon as the be all and end all of life. The "limits to growth" are clearly recognized; the call for a higher "quality of life", originating in the US, is also gaining ground in Europe. On the other hand it seems advisable to keep a level head when dealing with environmental matters.

"Limits to growth"

The next few years will show whether the world is capable of shaping its destiny in a way compatible with human dignity. We make the demands for a realistic assessment of growth possibilities and for more humane environmental conditions our own. Regarding the future supply of raw materials and food, however, we feel that the urge to research and the spirit of invention are being underrated.

Up to now periods of need have always stimulated new developments. This should be all the more evident in a free enterprise economy, where such shortages act as a challenge to find substitutes for products which are becoming increasingly scarce and accordingly more expensive.

The GNP of all Western industrialized countries in 1972 showed a real growth of nearly 6 per cent—a far larger increase than in the two preceding years when it had fallen back to about 3.5 per cent. This recovery of the world economy was triggered by the final breakthrough towards a vigorous economic upturn in the United States; a higher level of economic activity in Japan and France also served as a stimulus. Up to the end of 1972, however, revival in Western Europe progressed rather slowly on the whole.

World economy regains momentum

US trade deficit at an all-time high

Contrary to the world cyclical trend, prices rose particularly steeply in Europe, but only comparatively moderately in the United States. Thus the international competitive position has swung in favour of the US—plus the effects of the currency realignment at the end of 1971. In spite of this the American foreign trade deficit reached the previously inconceivable figure of over \$ 6,000 million, and the latest devaluation of the dollar will not by itself bring about a lasting recovery of the trade balance; such a recovery calls for more export-orientation of the American industry as well. We also expect international trade to show a better overall balance once Europe's economic recovery leads to a fresh increase in imports and once Japan opens its gates more widely to imports; up to now, industrial goods have accounted for barely one third of total Japanese imports.

World trade in 1972 expanded by approximately 7 per cent, adjusted for prices. In terms of value the increase was considerably higher since not only industrial goods but in particular food-stuffs and raw materials have become dearer. The foreign exchange position of the commodity producing countries, already precarious in many cases, thus experienced an unexpected improvement.

Third World consolidates

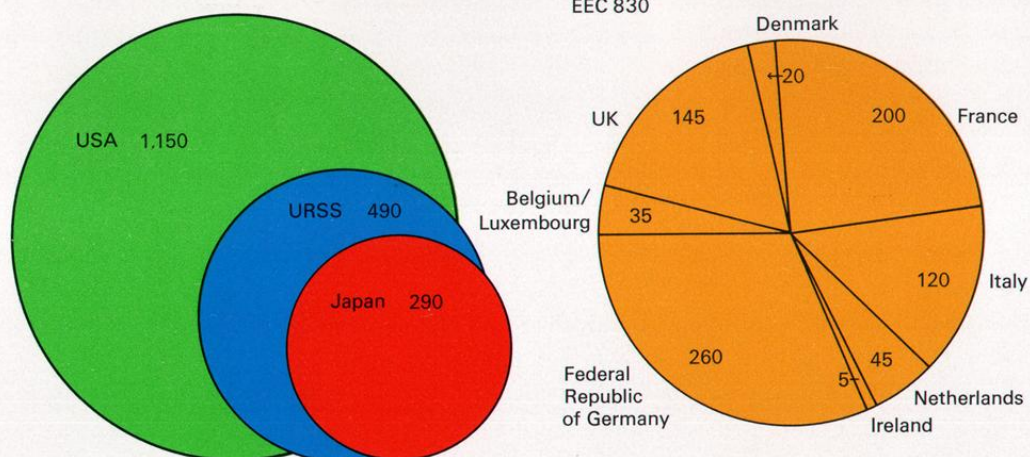
Once again we must note with regret that the basic problems of the Third World are no nearer to being solved. The developing countries are now more united than previously in pressing their demands, and had an opportunity to do so during 1972 not only at the third World Trade Conference, but also within the "Group of Twenty" set up within the IMF, in which they have nine delegates, i.e. almost half the total membership.

Investment climate slow to improve

Until late 1972 the international economic upturn was largely sustained by consumer goods and housing, the very forces a broad rise in income is likely to promote. It was not until comparatively late in the year that industrial investment activity recovered world-wide—with the expected effect on German industry a great part of which is dependent on capital equipment exports.

The enlargement of the European Community at the beginning of 1973 introduced a new factor into the world economy and gave Western Europe a fresh impetus. At the same time the EEC shoulders a growing responsibility in the field of trade policy, particularly since the strengthening of Europe coincides with the United States' current weakness in its foreign trade.

Gross national product, 1972 figures, in \$ 'm*)



*) estimated



Schloemann AG is erecting a fully automatic light-section rolling mill for the ISCOR steel concern in South Africa. Commerzbank has a part in the financing of the project.

The boom in the US looks like continuing in 1973, and growth is likely to be faster in most industrial countries, though at the price of a higher risk of inflation. It is therefore all the more important to counter these risks by imposing restrictions.

Faster growth in the current year . . .

Interest rates have risen world-wide due to the joint effects of a stronger demand for credit, thanks to the upturn in the economy, and a policy of restrictions, and further as a result of the trend towards higher yields brought about by the erosion of the value of money. During the current year the level of interest rates is likely to rise further internationally.

. . . speeds up rise in interest rates

(II)

Economic developments in the Federal Republic proved more encouraging during 1972 than had at first been expected, although price inflation was even worse than had been feared, and was made even more acute by a world-wide increase in food prices during the second half of the year. This meant that the new upturn started at far too high a price level. This rapid cost inflation is a severe penalty the Federal Republic is paying for domestic errors, and in particular for a scale of priorities in which price stability was ranked behind employment, in spite of a continuing shortage of labour.

Domestic economy in 1972 marked by consumption

Up to the autumn, industrial investment activity remained sluggish. Moreover, the "export safety valve" did not work as well as it had done in 1967 for instance, partly because of the parity changes during the last few years.

Change on previous year	1969	1970	1971	1972 ¹⁾
Gross national product nominal	+ 12.1%	+ 13.3%	+ 10.7%	+ 9.1%
real	+ 8.2%	+ 5.8%	+ 2.8%	+ 2.8%
Industrial production	+ 13.0%	+ 6.1%	+ 1.8%	+ 3.8%
Mass income (net)	+ 9.7%	+ 12.8%	+ 10.9%	+ 10.5%
Cost of living ²⁾	+ 2.7%	+ 3.8%	+ 5.2%	+ 5.8%

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

Back on the rising tide of the world economy

After a marked lull during the summer, the economic situation recovered only during the last quarter of 1972, and industry is now showing greater readiness to invest. Exports in particular have gained momentum: since late autumn the Federal Republic has again benefited from upward trends in the world economy.

In 1972, the real growth rate of the German economy did not exceed 3 per cent, while in terms of current prices, the GNP rose from DM 759,000 million to DM 828,000 million. The gap between price-adjusted and nominal growth remained wide, in spite of the recent falling-off in the rate at which building costs are increasing, a rate which had been far ahead of the rise in the domestic cost of living during recent years. As in 1971, price inflation was caused by higher costs rather than increased demand.

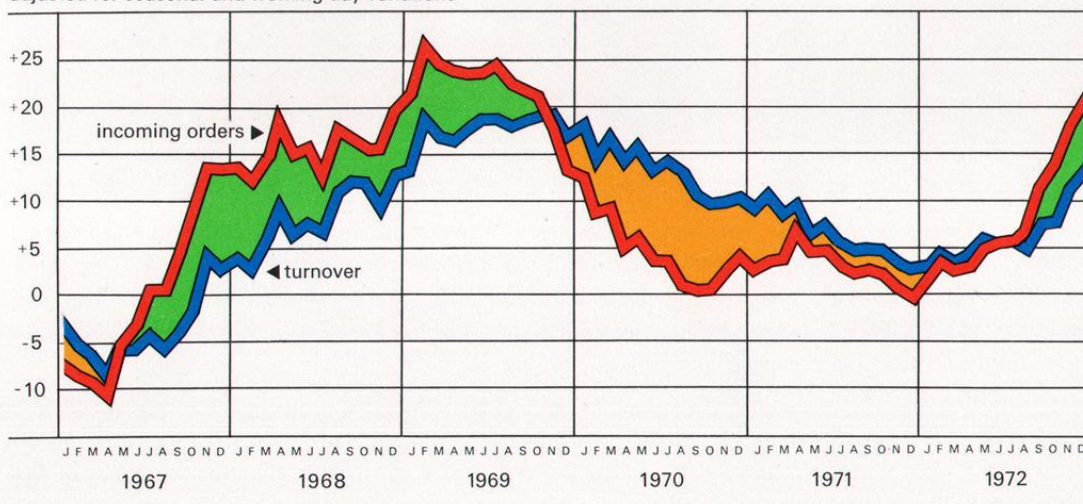
Heavier burden of borrowing

There was only a marginal rise in general production in the manufacturing industries last year; indeed, the mechanical engineering sector, particularly sensitive as it is to changes in the economic climate, stagnated, and industrial investment activity remained sluggish into the autumn. On the other hand, above-average growth was registered in the consumer goods and building supplies fields including trade and craftsmen.

Profit, the economy's life blood, was again reduced to a trickle for most of industry during 1972, a result of high costs and keen competition. With resources for self-financing on the whole scarce, there has been no appreciable improvement in balance sheet performance in spite of the cut-back in investments: basic capital resources remained too small, especially

Incoming orders and turnover in industry

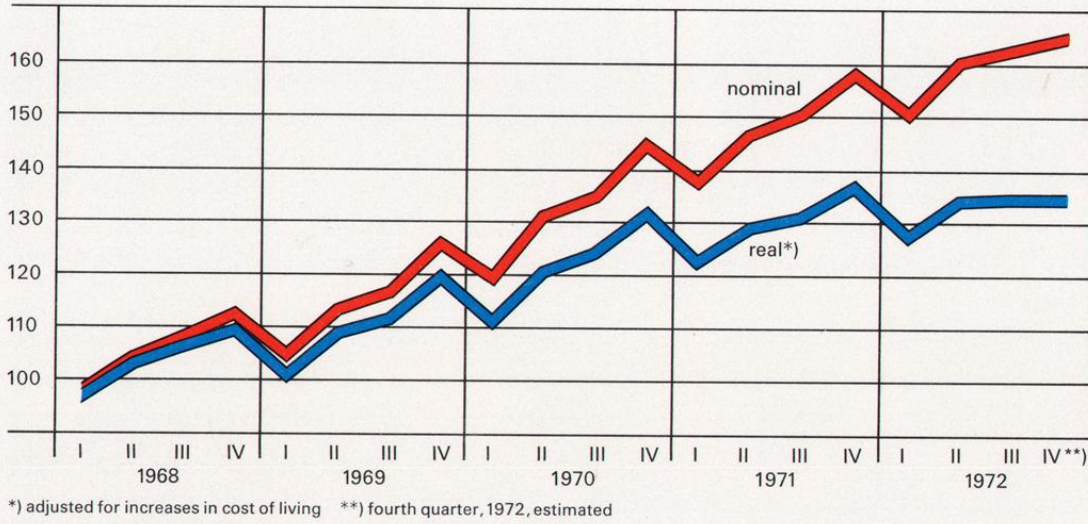
Percentage changes on year of sliding scale 3-months index figures (1970 = 100), adjusted for seasonal and working day variations



when compared internationally. The inadequate scope for depreciation, which does not take the steep rise in replacement costs into account, even led to a wastage of real assets in most fields, a result of what were only apparent but nonetheless taxable profits. This was particularly the case for the capital-intensive sectors. In addition, the heavy burden of financing through borrowing has become more oppressive still following the recent increases in interest rates.

Gross wages and salaries per employed person

1967 = 100



The continuing increase in the cost of living made it difficult to keep wages in step with economic progress. In spite of the "explosion" during the two previous years, wage rates rose by another 9 per cent. Actual earnings rose at about the same rate. The broadening of fringe benefits, including employers' contributions to statutory insurance schemes, also continued. This meant that in 1972 there was again a noticeable gap between wage increases and the disappointingly low growth in productivity. It was a good sign on the other hand that strikes did not disturb the industrial relations climate.

Wages policy affected by rising prices

Labour unit costs for the economy as a whole rose by a further 6 per cent, having soared a total of 22 per cent during the two previous years. Few other countries had to deal with such an adverse development. In addition, the past few years have witnessed the erosion of the competitive position of German industry due to several parity changes. Compared internationally, labour unit costs have risen by about 50 per cent since 1969, whereas in the US the latest devaluation of the dollar of February 13, 1973, resulted in labour unit costs even dropping below their 1969 level, and they had only gone up by 6 per cent until 1972 anyhow (see table on following page).

This development not only demands increased rationalization, but also speeds up processes of structural adjustment. Companies find themselves compelled to change over on an even larger scale from mass production to specialized fields utilizing advanced know-how. Even items which only a few years ago represented the typical product of German industry are increasingly being manufactured abroad. We see it as a sign of the change taking place in manufacturing that in 1972, for the first time, West Germany imported more steel than she herself exported.

Consequences for the structure of industry

Unit wage costs ¹⁾	Percentage increases				
	basis: national currencies				basis: SDR's ²⁾
	1970	1971	1972 ³⁾	1972 on 1969	1972 on 1969
Federal Republic of Germany	11.2	10.2	6.5	30	48
France	6.6	6.5	6.0	20	13
Italy	11.2	11.8	8.0	34	34
Netherlands	7.4	9.7	9.5	29	33
Belgium	5.6	9.7	7.5	25	29
United Kingdom	9.5	9.2	8.0	29	30
Sweden	6.7	9.7	9.0	28	27
Switzerland	3.5	6.0	5.5	16	20
Denmark	10.2	11.5	9.0	34	33
Austria	1.3	9.6	6.0	18	22
Norway	8.3	9.9	7.5	28	27
USA	7.2	3.9	2.5	14	6
Canada	5.7	4.0	4.5	15	15
Japan	9.0	10.8	8.0	30	42

¹⁾ ratio of gross wage income to price-adjusted GNP; ²⁾ thus allowing for changes in parities; ³⁾ preliminary.
Source: Deutsches Institut für Wirtschaftsforschung (DIW), Berlin

For the first time in peace-time: a birth deficit

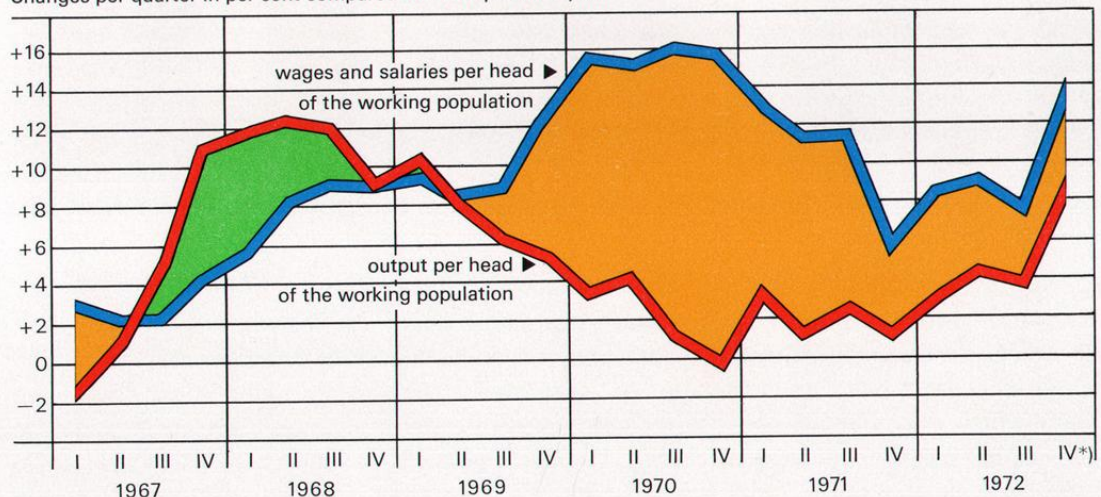
Demographic developments in the Federal Republic show a continued unfavourable trend. For the first time in peace-time, the number of deaths in 1972 exceeded the number of births. For the working population the outlook is even worse, for during the next five years alone the number of German work people expected to retire will probably exceed the additional labour force available by between 500,000 and 600,000.

Limits of employing foreign labour

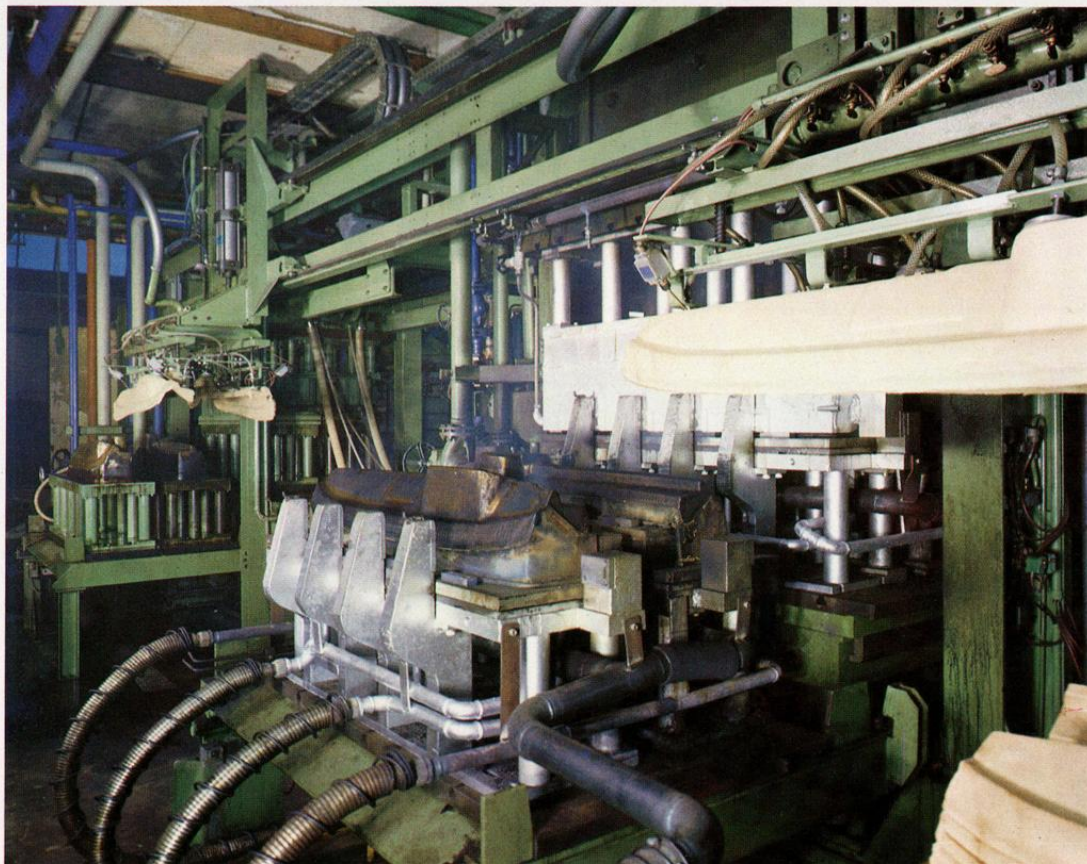
Of late, employment of foreign labour has been approaching the limits of what seems still acceptable. During the late autumn the number of foreign migrant workers reached a new peak at 2.3 million or nearly 11 per cent of all wage and salary earners. We fully realize the

Productivity growth in industry

Changes per quarter in per cent compared with the previous year



*) fourth quarter, 1972, estimated



Our cooperation with Industriekreditbank (industrial credit bank) is helping the smaller businessman—an example being the investment loan for Deutsche Fibrat (picture shows three-stage press for wood-fibre mouldings).

extent to which our economy has benefited from the employment of foreign workers during the last few years, but we are nevertheless beginning to wonder, whether a continued influx of these guest-workers with their different ways of life is still justifiable in economic, social, or human terms. In this matter, too, the "limits to growth" are becoming evident.

Industry made little impact on the labour market in 1972. On the contrary, thanks to increased technical and organizational rationalization intended to offset steep increases in costs, industry managed to do with a reduced total labour force. This in turn helped the tertiary sector—the service industries and the public authorities.

In our view the housing boom fuelled by inflationary expectations was an undesirable development. Both industrial capacity and financial resources were severely strained, and the backlog of approved projects not yet completed, which had grown to close on one million at the end of 1971, has risen even further. Critical interest thus centres on existing tax incentives. Apart from this we find it difficult to understand why the authorities concerned, who ought also to be anxious for a more balanced development, should not have cut back interest and capital subsidies more drastically.

Undesirable housing development

We may well be faced before long with some disillusionment in the housing market as a reaction to record building completions and soaring costs. Examples of wrong planning can be seen more often, with the sales of luxury flats already beginning to falter in some places.

Concentration and mergers have again been hotly debated economic topics, especially since the tax reliefs granted under the so-called Transformation Law, which was in force up to last December 31, led to a "rush before the doors closed". In general, there is growing understand-

Competition and concentration

ing for preventive controls, which we too feel are essential to preserve competition. There should be a clear distinction between mergers based on technical and organizational considerations, and those tending to diminish the competitive stimulus. The competitive conditions on the enlarged European market must also be considered.

Opportunities
for small and
medium-sized firms

Competition is meant to stimulate private initiative and to act as a spur to efficiency in the interest of the consumer. To this end businessmen, particularly in the small and medium-sized firms, must be given adequate scope for development. It is encouraging to note that within the framework of the free enterprise system, West Germany has already come a lot nearer to the ideal of a structurally balanced economy. During the past few years the small and medium-sized independent businessman, on application of elementary business principles, often seemed better equipped to cope with the myriad economic problems, and to absorb rising costs, than the less flexible large company handicapped by overheads. Given a reasonable tax policy we feel small and medium-sized businesses can only stand to gain, and should enjoy good prospects in all more specialized fields which are not governed by the laws of mass production.

Structural policy
falls by the wayside

Apart from the détente between East and West, the issues in the election campaign which dominated 1972 were primarily concerned with social questions, employment, and the standard of living. Thoughts on necessary structural changes fell by the wayside, not helped by a lack of truly convincing basic ideas in this field. Above all else, a directive for an overall energy and transport policy must be established and followed if further misconceived capital projects and deficits running into thousands of millions of D-marks are to be avoided. For the Bundesbahn and the unified Ruhr coal company alone, the taxpayer had to pay for subsidies totalling over DM 3,000 million in 1972.

The fact that the problems of a structural policy have been neglected, especially during the last few years, may also be due in part to the temporary merger of the Ministries of Finance and Economic Affairs, and the re-separation effected by the new government might therefore improve the chances of a comprehensive structural policy emerging.

(III)

Increasing
export surplus

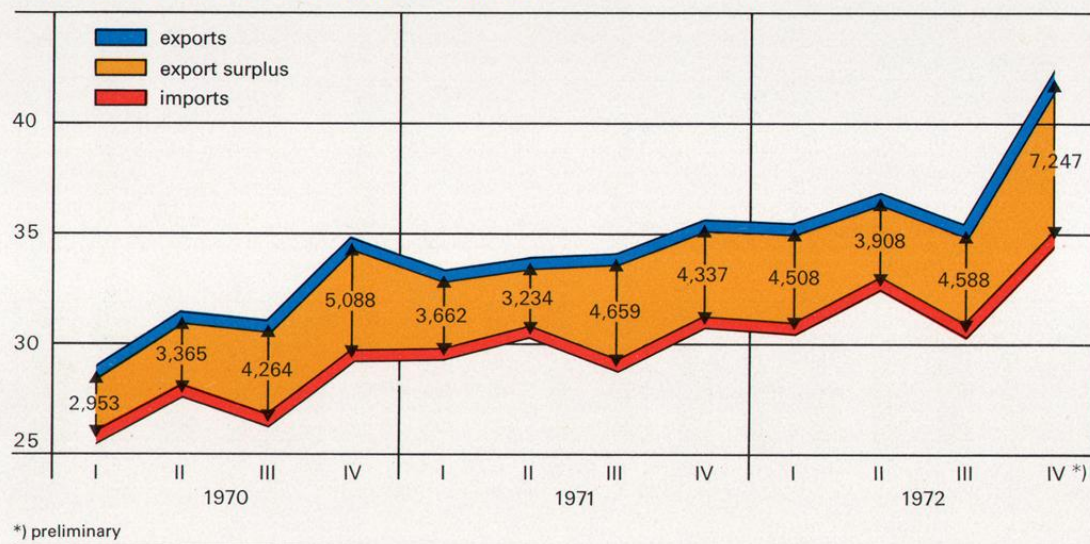
West Germany's economic links with other countries grew even closer during 1972. With more than DM 20,000 million her foreign trade account displayed the highest active balance since the war, thus exceeding by almost one quarter the average export surplus of the preceding five years. Import growth slowed down, initially because of lower prices for imported goods resulting from the 1971 parity realignment. In trade with her EEC partners, an increased deficit was recorded in 1972, especially with the Benelux countries; the trade surplus with the US, on the other hand, increased sharply because of reduced imports.

As in the previous year, 1972 again saw the export surplus largely absorbed by growing deficits in services and transfers. Despite the Olympic Games in Munich, tourism produced a net loss of foreign exchange totalling more than DM 8,000 million (up 16 per cent); remittances by foreign workers to their home countries came to some DM 6,000 million (up 13 per cent).

Walling-in
process . . .

Capital transactions came to an unmistakable turning point at about the middle of the year. Until then, the protective measures against the inflow of foreign money had been concentrated in three areas: the ban on interest payments and increased minimum reserve ratios for

Foreign trade of the Federal Republic of Germany (in DM m)



deposits held by foreigners, the coupon tax levied on fixed-interest securities, and, from March 1972, the cash deposit requirement for financial credits ("bardepot").

In mid-1972, defenses against the massive influx of foreign exchange were further strengthened:

- by the authorization requirement for the purchase of domestic fixed-interest securities, tantamount to a ban on sales to non-residents;
- by tightening the cash deposit regulations;
- by prohibitive minimum reserve requirements which virtually prevent any increase of deposits by foreigners.

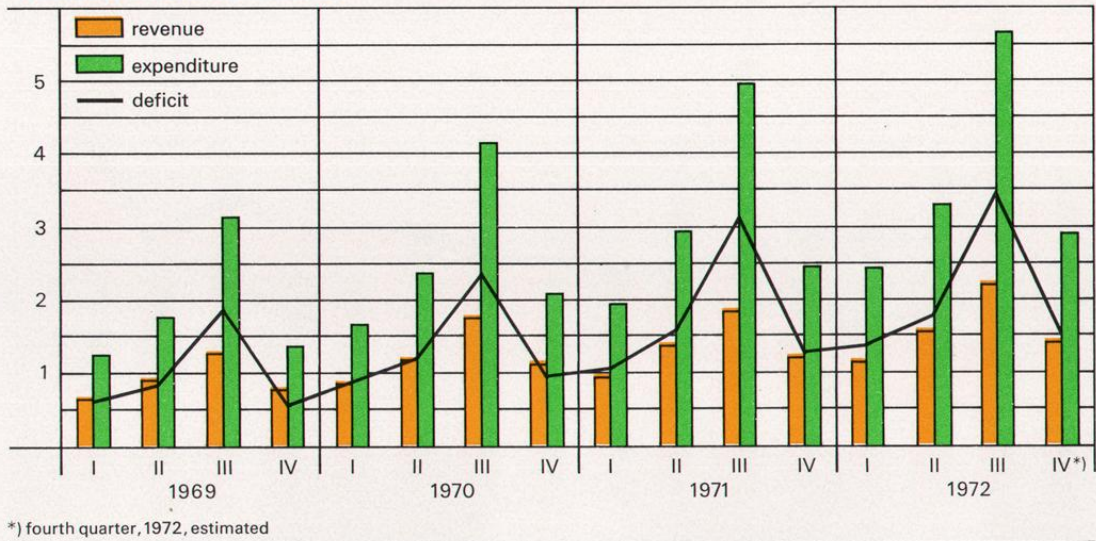
Initially the wall proved somewhat stronger than could have been expected. As long as the divergent price trends influenced the situation in favour of the dollar and against the Continental European currencies, the undermining which had been feared as a result of a shift in the terms of payment did not occur. It may be worth recalling at this point that, on numerous occasions in the past, a sudden change of opinion had been interpreted, by way of the terms of payment, into currency flows amounting to several times the monthly foreign trade balances.

... had to be extended in 1973

in DM m	1968	1969	1970	1971	Jan-July, 1972	Aug-Dec, 1972
Current account ¹⁾	+ 10,906	+ 6,226	+ 2,673	+ 584	- 653	+ 2,367
Capital account ²⁾	- 6,352	- 24,912	+ 12,050	+ 9,231	+ 22,410	- 8,502
Overall balance of monetary movements ³⁾	+ 4,554	- 18,686	+ 14,723	+ 9,815	+ 21,757	- 6,135
Short-term capital movements of banking sector	+ 2,455	+ 4,325	+ 7,927	+ 1,174	- 2,225	+ 1,797
Official foreign exchange balance ⁴⁾	+ 7,009	- 14,361	+ 22,650	+ 10,989	+ 19,532	- 4,338

¹⁾ balances of trade, services, and transfer payments taken together; ²⁾ excluding short-term capital movements of banking sector, but including unclassifiable transactions, as well as compensatory amounts for revaluation losses and for allocations of special drawing rights; ³⁾ changes in total monetary reserve holdings, excluding short-term capital movements of banking sector; ⁴⁾ changes in monetary reserve holdings of the Deutsche Bundesbank.

Tourist revenue and expenditure (in DM 'm)

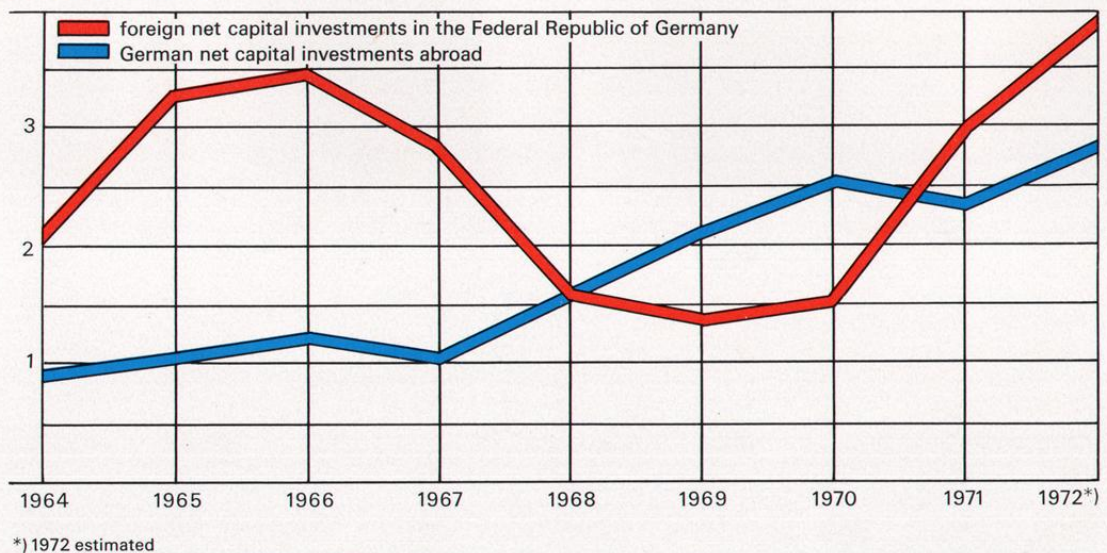


Since the beginning of 1973, the international monetary situation became again turbulent. To combat a new flood of dollars, the German Government drastically tightened existing exchange controls by making extensive use of the provisions included in Article 23 of the Foreign Trade and Payments Act.

Direct investments continue at a high level

As in the three previous years, German firms invested more than DM 2,000 million abroad in 1972, a development that reflected the continued expansion of manufacturing facilities abroad; the total amount, however, was still equal to all new investments by foreign firms in the Federal Republic. There were again several instances of promising German manufacturing firms being taken over by foreign companies.

Direct investments (in DM 'm)





Overseas plants: Mobay, a subsidiary of Bayer, is manufacturing basic materials for plastic production in New Martinsville, USA.

(IV)

In all Western industrial countries, the money supply grew at an alarming rate in 1972. The interdependence between such a development and price trends is obvious, at least in the long run. Consequently, the US-born ideas centering around the controlling of the money supply have affected government policy, both in the Federal Republic and within the EEC.

Substantial growth of lending . . .

The predominant theme of monetary policy in the Federal Republic last year was the substantial growth in lending. This was pronounced during the first 8 months, when a high level of liquidity coupled with a low interest policy, maintained for external reasons, had facilitated new borrowing: but even after the reversal of the flow of foreign exchange during the summer, the financial institutions still met the increasing demand for credit to a great extent, although the Bundesbank simultaneously used its newly won freedom of manoeuvre to take as much liquidity out of the economy as it could.

This policy of severe restrictions was characterized in the main by massive increases in the minimum reserve ratios and repeated cuts in the rediscount quotas. The reserve requirement for banks increased by DM 12,500 million, or about two fifth, during the year. Banking liquidity was reduced by a further DM 6,500 million through cuts in rediscount quotas. As

. . . even after the imposition of severe restrictions

long as the influx of foreign exchange remained dried up, the Bundesbank was much helped in restricting the scope open to credit institutions: the free liquidity reserves of the banking system last autumn fell to the extremely low level of 4 per cent of total deposits.

With funds being taken out of the economy, the banks were again subjected to the pressures which are unavoidable at a time of short but relatively cheap money. As late as the beginning of 1972, the Bundesbank had cut the discount rate to 3 per cent, then the lowest level in all industrialized countries; it was only in October that it started to raise the rate again in small steps. This meant that over considerable periods of the year there was an exceptionally large discrepancy between money market and long-term interest rates.

“Credit explosion”
has external . . .

The expansion in lending in 1972 was forced up mainly by housing and public loans, based on extremely heavy sales of mortgage and communal bonds during the first six months of the year. On the other hand, trade and industry showed virtually no increase in their overall debt compared with the previous year. Although they borrowed more from German banks, they reduced their foreign debts at the same time; on occasions there was less liquidity available for them by way of changed terms of payment in foreign trade than in the two previous years.

Change in DM 'm	at short and medium term			at long term (4 years or more)		
	1970	1971	1972	1970	1971	1972
Bank lendings ¹⁾ to:						
Business ²⁾ and private customers	+ 21.4	+ 30.3	+ 36.1	+ 20.7	+ 28.2	+ 42.4
Public authorities	+ 1.5	+ 1.6	+ 0.7	+ 7.0	+ 8.9	+ 10.1
Domestic non-banks, total	+ 22.9	+ 31.9	+ 36.8	+ 27.7	+ 37.1	+ 52.5

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

. . . and structural
causes

Not only long-term loans, financed by mortgage and other bond issues to the extent of DM 30,000 million, but also most shorter term loans were financed on a sound basis as to their maturity structure. The expansion in the credit-business of the banks was in fact matched by a very high level of longer-term monetary capital formation. The debates, usually of a very general nature, took too little account of the fact that especially in 1972, there was a highly varied development of investments and earnings in individual sectors of the economy, which simultaneously led to a rise in the level of bank deposits and lendings by the firms concerned.

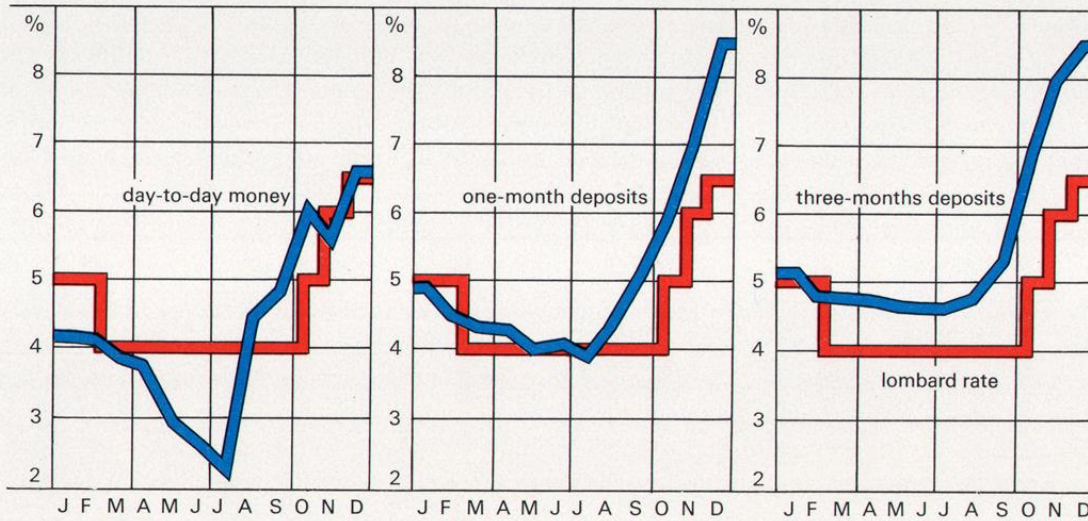
1973: Room for
manoeuvre further
restricted

In the current year, the Bundesbank has continued its tight money policy with increases in minimum reserve ratios and further cuts in the rediscount quotas. Moreover, the banks' room for manoeuvre in their credit dealings as from March, 1973, will be limited by a change in the third principle regulation governing liquidity under the German Banking Law. These principles are basically to protect the creditor; contrary to these guide lines, however, the stricter new arrangements appear to have been dictated with monetary policy as the primary consideration.

In a credit
squeeze . . .

The accelerating price spiral as well as fears of further monetary troubles in currency markets, with the dollar surplus remaining unconsolidated, have brought about proposals aimed at exercising a direct influence on lending. The discussion concerns minimum reserves to be kept on lendings, and as a last resort a ceiling on loans, although even the most zealous supporters of such a step have not as yet put forward any coherent scheme.

Rate for lombard advances and money market interest rates in 1972 (monthly averages)



Fortunately direct restrictions on the volume of lending by means of an imposed ceiling arouses widespread opposition, especially since the banks would then be restricted in the part they play in a free enterprise economy; they would run the risk of developing into "authorities for the allocation of loans", a fear also raised by the Board of Economic Experts. An extension of the reserve requirements to lending—such as e.g. a growth minimum reserve—would also run into a number of problems which would be further intensified by a sharp tightening of the reserve screws. Here too, there is a risk of discrimination between bank loans and the fairly substantial credit business outside the banking system, resulting in the growth of "semi-black credit markets".

... it is free enterprise and small business that stand to lose

In particular the major concerns either capable of making issues, or of financial strength in other ways, are well placed to raise funds that do not go through the books of the financial institutions; small and medium-sized firms and private borrowers on the other hand depend for their loans on the banks. Such a situation would have adverse structural consequences. Moreover, we feel that the introduction of minimum reserves on lending represents a potential danger of political credit controls, since it would not be easy to resist a differentiation on the basis of balance sheet items, debtors, and maturity dates.

A look back over the last few years shows that the Bundesbank has repeatedly been forced to labour in vain: foreign money flowed in at such a rate that it could not be syphoned off fast enough. In the process it came close to the crucial limit to which interest-free minimum

Bundesbank must apply a broad policy spectrum

		Minimum reserve requirement	Rediscounting at the Bundesbank	"Free liquidity reserves"
		monthly averages		at end of month
in DM 'm				
January	1972	30.1	16.0	26.4
July	1972	39.5	16.9	26.4
September	1972	43.7	21.5	16.0
December	1972	43.9	20.5	19.9

reserves are still acceptable to the banks, and through them to their customers; the Board of Economic Experts refers in somewhat extreme terms to a "penal tax" on monetary wealth. There appears to be even less scope for further cuts in the rediscount quotas now, if the natural function of the central bank as the ultimate source of standby credit based on the solid foundation of commercial business is to be preserved. The institutions of the private banking sector which already bear the highest possible minimum reserve ratios feel the cuts in the rediscount quotas most acutely because they are particularly active in the bill business. Even more than previously, the Bundesbank will have to try to utilize the whole range of its credit policy instruments, i.e. to aim at a "policy mix" in its field of operations.

Plea for open market operations . . .

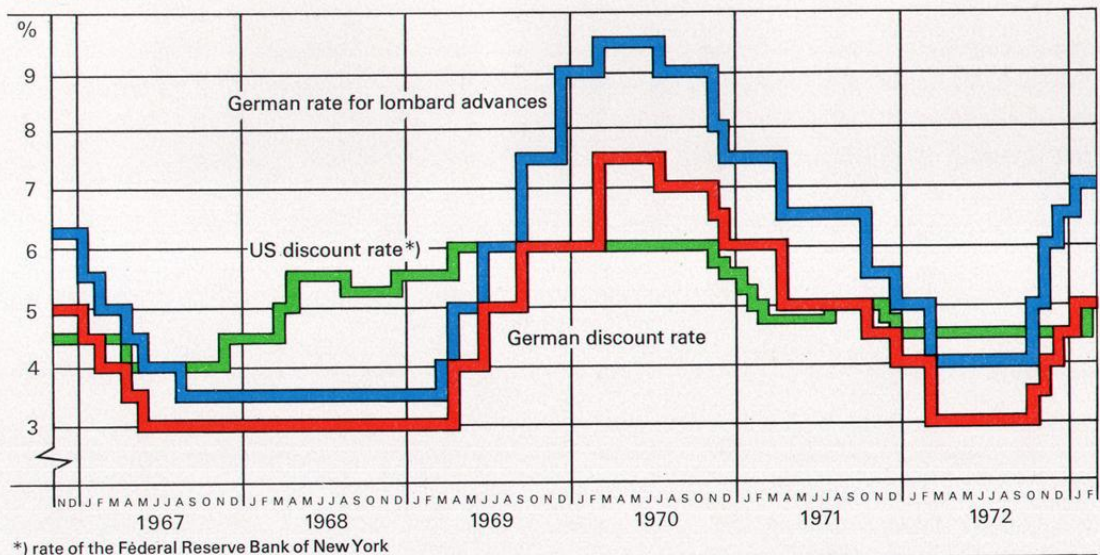
To this end in particular, the open market policy—underdeveloped as it still is here in Germany—is available, which has the special advantages of permitting quick reaction and of providing a high degree of flexibility. Moreover, open market operations with those active in the money market also facilitate an integration of fiscal and credit policies. Even the short-term fluctuations on the money market regularly caused by the tax and dividend payment dates, whose effects are difficult to calculate in their extent, could be smoothly evened out in this way.

We thus strongly support a wider scope for the Bundesbank to engage in open market operations: an autonomous right of issue would appear appropriate. We doubt, on the other hand, whether the direct effect on the level of interest rates the Bundesbank expects from open market business with the public outweighs the principle harm we feel may result from the "bankers' bank" competing with the commercial institutions for the savings of small investors. In any case, the offer of money market paper from as little as DM 5,000, available for everybody, seems to have overshot the mark.

. . . and for a more active bank rate policy

Judging from our own experience, the level of interest rates still matters more than current discussion on monetary policy will admit: it affects both the investment decisions of trade and industry, whether on plant or stocks, and the decisions of private individuals as to how much, and in what form they save. Lastly it also has a bearing on the borrowing capacity of local authorities. The discount rate must therefore remain one of the range of measures available to

Rates for discounts and lombard advances



enforce a monetary policy. The scope for the use of this effective and at the same time demonstrative weapon has often been limited in the past by the need to consider the sensitivity to interest rates of international capital movements. This responsiveness is now being cushioned by the "walling in" practised against external influences. In the circumstances bank rate policy in our opinion could have been pushed much harder.

(V)

The formation of monetary capital in 1972 soared to new record levels. The proportion of disposable income saved by private individuals for example was higher than ever in the first nine months, although to a certain extent the repayment of the anticyclical surcharge on income tax of about DM 4,000 million to private individuals was also responsible for this development. For the year as a whole we estimate new private savings at some DM 70,000 million compared with around DM 60,000 million in the previous year.

Preference for savings tied to material assets

The surplus of deposits over withdrawals on savings accounts at DM 19,000 million was almost 24 per cent up on the year before. Private savers also invested more strongly than in any previous year in fixed-interest securities; this still holds true even after offsetting their substantial sales of foreign issuers' D-mark bonds. In the second half of the year, when foreign purchases of German securities were blocked and financial institutions had to limit their new commitments severely, private individuals constituted virtually the only support for new issues of fixed-interest securities.

Generally speaking savings linked to material assets were preferred in 1972. The stock market, however, hardly derived any benefit from this, since only a few securities enjoyed an assessment that put the increase in their intrinsic value higher than the pressure on profit margins. Property stocks on the other hand—either directly or through unit trusts—were in particularly strong demand. As a part of this development building society savings also reached new records.

Meanwhile some DM 2,000 million of savings have been placed both in open-ended and closed-ended real property investment funds. Other projects eligible for special depreciation
(continued on page 26)

Minimum protection urgently needed for closed-ended funds

Savings in West Germany, on accounts and through securities

in DM 'm	1970	1971	1972	change	
				1971 on 1970	1972 on 1971
Growth of savings deposits ¹⁾	20.7	28.9	34.6	+ 39%	+ 20%
Bond purchases (net) ²⁾					
Domestic bonds	12.2	15.6	25.9	+ 28%	+ 66%
Foreign bonds	1.0	- 1.2	- 4.3	—	—
Share purchases on stock exchange					
Domestic shares ³⁾	1.1	1.8	- 1.5	+ 65%	—
Foreign shares ⁴⁾	1.0	0.9	0.6	- 5%	- 34%
Investment saving					
Securities funds ⁵⁾	1.4	1.0	2.9	- 28%	+ 187%
Open-ended property funds	0.1	0.5	1.1	+ 316%	+ 126%

¹⁾ institutions reporting monthly; including savings bonds and interest credited; ²⁾ at market prices; not including bonds with maturities of up to 4 years; ³⁾ cash proceeds, according to Commerzbank issue statistics, less portfolio investments by foreigners; ⁴⁾ portfolio investments only; ⁵⁾ including only investment funds for small investors

Economic Calendar 1972/73

January 1	Federal Republic of Germany: Cut in minimum reserve ratios for domestic liabilities by 10%.
January 22	<i>UK, Ireland, Denmark, and Norway sign treaty of accession to EEC as from January 1, 1973.</i>
February 25	German discount rate cut from 4 to 3% and lombard rate from 5 to 4%; reduction in rediscount quotas by 10% (as from March 1, 1972).
March 1	Federal Republic: Interest rate for savings reduced by ½%.—Initial "cash deposit" rate of 40% implemented.
April 24	<i>Spread between EEC currencies limited to 2¼%.</i>
May 1	<i>London: free gold price passes the dollar 50 per ounce level for the first time.</i>
May 12	Federal Republic: Initialling of transport and communications treaty with the German Democratic Republic (in force since October 18, 1972).
from June 15	Federal Republic: Repayment of anticyclical income and corporation tax surcharge.
June 23	<i>United Kingdom floats the pound; foreign exchange controls introduced for capital transactions within the Sterling area.</i> Closing of major official foreign exchange markets until June 27/June 28.
June 27	<i>Switzerland clamps down on capital investments by foreigners.</i>
June 29	German Government and Bundesbank make following decisions: a) Sale of domestic fixed interest securities to non-residents subject to official approval. b) Cash deposit rate raised from 40 to 50%. Limit for exemption lowered from DM 2 million to DM 0.5 million. c) Minimum reserve ratios for domestic liabilities raised by 20%. d) Minimum reserve ratios for holdings of foreign liabilities raised to range from 30 to 40%, and for the growth of the latter to 60%. e) Rediscount quotas cut by 10%.
July 6	Resignation of German Economics and Finance Minister, Prof. Karl Schiller; succeeded by Mr. Helmut Schmidt.
July 22	<i>EEC and remaining EFTA countries sign free trade agreement.</i>
August 1	Federal Republic: Minimum reserve ratios for domestic liabilities raised by 10%; rediscount quotas cut by another 10%.
September 9	Swiss-German double taxation agreement in force.
September 22	Dissolution of the sixth German Bundestag.
September 24/25	<i>Norway goes to the polls and votes against joining the EEC.</i>
September 28	<i>"Committee of Twenty" to reform world monetary system installed at the annual IMF meeting in Washington.</i>
October 2	<i>Denmark votes for entry into the EEC.</i>
October 9	German discount rate raised from 3 to 3½%, lombard rate from 4 to 5%.
October 13	<i>Bank of England introduces minimum lending rate.</i>
October 19/20	<i>EEC summit meeting in Paris decides to create by April, 1973, a "European Fund for Monetary Cooperation".</i>
November 3	German discount rate raised from 3½ to 4%, lombard rate from 5 to 6%.

November 7	<i>USA: President Nixon re-elected.</i>
November 8	Treaty normalizing relations between East and West Germany initialled.
November 10	<i>USA: Dow Jones index tops the 1,000 mark for the first time.</i>
November 19	General election in Federal Republic: SPD/FDP coalition achieve a larger parliamentary majority.
December 1	German discount rate raised from 4 to 4½%, lombard rate from 6 to 6½%.
December 18	Federal Republic: Responsibility for money and credit matters transferred from the Economics to the Finance Ministry.
January 1	<i>Accession of UK, Ireland, and Denmark to the EEC.—The nine partners assign the right to conclude bilateral trade agreements to the Community.</i> Federal Republic: Cash deposit rate hiked again; interest rate for savings raised by ½%.
January 12	German discount rate raised from 4½% to 5%, lombard rate from 6½ to 7%.
January 15	<i>USA: increase of discount rate from 4½ to 5%.</i>
January 18	German Government's policy statement refers to the 15-point programme of October 28, 1972, with an emphasis on monetary policy.
January 22	<i>Italy introduces two-tier foreign exchange market, one for financial, the other for trade dealings.</i>
January 23	<i>Swiss National Bank suspends purchases in support of the dollar.</i>
February 1	Federal Republic: Another cut in rediscount quotas in force; the seventh cut within two years will follow on April 1.
February 2	German Government implements Article 23 (covering transactions subject to authorization) of the Foreign Trade and Payments Act, to apply to: a) all domestic securities (including shares), b) the raising of loans and other credits, c) investments exceeding DM 500,000.
February 7	Federal Republic: Availment of rediscount quotas temporarily limited to 60%.
February 12	Closing of major official foreign exchange markets until February 13, the Bundesbank having been obliged to purchase 6 thousand million dollars since early February.
February 13/14	<i>Devaluation of US dollar by 10%, new central rate DM 2.9003 per dollar; floating of Yen and Lira.</i>
February 17	German Government decides to introduce midyear tax increases to yield annually DM 4 thousand million, and to issue a stability loan of likewise DM 4 thousand million. Of the total, DM 6 thousand million to be frozen at the Bundesbank.
February 23	Federal Republic: Implementation of a maximum cash deposit rate of 100% legally possible.
February 26	<i>USA: Discount rate raised from 5 to 5½%.</i>
March 1	Federal Republic: After new dollar influx of dollar 2.7 thousand million minimum reserve ratios again raised in order to immobilize DM 5 thousand million.
March 2	Closing of official foreign exchange markets throughout the world.
March 11	German Government decides on taking part in joint EEC float, and on revaluing the D-mark by 3%; new central rate DM 2.815825 per US dollar.

—often in the context of the Development Aid Tax Law—have also proved attractive although financial institutions offered them in a few cases only.

Often such operations have already led to a rude awakening. This underlines the need for a rapid introduction of statutory regulations which would at least provide minimum safeguards for purchasers of low-denomination fund shares. Up to now such safeguards have only been available in the case of open-ended real property investment funds, subject as they are to the Investment Companies Act. The sluggishness of the authorities to provide equal protection for other forms of investment as well, seems all the more surprising since they had already had to accept a share of the blame for the IOS scandal then abetted by the delayed revision of the Investment Companies Act.

Issuing records only
in the fixed-interest
market

Despite the upward price trend there were fewer issues in the stock market. On the other hand there were far more fixed-interest securities on offer than ever before; true, the massive recourse to the market rapidly forced a return to issues bearing an 8 per cent interest rate, after a brief period in March, 1972, when 7 per cent issues seemed to flourish; indeed, in January, 1973, it proved necessary to go over to 8½ per cent issues. Foreign issuers' D-mark bond loans, with total issues in excess of DM 5,000 million, again reached the level of the previous best year, 1969. Details of developments in the stock markets are given in our booklet "Rund um die Börse 1972"; for our own securities business see pages 41/44.

(VI)

Fiscal policy out of
line with economic
realities

The public authorities were out of line with economic realities, during 1972 for once again they were not sufficiently flexible to adapt quickly to changed economic circumstances. Tax receipts came in at a much higher level than expected but, because of sharply increased personnel and capital costs, did not keep pace with expenditure. The tax burden, measured in relation to GNP, went up to 23.8 per cent from 22.7 per cent. A somewhat doubtful value was the repayment, as required by law, of the anticyclical surcharge on income and corporation tax, which injected more than DM 5,000 million into the money supply by the middle of the year.

For the current year the budgets of public authorities provide for increases in expenditure averaging about 12 per cent. This would once more exceed the expected increase in the GNP, and, in addition, would clearly be too much at a time of economic expansion.

Following the generous upgradings and improvements in salary scales of recent years, public employees can no longer claim to be the "Cinderellas" in the income ladder. Between 1969 and 1972 regional authorities increased their wage and salary bills by 55 per cent, though admittedly a quarter of this represents an increase in the size of staff. This had an adverse effect on capital budgets, which were also eroded by price increases.

Subsidies a
tenacious worry

Hopes of thinning out the thicket of subsidies were again disappointed during the year under review. On the contrary, with the basic legal framework remaining unchanged, facilities for public financial assistance and tax reliefs were used even more extensively. Subsidies alone for housing in the broadest sense of the word must have come to DM 12,000 to 13,000 million last year, despite the chronic overheating in this sector. There is hardly an acute shortage of living accommodation any more, since the number of dwellings in the Federal Republic has more than doubled to 22 million units since the German currency reform of 1948. There are

many other fields in our view where the conditions which originally called for government-aid have vanished altogether or persist only to a limited extent. They certainly include the tax concessions in the banking sector granted to certain groups of institutions.

In the context of the major tax reform which, as it seems, is to be carried out in several stages, priority should be given to the question of how land should be taxed in the future. This is of particular importance as far as property tax is concerned. Relief from this type of tax, which is fairly important in the Federal Republic, might well be appropriate for small properties by increasing relief levels so as to adjust them to current values; we would also urge strongly the case for the abolition of unjustifiable double taxation, firstly on the company and secondly on the shareholder, borne by assets in the form of ordinary shares.

Tax reform:
abolition of double
taxation overdue

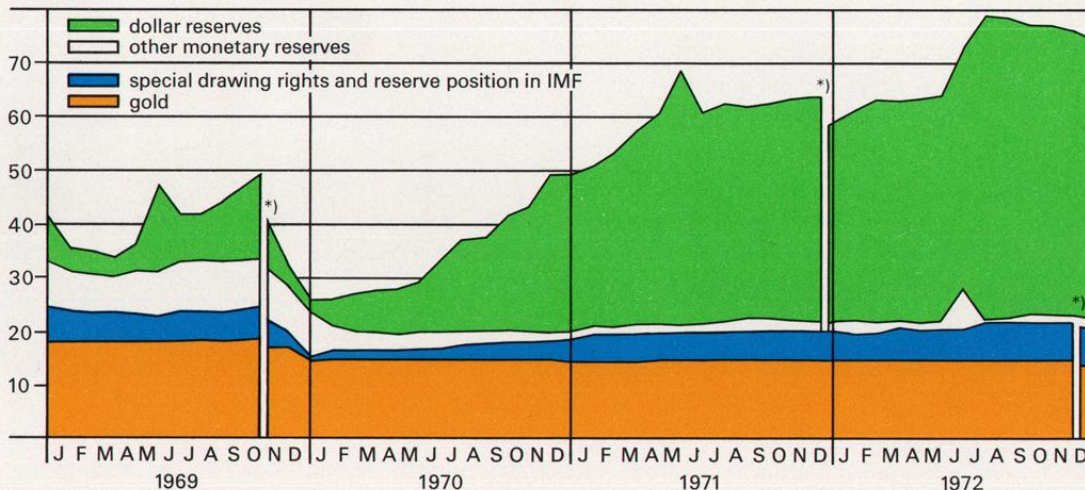
We would recall in this connection that the blow of the double taxation of earnings which shareholders suffer is only slightly softened by the split rate of corporation tax. For the purpose of the complete abolition of this double burden, a number of convincing proposals have been put forward concerning a method of calculating allowances which would be in keeping with the principles of social justice.

(VII)

The repeated spasms of nervousness in the foreign exchange markets underline the urgency for a thorough overhaul of the international monetary system, which had received only emergency repairs through the currency realignments at the end of 1971 and in the beginning of the current year. By all events, it is not enough to do nothing but wait for a consolidation of the US balance of payments to come about. The weaknesses of a system primarily based on one national currency have been all too evident in the past. In addition, there is the unsolved problem of the huge dollar balances which stand in the way of a return by the United States to convertibility. Because of the complexity of the problem, there has so far hardly been more than the vague outline of a lasting solution. It thus appears all the more urgent that in the meantime the major trading partners in the world demonstrate their best intentions regarding the implementation of international monetary matters.

The search for a
new international
monetary order

Monetary instability as reflected by German monetary reserves
in DM 'm



*) adjustment of value of monetary reserves for changes in parities in October, 1969, and in December, 1971 (values of gold holdings and reserve position in IMF after realignment only adjusted as of December 31, 1972)

The last few years have shown dramatically that foreign exchange plays only a minor role in international currency reserves and that it is not suitable as their major constituent. A pure gold standard is also ruled out, however, since supplies of this metal are inadequate and unreliable; on the other hand it appears rather risky, particularly in today's inflationary world, to "increase" the quantity of gold merely in accounting terms by raising its price. This explains why the abstract reserve medium of the special drawing rights (SDR's) plays a central part in plans for reform.

Special drawing rights: prone to misuse

Then again, these monetary reserves, easy to manipulate as they are, also involve risks. Up till now they have been allocated according to predetermined plans rather than on the basis of economic necessity, irrespective of the existing excess international liquidity. Primarily as a result of the US balance of payments deficit, the currency reserves of the IMF member countries have mushroomed from some 90,000 million to over 140,000 million SDR units in the last three years alone. A more cautious allocating policy for special drawing rights would therefore seem urgently needed. It is also a moot point, whether the time is really ripe yet for an abstract medium which as a means of payment is not convertible into gold, and as a bond does not carry interest at market rates.

Special drawing rights are prone to misuse. This is also evident in their planned link to development aid programmes. We believe that aid for the Third World should not be financed through the international creation of liquidity but only through sound capital formation, i.e. through the mobilization of savings and tax revenue. In accordance with well-established practice the World Bank and the regional development banks will be predominantly involved in such an undertaking, and the German capital market ought to remain wide open to these institutions in the future.

Parity changes . . .

The urgent problems facing the newly formed Group of Twenty include future policy on exchange rates as well as the control of short-term capital movements. There is fortunately a growing realization that in cases of fundamental payments imbalances, both surplus and deficit countries must change their parities in good time. A decision of this kind should not of course be governed by single indices, such as a change in currency reserves, but should be based on comprehensive analyses of trends. The remedy of seeking to restore the balance of payments by changes in exchange rates should not, of course, release individual countries from the obligation of pursuing an economic policy directed towards stability.

. . . and controlling the movement of funds

The control of short-term capital movements must be seen against the background of a readily mobile reservoir of thousands of millions of Eurocurrencies. At the same time, however, allowance should be made for the particular sensitivity of the international money markets. Under the pull of interest rate differentials and currency speculation these funds tend to switch from one currency into another, and it is this process that permanently creates a dangerous source of inflation for countries with "attractive" currencies. Only a sustained flow-back of such "flight" funds to their national markets would make the problem more manageable. This presupposes a consolidation of the currencies concerned. Moreover, it remains to be seen to what extent the national monetary authorities obstruct such a flow-back.

(VIII)

A "Europe of the Nine"

For the EEC the entry of Britain, Denmark, and Ireland at the beginning of 1973 made this the most important and outstanding date since the Rome Treaties were ratified. The European Community thus becomes by far the largest trading bloc and the second largest producing



Denmark, the United Kingdom, and Ireland are now partners in the EEC. Copenhagen has assumed a sounding role for Scandinavia.

area in the world. Even those—including ourselves—who welcome this extension unreservedly cannot ignore the fact that at the same time the burden of tasks and problems to be faced has become appreciably heavier.

If the enlargement of the EEC is to become a “turning point in history”, the Commission will have to regain greater importance. Based on its persuasive European arguments, it should be able to overcome the latent chauvinism which is still dominant throughout the Community.

The balance of its first fifteen years of existence shows some important achievements for the “original EEC”: a customs union, a common agricultural market, free movement of labour and, more recently, a unified value-added tax system. On the other hand, the protectionist tendencies in agricultural policy with their negative effects on price levels, the slow progress towards harmonization of commercial law, and the setbacks suffered in the field of capital movements have been disappointing.

We further regret that the EEC has not been able to launch any initiative towards the liberalization of world trade. Moreover, the various association treaties and preferential agreements with the EEC have incurred the reproach that an attempt is being made to set up an Afro-European trading bloc, and thus to discriminate against other countries. The impending round of GATT negotiations will provide an opportunity to refute such accusations.

Problems of trade policy . . .

... and divergent trends in monetary policy

Questions concerning internal and external monetary policy are particularly explosive. The sharply diverging economic trends in the nine countries constitute an obstacle to the objective of linking their currencies with each other as quickly as possible. On the other hand though, narrower spreads have been established for the exchange rates of the EEC countries, to be safeguarded soon by a fund for monetary cooperation. But then there was a relapse into divisive exchange controls—directed in some countries against capital imports, and in others against capital exports. Differing national priorities further complicate the Community objective of “speaking with one voice” in world monetary discussions. The important thing, however, is that the individual partners are already accepting substantial reductions in sovereignty over monetary policy, whilst a policy of stability for the Community has yet to be produced. The resulting inflationary trends are regarded in the German Federal Republic as a very bitter price to pay for the first steps towards monetary union.

Political union as the final objective

The aims of the EEC should not be limited to the setting up of institutions or to the adding together of production statistics. What the Community must do is to convince its peoples by improving the material and political conditions of life. Only when all people identify themselves with Europe will political union become a credible objective.



The Bank's Progress

(I) General performance

Faced with persistently difficult market conditions—sudden fluctuations in the flow of liquid funds, the increasing pressure of restrictions, intensified competition—Commerzbank managed once again to consolidate and strengthen its position in 1972. The Bank's balance sheet total increased for the first time by more than DM 3,000 million within one year.

The volume of business, including rediscounted bills, reached DM 26,700 million, an increase of 16.7 per cent, and on average throughout the year it was up 11.0 per cent.

In the expectation of what may be called a "repatriation of credits"—i.e. demand for funds shifting from the Euromarkets to domestic sources—and of a growing demand for finance resulting from the upturn in economic activity, we were particularly concerned to provide for sufficient liquidity. Our customers did in fact demand credit lines on a larger scale, although it was only in the second half of the year that the latter have actually been drawn on to a growing extent.

Balance sheet

Salient features of the annual balance sheet include:

- Balance sheet total DM 25,600 million
- Deposits DM 23,600 million
- Total lending DM 17,400 million

Whilst the Bank's overall concept in the two previous years was predominantly inspired by its international partnership with Banco di Roma and Crédit Lyonnais and its close links with two domestic mortgage banks, efforts in 1972 were mainly aimed at widening the range of facilities offered. Thus, in close co-operation with the affiliated mortgage banks, we initiated a programme of combined financing for individual dwellings by means of a single "package" loan. Investors were offered additional possibilities through "Haus-Invest" property fund shares and through Commerzbank savings bonds.

Range of facilities offered

We regard the increase in the number of our customers as a remarkable indication of the consistent expansion of our business. In the autumn of the year under review, our two millionth customer opened an account; the number of customers has thus doubled within six years. The number of accounts and safe custody deposits held with us by now exceed 3 million, more than half of them being savings accounts.

Two million customers

Our domestic network was extended by six branches in 1972. Further branches and offices are being planned. Just like up to now, our branch expansion will remain concentrated on Southern Germany.

Organization

Commerzbank
Group

At the turn of 1972/73, the banks affiliated within the Commerzbank Group,

- had 805 branches
- with 17,707 employees (full time), who
- looked after some 2.3 million customers
- holding some 3.5 million accounts.

In all, the Commerzbank Group had a consolidated balance sheet total of DM 35,333 million as at December 31, 1972. The Group report is published on pages 101 to 109.

The following major affiliated banks, whose reports appear on pages 78 to 85, form part of the Group:

Berliner Commerzbank	balance sheet total DM 1,368 million
Commerzbank International S.A.	balance sheet total DM 2,204 million
Rheinische Hypothekenbank	balance sheet total DM 4,135 million
Westdeutsche Bodenkreditanstalt	balance sheet total DM 2,344 million

Earnings position

Once again, earnings did not keep pace with the expansion of business. Interest income in particular proved disappointing: with further pressure on the interest margin, net interest received advanced only slightly. Increased minimum reserve ratios were one of the adverse factors; again we were obliged to increase our interest-free minimum reserve holdings which were on an annual average some DM 200 million higher than in 1971.

There was a new increase in commissions received, falling principally to stock market and commercial foreign business. In the underwriting field a decrease in domestic earnings was largely offset by higher income from foreign issues. Against a background of renewed monetary troubles, the foreign exchange business equalled the good results of the previous year.

Depreciation on the Bank's securities portfolio, mainly on fixed-interest securities, had to be raised during the year under review. On the other hand there were substantially higher price gains in the securities business. The latter largely explains why the difference between "Other receipts" and "Depreciation and valuation reserves" increased once again.

Staff costs were up by one eighth, in spite of further successes in rationalization. Current operating expenses rose more or less in step, the growing use of computers being to some extent responsible.

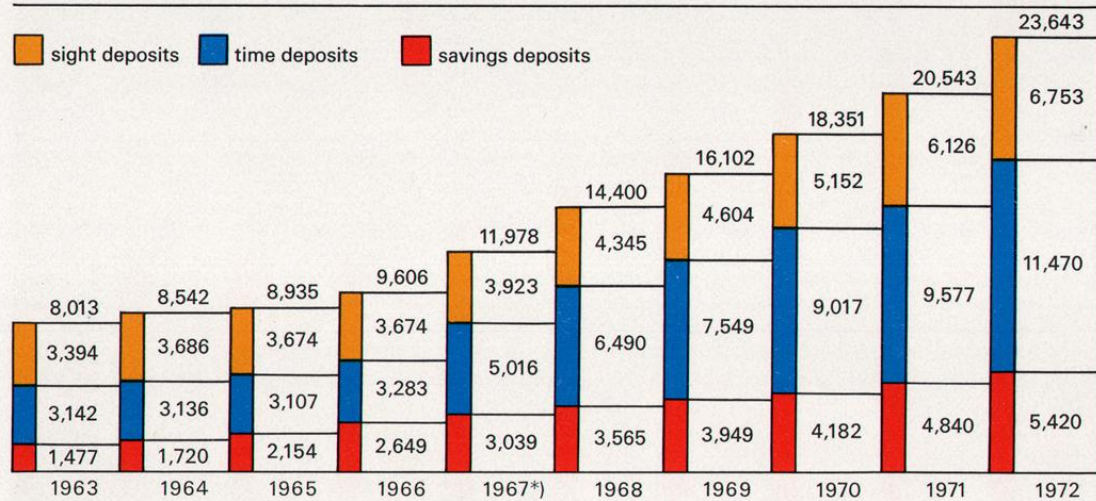
During the last 10 years, the average unit costs per working hour to the Bank have gone up by 136 per cent; with 12 per cent of this rise reflecting cuts in working hours. There is also the effect of the increased employment of qualified staff in managerial and advisory capacities, at salaries in excess of collectively agreed scales.

In the financial year 1972, total profit before taxes rose only slightly over the previous year.

Growth in deposits

Total deposits from non-bank customers were 15.9 per cent higher at the end of the year under review than at the end of 1971; balances kept with us by other banks increased by 11.7 per cent. As a result, customers' deposits now account for a larger share of the total.

Deposits at year-end (in DM m)



*) owing to new regulations governing the drawing up of balance sheets, the data from 1967 on are not fully comparable with earlier figures

The strongest rise was in customers' time deposits. Deposits with a date of less than three months were up by 24 per cent compared with the previous year, and three months' deposits favoured by customers also played an important role. Financial preparations for new investment programmes contributed to the growth in time deposits as well.

The increase in the volume of business of DM 3,815 million enabled us to meet the demand for credit in full, yet the ratio of credits taken up to total business dropped slightly.

Investment policy

Source of Funds	DM m	Application of Funds	DM m
Increase in liable funds	125	Increase in cash advances	
Convertible bonds issued	160	Credits to credit institutions	(100)
Inflow of deposits		Claims on customers	(1,947)
Bank deposits	(465)		2,047
Customers' deposits	(2,635)	Increase in participations	73
	3,100	Increase in liquid funds	
Reduction of assets		Cash reserve	(835)
Bill portfolio	(642)	Cheques and items for collection	(134)
Securities portfolio	(74)	Nostro balances	(1,002)
Other assets	(6)		1,971
	722	Increase in other assets	106
Increase in other liabilities	90		
Total	4,197	Total	4,197

Utilization of new funds in 1972

Throughout the year we held fairly large funds, spread over a broad range, employed in the money market. This was not only due to the growing demand for credit lines and owing to higher minimum reserve requirements; in the second half of the year in particular,

Liquidity



we also had to take into account the cooler climate in the money market and the reduced scope for rediscounting at the Bundesbank. This special provision of liquidity which the banks are currently feeling compelled to make is bound to result in higher lending rates, especially as money market investments yielded unsatisfactory returns at times.

The increase in cash reserves reflects more stringent minimum reserve requirements. At the end of 1972 we had to hold DM 650 million (or 40 per cent) more in minimum reserves with the central banking system than a year previously. For our free reserves we again gave preference to deposits with other banks; this meant that in our inter-bank business we were mostly in credit over the year.

Securities portfolio,
and holdings

We maintained a cautious attitude to new investments in fixed-interest securities, and our portfolio shrank accordingly during the year. On the other hand, our holdings of ordinary shares grew, particularly through subscribing to rights issues; our securities holdings subject to disclosure rose correspondingly (see list on page 86).

Our holdings in other banks showed further growth, in particular through capital increases at Rheinische Hypothekenbank, Westdeutsche Bodenkreditanstalt, and Commerzbank International.

Equity resources

Two important measures aimed at raising capital were taken during the year under review. Firstly, we issued a DM 160 million convertible bond loan in May. This was followed in December by a capital increase from the authorized capital as approved at the Annual

General Meeting on May 3, 1972. The new shares of altogether DM 44 million nominal were offered to shareholders and to holders of our convertible bonds, both of which groups fully exercised their subscription rights at the beginning of the current year. The capital increase provided the Bank with an additional DM 110 million liable funds.

At the end of May, 1972, Commerzbank's shares, already quoted in London and Paris for a number of years, were introduced on the Vienna stock exchange.

(II) Business with trade and industry

The distinctive feature of the Bank's dealings with its business customers was once again the very wide and diversified range of its clientèle in all parts of the German Federal Republic. We regard the resulting spread of risks as a considerable asset. At the same time we are performing an important function within the national economy by ironing out differences in the supply of money and capital as between the various regions and sectors of trade and industry.

Wide range of customers

Besides the large companies an appreciable number of medium-sized and small firms in industry, commerce, and other fields of business as well as people in the professions and those working freelance are doing business with us—and in some cases have done so for decades. We have an above average share in the commercial banks' business with small and medium-sized enterprises.

We have also made a point of offering our services to the international business world in recent years, with the wide range of services a German all-purpose bank can offer standing us in good stead. Many multinational groups with head offices all over the world have meanwhile come to rely on our services for credits as well as for loan issues.

Medium-sized firms in particular showed greater interest in our financial consultancy services during the year under review. We assisted mainly in financial planning and in carrying out investment projects.

Lendings showed fairly severe fluctuations during the year, largely in response to foreign exchange movements and to changes in the external economic situation. The cash deposit, which doubled the costs of Euro-D-mark borrowing in 1972, led to a shift in the demand for finance back to banks in Germany. All the same the volume of these "repatriated credits" was smaller than had been expected.

"Repatriation of credits"

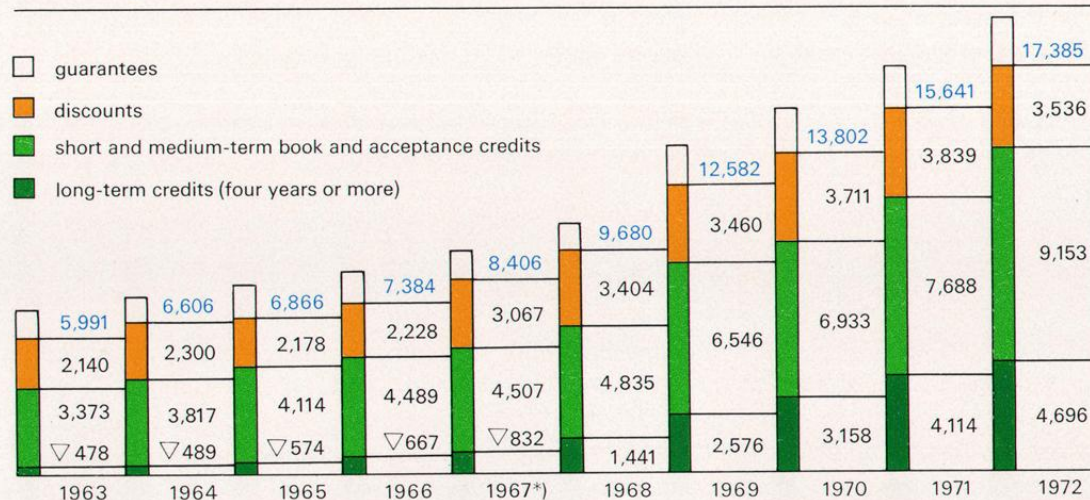
Credits on bills fell in 1972. Their share in total lending to business customers has fallen from about 40 per cent to about 25 per cent in the last five years. This shows a clear relationship with the repeated cuts in the rediscount quotas by the Bundesbank. Thus, only a fraction of the bills presented to us are in fact still rediscountable within the central banking system. The greater part of the bills purchased have to be financed from deposits bearing relatively high interest rates. This was bound to have an effect on the terms of the discount business: the cost advantage of credits on bills compared with overdrafts has shrunk visibly.

Fewer discounts . . .

The growth in advances was principally in short and medium-term book credits—i.e. advances and overdrafts—but there was also another substantial increase in long-term loans, the bulk of which definitely occurred in the last three months of the year.

. . . but more advances

Total lendings at year-end (in DM m)



*) owing to new regulations governing the drawing up of balance sheets, the data from 1967 on are not fully comparable with earlier figures

Pattern of borrowers

The changes in the pattern of our borrowers are again a true reflection of the varied patterns of capital spending in the different fields of trade and industry, particularly since business has come to rely increasingly on medium and long-term bank loans to carry out its investment programmes. Accordingly the public utilities sector continued to take up a growing share of our lendings whilst mechanical engineering, for example, made comparatively less use of our credit facilities.

Breakdown of lendings to business and private customers*)	31-12-1972	31-12-1971
Mining and public utilities	4.7%	3.8%
Chemical industry	10.0%	10.0%
Electrical engineering, precision instruments, optical goods, metal products, and plastics	13.2%	13.4%
Production of iron, steel, and other metals; foundries	7.1%	7.1%
Steel construction, mechanical engineering, vehicle and shipbuilding	11.9%	13.7%
Building	2.5%	2.8%
Food, drink, and tobacco; animal feeding stuffs	3.9%	4.2%
Textiles, clothing, and leather	4.1%	4.9%
Wood, paper, and printing	3.3%	3.4%
Commerce	14.7%	13.9%
Other borrowers ¹⁾	24.6%	22.8%
(Instalment credits included)	(5.0%)	(5.1%)
	100.0%	100.0%

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

The steadily growing proportion of "other borrowers" can be largely attributed to the lively loan business with private customers and to the high level of credits granted to all types of businesses in the services sector.



Opel, successful German subsidiary of General Motors, is one of the companies dealt with in our reference book "Who's whose" (10th edition to be published this year).

The total number of guarantees given, which had remained stable in the previous year, went up again rather sharply, particularly as a result of the revival in foreign trade.

Guarantees

The demand for long-term finance was again very brisk, although we noted more than once that the high level of interest rates tended to hamper long-term lendings. Understandably, loans at preferential rates of interest and other "development funds" were all the more in demand. In many cases we managed to give our customers access to these cheap sources of finance.

Longer term financing

The exceptionally high level of building activity, particularly in the field of housing, produced a very high demand for long-term loans. We arranged many more mortgages, principally from real estate credit institutions associated with us, but we also employed lendable funds of our own. Caution was indicated in cases where rented properties seemed unlikely to cover costs from current earnings.

Building finance

As a result of price movements in the bond market, the effective costs of mortgage loans against mortgage bonds rose from about 8.5 per cent at the beginning of the year to nearly 10 per cent at the year-end. Moreover, similar to the ever shorter maturities for mortgage bonds, fixed terms for mortgages could not in general be granted beyond ten years.

Jointly with Allianz Versicherungs-AG and Bayerische Vereinsbank we set up a holding company, BeVerwa Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt, which has acquired a minority interest in Rolu-Normenbau AG. This has given us a foothold in prefabricated housing, thus extending the range of building finance we can offer. The

Wüstenrot building society has reserved the right to acquire an interest in the holding company at a later date.

Loans against
borrower's note

The demand for loans against borrower's note increased further during the year. We used this method to procure long-term capital for both industrial and major commercial enterprises and bodies incorporated under public law. These loans as a rule had a life of 10 to 15 years, with their amounts reaching as much as DM 100 million in some cases.

Instalment sale
financing, and
leasing

We continued to finance instalment sales through our subsidiary, Bank für Teilzahlungskredit GmbH, specialized in this field. Leasing finance facilities have increasingly been provided through our affiliate, Commerz- und Industrie-Leasing GmbH, and real estate leasing was started.

(III) Service to private customers

Around 90%
private customers

A growing proportion of savings capital formation comes from private households. The volume of money they handle increases steadily. This explains why, within the context of our general business policy as well as because of the considerable share in important sectors of our business already held by services offered to the general public the latter form the second pillar supporting the Bank's overall activities. Around 90% of our two million customers are private individuals.

Savings deposits

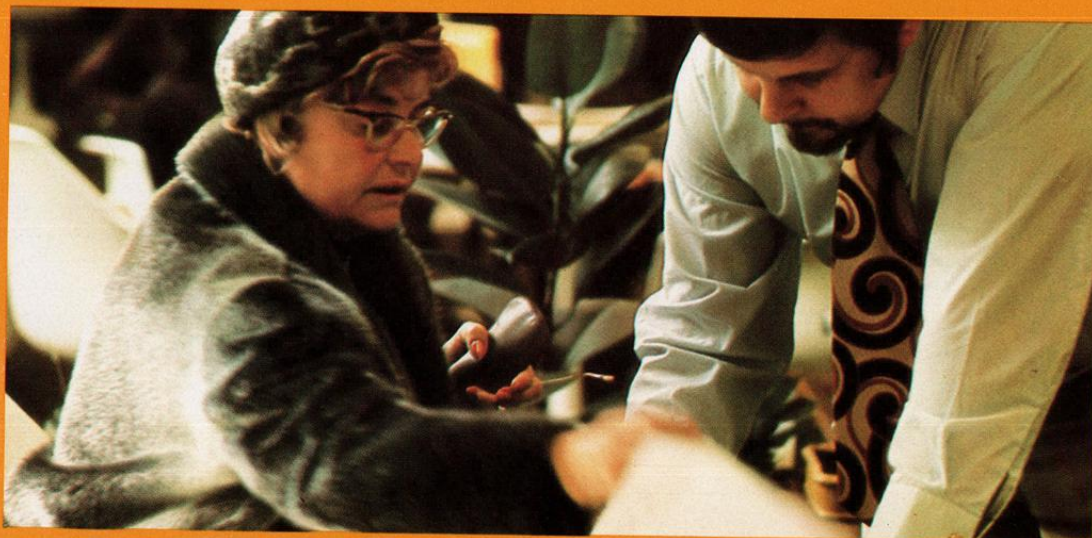
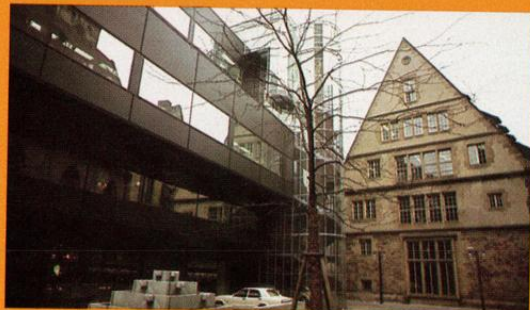
Savings deposits placed with us increased further by almost 12 per cent to DM 5,400 million over the year. We opened 71,000 new savings accounts, bringing the total to some 1.6 million:

Size of savings accounts	Number of accounts	Total amount in DM m
up to DM 1,000	992,737	236.0
from DM 1,000 to DM 10,000	536,791	1,810.4
from DM 10,000 to DM 50,000	95,700	1,857.4
over DM 50,000	9,790	1,516.3
	1,635,018	5,420.1

Credit balances with relatively long periods of notice grew faster than average; we feel this reflects increasing awareness of interest rate levels. In the closing weeks of last year, account saving fell markedly since other forms of investment offering higher interest income proved more attractive.

Commerzbank
savings bonds

For those savers looking for fixed-interest securities with higher yields but not easily inclined to purchase securities disposed to stronger price fluctuations, or to buy investment shares, Commerzbank introduced its savings bonds. This registered security is issued in DM 1,000 units, runs for a minimum of 4 years and can then be cashed if required at face value; after 5 years repayment is at 101 per cent, and after 6 years at 102 per cent. Within their minimum life period the savings bonds rank fully as security for loans on preferential terms. Up to now we have issued a total of some DM 30 million.



The image of un-approachability is gone: we foster a busy and friendly atmosphere.

Adding up new savings deposits, savings bonds sold, and purchases of securities from savings accounts produces a total of savings of DM 920 million effected by our customers in 1972.

“Combined saving”
scheme

Our successful “combined saving with savings bonus” scheme again proved popular. A total of some 12,000 new contracts involving DM 50 million were started last year, thus bringing the total value covered by contracts to DM 530 million. In 1972 for the first time since the scheme was started a certain number of contracts matured, and the savers concerned accordingly received their bonus in the form of ADIG investment fund shares.

Investment in
securities

We were again very successful in winning over our private customers to investment fund saving, particularly by regular deposits in ADIG build-up accounts. In 1972, over 22,000 new investment fund accounts of this type were opened at Commerzbank branches.

Property investment

To cater for the interest in property investment we have as early as 1971 acquired an interest in Deutsche Grundbesitz-Investmentgesellschaft mbH which sets up open-ended property funds, and in Deutsche Grundbesitz-Anlagegesellschaft mbH for closed-ended property funds. The former entered the market in 1972 with the Haus-Invest open-ended property fund for which we act as depositary bank; its assets at year-end totalled DM 87 million.

Private loans

During the year, we again made available to our private customers a substantial volume of short and long-term loans for different types of use. Credits to private customers in employment increased sharply, by 31 per cent to a volume of some DM 2,000 million.

Under our loan plans developed especially for private customers—depending on both amount and security these are consumer loans, purchase credits, and private loans—we made available another DM 117 million, raising the total amount outstanding in this field to DM 906 million.

Considerable use was also made of simple overdrafts. Such advances, through private Commerzbank accounts, totalled DM 145 million at December 31, 1972.

Commerzbank
building finance

Jointly with its two affiliated mortgage banks and with the Wüstenrot building society, Commerzbank has developed a combined financing scheme for individual dwellings which has been available since last summer. This complete building finance scheme by means of a single “package” loan, which normally finances up to 80 per cent—in exceptional cases even up to 90 per cent—of the reasonable total building costs is very attractive from the customer’s point of view because of its simplified application and settlement procedure. What is more, the borrower can immediately start building, or purchase the wanted house or flat, and at the same time claim the full tax-relief or premium for the portion of total finance required representing building society savings. Most important of all, however, he can make his arrangements on the basis of repayment through fixed equal monthly instalments for a period of up to 32 years.

Private accounts
and payments

Private payment transactions are effected through some 630,000 private Commerzbank accounts which are being kept mainly for wage and salary earners.

At the beginning of 1972, together with all other German banks, we introduced the new standard “eurocheque”. For use during the current year, Commerzbank issued some 220,000 “eurocheque cards” each of which guarantees DM 300 (or equivalent) per any single cheque



In autumn 1972 we were able to welcome our two millionth customer.

presented. This convenient and safe method of payment which enables holders to make their purchases in a simple manner practically anywhere in Germany, and to draw cash in some 30 European and overseas countries, enjoys increasing popularity.

(IV) Issues and stock market business

Our underwriting activities in 1972 were dominated by bond issues of public authorities and foreign borrowers, whereas German companies not only carried out fewer capital increases than in the previous year but were also rather reluctant to borrow through bond issues. It was only in the short period of the 7 per cent coupon that RWE and Volkswagen raised DM 300 million each through issues of industrial bonds. However, these were followed by only three further "normal" loans totalling DM 350 million which had had to return to a nominal interest rate of 8 per cent. Subsequently the field had to be left to the public authorities, less sensitive as they are to higher interest rates. The Siemens option bonds and Commerzbank's convertible bond loan, both of which enlivened the German issue scene in 1972, were well received.

Domestic issues

We were again active in the international underwriting business. In six cases of foreign issuers' D-mark bond loans we led the syndicate, in some cases jointly with Banco di Roma and Crédit Lyonnais. This was also partly true for the 18 international bond loans worth more than an equivalent of DM 1,600 million which were co-managed by Commerzbank. Eight of these

Foreign issues

were D-mark issues, four US dollar issues, and two each were denominated in French francs, Dutch florins and Luxembourg francs.

Cooperation in underwriting syndicates	Year	Capital increases through rights issues*)	Domestic issues (incl. convertible bonds)	Foreign DM issues (incl. convertible bonds)
	1965	43 totalling DM 2,200 m	25 totalling DM 3,800 m	13 totalling DM 1,300 m
	1966	21 totalling DM 1,300 m	9 totalling DM 900 m	7 totalling DM 700 m
	1967	21 totalling DM 400 m	32 totalling DM 4,200 m	8 totalling DM 700 m
	1968	16 totalling DM 1,300 m	25 totalling DM 3,900 m	44 totalling DM 4,600 m
	1969	28 totalling DM 700 m	9 totalling DM 1,800 m	54 totalling DM 6,000 m
	1970	37 totalling DM 1,800 m	19 totalling DM 4,600 m	29 totalling DM 2,700 m
	1971	28 totalling DM 1,800 m	40 totalling DM 6,800 m	36 totalling DM 3,600 m
	1972	35 totalling DM 1,000 m	32 totalling DM 7,400 m	53 totalling DM 5,400 m

*) cash proceeds

In addition we joined in placing 634 foreign currency bond issues between 1965 and 1972.

Details of the underwriting and other syndicate business and of the introductions of shares on the stock exchange which we assisted in during the year under review are given on pages 111 to 116.

International capital market

Despite intervention at a national level, forceful as it was at times, bond issues on the international capital market rose to a new record total in 1972: including D-mark denominated foreign debentures, bonds issued totalled almost \$8,000 million, over half as much more than in 1971. Monetary problems again negatively affected dollar issues at times, and this in turn helped to make available a wider range of bond loans in European currencies.

Securities business

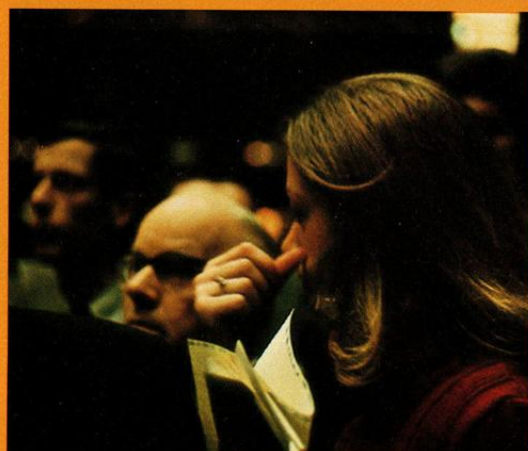
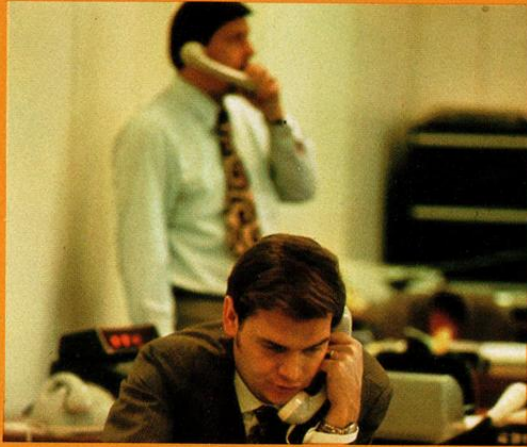
Brisk turnover and strong price movements on the German and foreign stock exchanges provided the context for the Bank's increased securities business. Our stock market turnover for example rose by nearly half. Purchases and sales for foreign account had above average increases, as did business in foreign securities where we managed to arouse growing interest among our domestic customers.

Stock market

A lively stock exchange business in shares frequently took place against the background of a bull market. By the end of the year the market value of the 424 shares quoted on German stock exchanges, and covered by Commerzbank's special statistics, came to a total of approximately DM 120,000 million. The increase over the previous year was mainly due to the recovery in prices: Commerzbank's share index, based on the prices of 60 leading stocks, increased by 12 per cent to 723,8 from year-end to year-end, with the year's high reached at 797.3 on August 10.

Stock exchange waiting for "newcomers"

It is a matter for regret to us that in 1972 mergers and takeovers again reduced the number of shares listed on German stock exchanges. Family businesses with considerable growth potential on the other hand have so far rarely gone public although this might well help them to obtain better financing facilities. Such "newcomers" would enrich the German stock exchanges. Until now there have been only very limited possibilities for investing in the German service industries, and investments in technologically attractive sectors of industry have in most cases been confined to the purchase of blue chips, i. e. companies which combine traditional and advanced manufacturing techniques.

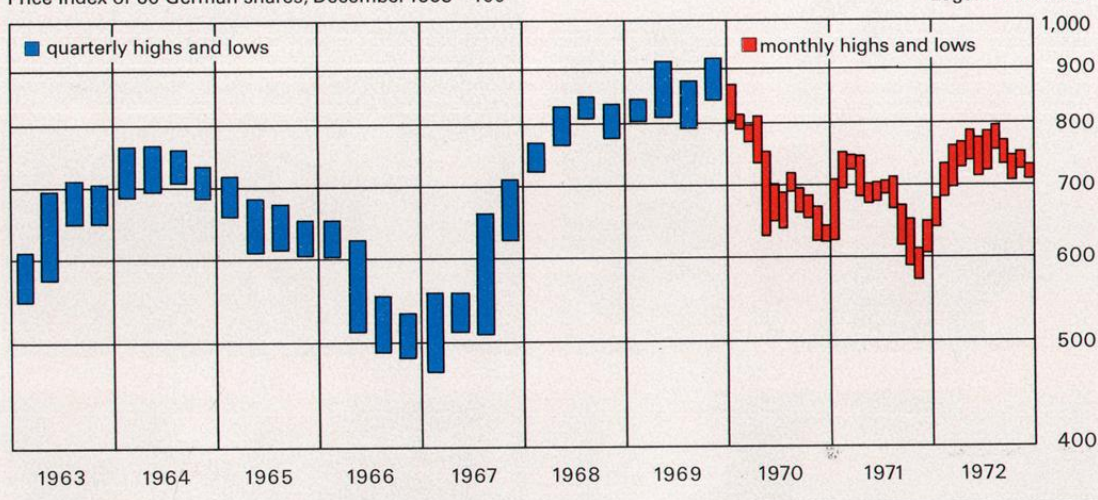


The fascinating stock exchange, and expert investment advice—two aspects of the securities business.

Commerzbank share index

Price index of 60 German shares, December 1953 = 100

Logarithmic scale



Bond market Fixed-interest securities made an above average contribution to the increase in total turnover in 1972, partly because of the "boom" in new issues during the first quarter. "Conversions" from foreign issuers' D-mark bonds to domestic issues, which we recommended to our German customers because of the interest differential, were carried out on a larger scale. We played an important role in placing new issues by the two mortgage banks affiliated with us.

Investment funds We fully maintained our active business in investment fund saving (see also page 40). We consider this type of investment a sound method regarding the problems of long-term capital formation and the provision of retirement funds. Our sales efforts in this field have been centered round the ADIG and Cofo funds (see below). We act as consultants and depositary bank to both these investment companies.

The nine funds managed by ADIG continued to do well in 1972. At the end of the year their assets totalled some DM 2,200 million. Commerzbank branches once again were prominent in selling their shares and more particularly in opening ADIG build-up accounts.

The funds managed by Commerzbank Fonds-Verwaltungsgesellschaft (Cofo), one of our subsidiaries, also showed satisfactory growth. At the end of last year, their total assets amounted to DM 218 million. These funds are held in particular for investments by pension funds and insurance companies.

(V) International business

Organization abroad Foreign business requires not only adequate financial resources and technical capacity but also, to a growing extent, a world-wide presence. The growth of its organization outside Germany helps the Bank to meet these market requirements.

In the year under review, further expansion of its New York branch, opened in the autumn of 1971, and the delegation of senior Commerzbank executives to work at important branches of its two international partner banks (see also page 54) held the spotlight of the Bank's "manifest"



Since the expansion of the EEC, London can all the more exercise its financial role in Europe.— The Bank of England is situated in the heart of the City.

foreign activities. During the current year priority has been given to the establishment of a branch in London, the importance of which as a banking centre has grown still further, following the enlargement of the EEC. The London branch, like the New York office, will be totally integrated into Commerzbank's overall branch network.

In the Netherlands the Europartners intend to secure a foothold by setting up a joint subsidiary. This will enable them to make their services directly available in all the countries of the original EEC, a development also desirable because it completes the loan facilities offered through the group's TransCredit scheme (see page 51). The partners further aim at strengthening their representation in South-East Asia. Besides, Commerzbank is preparing for several additional representative offices of its own outside Europe, an office in Lima to cover the West coast of South America being next on the list.

The Bank's New York branch in 1972 succeeded in substantially broadening the basis of its activities in its first full business year, and has already achieved satisfactory results. Through a direct computer link it is fully integrated into the Bank's structure and in particular is ready to provide working funds for the US divisions and subsidiaries of German firms. It is also very active in handling the financial side of export deals on a dollar basis, also with third countries. This helps to build up a clientèle which increasingly includes major US companies as well.

New York branch

In London, the most important clearing centre in the world for short and longer term banking business, Commerzbank has been represented up to now through the interest it held in International Commercial Bank Ltd. The latter, which now has additional shareholders following the entry of our two international partner banks (see page 53), continued to expand its business

Activities in London and Luxembourg

in 1972. Its balance sheet total rose by 15 per cent to the equivalent of DM 2,700 million. The bank became increasingly involved in meeting the growing need for finance in trade with the East. The capital increase of £1.5 million to £5 million effected early this year through the capitalization of reserves was a pointer to its encouraging earning power. The bank's total capital resources, including subordinated loans, now amount to £17.1 million.

A report on the very satisfactory performance of the Luxembourg subsidiary, Commerzbank International S.A., appears on pages 80 and 81. This bank is active in the Euromoney markets. Owing to the foreign exchange controls in West Germany, the market for Euro-D-marks has meanwhile been driven into a completely independent existence as regards conditions.

Commercial
foreign business

The Federal Republic's growing trade and service transactions with abroad were paralleled by the increase in foreign business handled by Commerzbank. Practically all of its branches experienced expansion in this field. The steady cultivation of relations with overseas correspondents also produced favourable results.

The temporary lull on the foreign exchange markets proved to be deceptive. As early as last June, owing to the weakness of sterling, a new wave of foreign exchange swept over continental Europe. All previous waves of speculation were dwarfed, however, by the floods of dollars which subsequently washed over West Germany in February and early March of this year. Both these exceptional situations forced a temporary closure of the official foreign exchange markets so as to relieve the Bundesbank of its obligation to intervene.

We made every effort to cover customers' exchange risks which became extremely acute at times.

Foreign position

The Bank's foreign position—i. e. the internal statement of our foreign assets and liabilities—is increasingly marked by the multinational character of our business. At the end of 1972, our foreign position was approximately in balance.

Foreign financing

Commerzbank was again deeply involved in the provision of medium and long-term export finance. It was once more brought home to us in the process, even more so than in previous years, that the competitive strength of German manufacturers of capital goods is being impaired by the more favourable financing conditions enjoyed by their foreign competitors, who can fall back on substantial and inexpensive national sources of export credit.

We were successful in providing finance even for payment terms beyond the periods normally covered by Ausfuhrkredit-Gesellschaft mbH, the West-German export credit guarantee company. Since foreign customers to a growing extent are refusing to accept D-mark invoices, purchasers' credits which at the same time improve the exporter's balance sheet position have become increasingly important; through our international subsidiaries and affiliates we were able to provide such finance for German exporters.

Our Staff

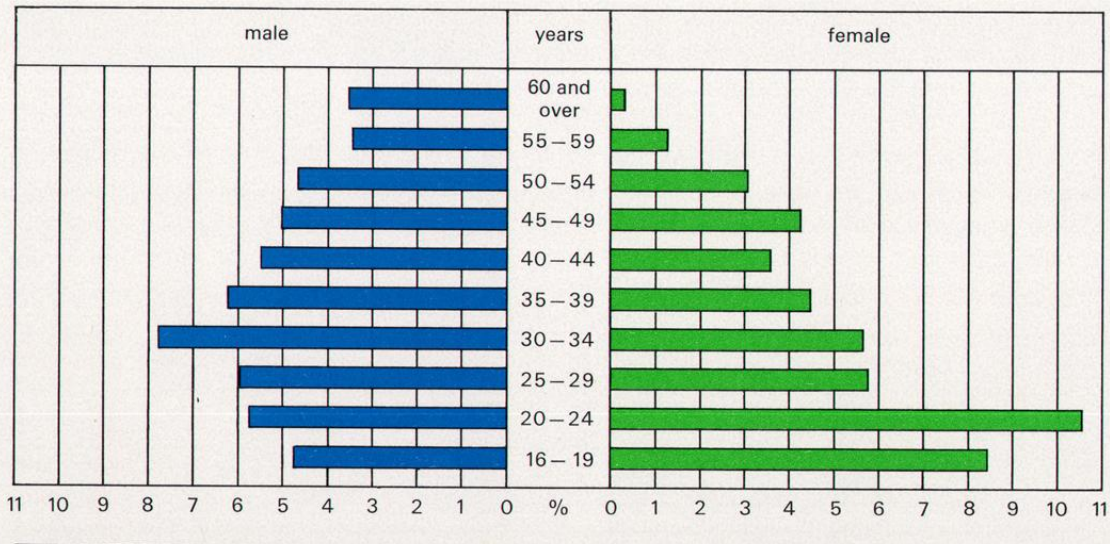
Despite the sharp increase in the volume of business and closer cooperation with customers in every field, we managed to limit the increase in staff to 1.3 per cent last year. At the closing date, our staff numbered 16,161 (calculated as full-time staff); this on a pro-rata basis includes 1,839 people working part-time only.

Size of staff

Overall, we employed 17,080 people at the end of the year under review of which 159 were called up for military service. The total includes 1,773 people being trained (formerly referred to as apprentices and trainees).

The average staff age showed a further increase, from 34 to 35 years. At the same time, the proportion of female employees rose again, from 45.5 to 47.3 per cent.

Age structure at Commerzbank, at year-end, in per cent



133 employees retired during the year under review. At the end of 1972 we were providing for 2,689 pensioners and widows.

Six employees were able to look back on 50 years' service with Commerzbank in 1972. 16 employees completed 40 years' service, and 35 employees completed 25 years' service.

We regret to announce the death of 49 employees and 89 pensioners of the Bank.

Collective salary agreements

On March 1, 1972, scale salaries were raised by 6.5 per cent, with a general minimum increase of DM 65 per month; for the first and second year of employment, monthly minimum increases were DM 75, and for the third to the sixth year of employment, DM 70. As previously, voluntary bonuses have been paid to all members of the staff. The employers' contribution to promote the formation of private assets was DM 312 per employee, on an annual basis.

A general restructuring of salary scales, with emphasis put on more precise job definition, came into force on October 1, 1972. This meant further wage increases for some of our scale salaried staff.

Personnel costs

Over the year under review, the average number of people employed was the equivalent of 15,694 full-time staff compared with an average of 15,499 for 1971. Personnel expenditure and social security payments increased from DM 389.1 million in 1971 to DM 435.7 million.

Pension reserves for our employees were raised by DM 15.8 million to DM 187.3 million in 1972. A total of DM 40.8 million was spent on pensions and social benefits, an increase of 6.4 per cent over the previous year.

Staff shares

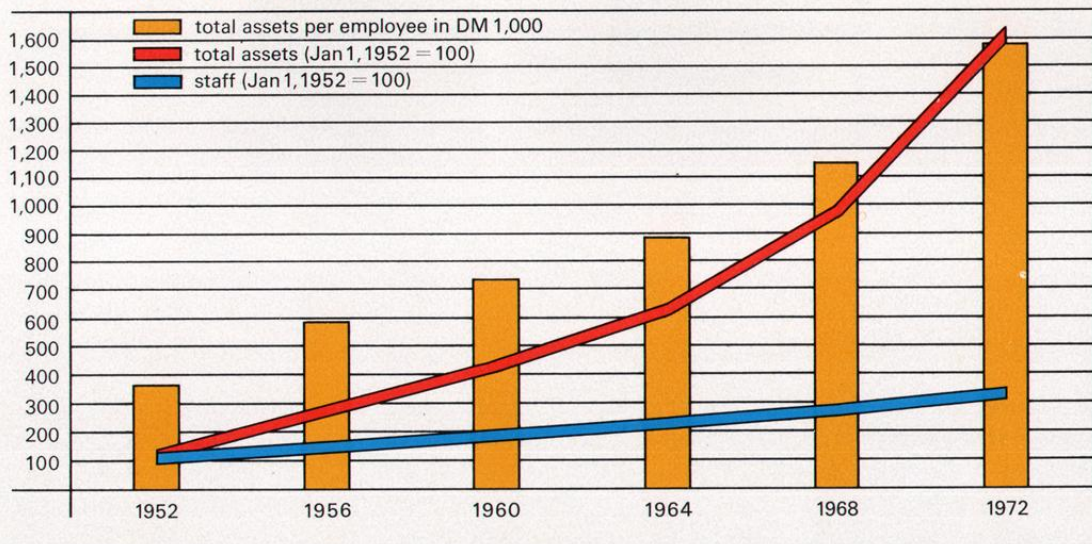
We once more offered Commerzbank shares on preferential terms to our staff and to people employed by our subsidiaries. Once again, the shares needed for this purpose were bought in the market, with most of the employees' share purchases being carried out again via the employers' contribution to promote private assets formation.

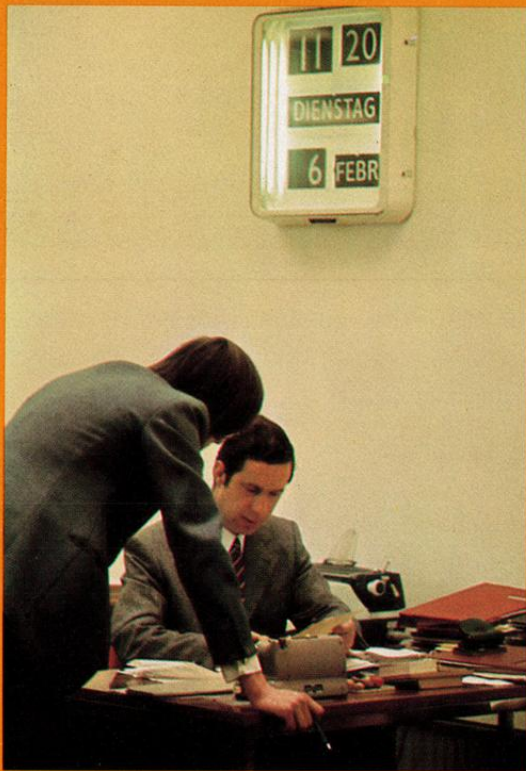
Some 13,000 of our employees and pensioners are now Commerzbank shareholders as well. The vast majority of our staff who had already bought Commerzbank shares through the staff scheme in previous years took the opportunity offered by the capital increase carried out at the end of last year to subscribe for new shares.

Training facilities

We are well aware of the extent to which the future of the Bank depends on the quality of its staff. That is why we have extended the range of our basic and advanced training facilities. Staff now have available inside the bank a multi-stage system of training: regular professional training is carried out locally, whereas the specialized knowledge of those providing

Total assets per employee, at year-end





Staff at work—
counters in banking
hall, counselling
customers, keeping
accounts—and
lunching in canteen.

Our customers reap the benefits of the progressive staff-education scheme.— In the Taunus hills we are building our new training complex.



customer consultancy functions is primarily improved in regional training centres, and the central training facilities are used as a supplement to practical experience to train junior management in their work.

The central syllabus includes, in addition to some 25 different specialized seminars, courses in marketing psychology and personnel management. The total of 80 one-week advanced training courses held in 1972 were attended by more than 1,300 members of the staff.

Jointly with our international partners, Banco di Roma and Crédit Lyonnais, we have already sponsored several international seminars. Language tuition is given on a very broad basis.

Work has been started on a new training centre with a capacity of 65 seminar places (see photo above).

Staff Council

Cooperation between the Bank's central management and the overall staff council on the one hand and between branch directors and the local staff councils on the other continued in an atmosphere of objectiveness and open-mindedness, with more profound discussion of matters, as provided for in the new Law on the Constitution of Enterprises.

*

In 1972 as in previous years we had to make exacting demands on our employees' devotion to duty. We should like to express our appreciation and thanks to all employees who, by their initiative and hard work, contributed to our progress during the year.

Europartners: Cooperation for the benefit of customers

In their cooperation the Europartners—Banco di Roma, Commerzbank, and Crédit Lyonnais—aimed first and foremost at establishing an organizational framework among themselves at all levels. The second phase has meanwhile been initialled: the main stress is now on service to customers.

Main stress on service to customers

Within the scope of the legal provisions applicable, the partner banks are aiming at the establishment of an internationally minded European banking group that offers its customers an efficient "European service".

Their very close cooperation lends the three banks a particular attraction as bankers for financial business in Western Europe. What this means in practical terms is shown by the high level of trade between the German Federal Republic, France, and Italy, as well as by the growing extent of reciprocal direct investment: France, for example, is not only West Germany's number one trading partner with shipments to France accounting for about 13 per cent of total German exports; she is also the most favoured location for the foreign branches of German firms.

Among the many services offered by the Europartners, TransCredit is of particular importance: this European credit scheme offers every customer of the cooperating banks the facility of supplying their subsidiaries in the countries of the partner banks with funds in the appropriate national currency on the basis of just one agreement with their bank at home. TransCredit, which normally runs for periods of up to twelve months, is mainly designed for medium-sized firms. Owing to the European branch network of the Europartners, the TransCredit loan facilities offered by the group also cover Belgium and Switzerland.

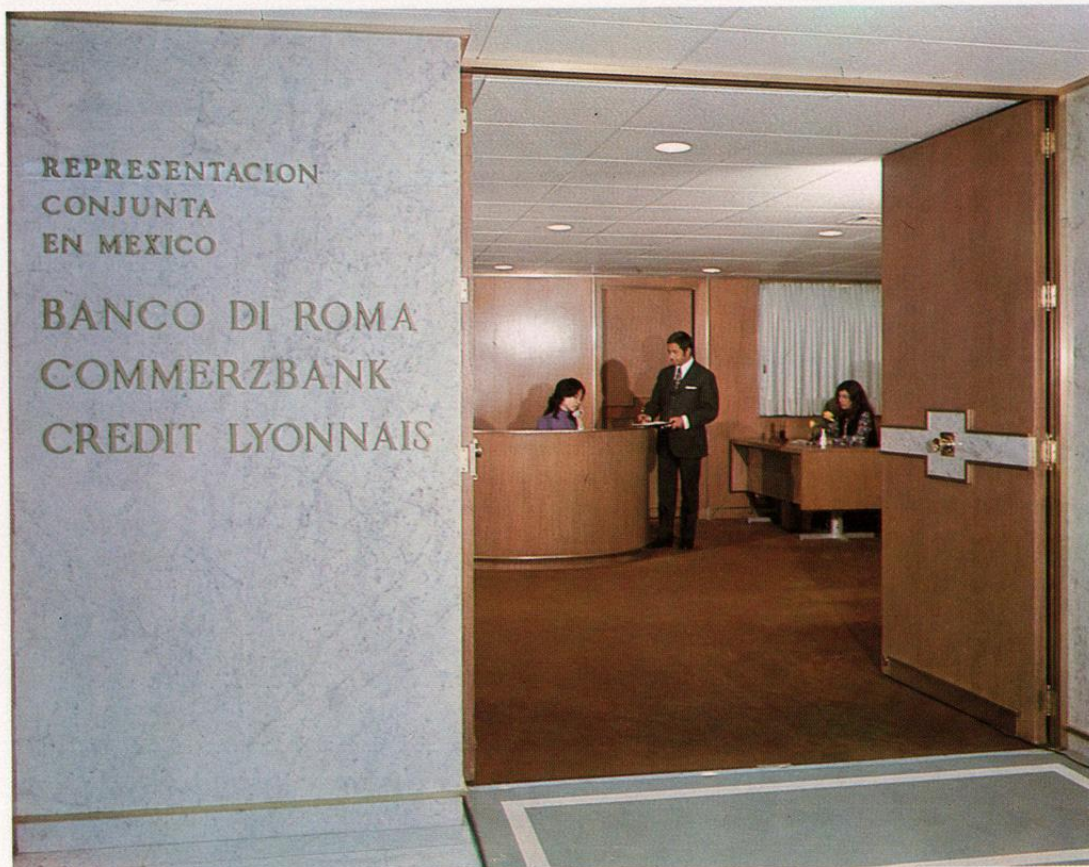
TransCredit—
a European
credit scheme . . .

Moreover, last November the credit scheme was extended to cover Britain through bilateral agreements between Lloyds Bank on the one hand and Commerzbank and Crédit Lyonnais on the other. As a result, Commerzbank customers are offered a truly European service through this form of financing abroad.

. . . with British
participation

More specifically, German firms can now arrange for sterling loans for their British subsidiaries and agencies directly with their local Commerzbank branch on the strength of the agreement between Commerzbank and Lloyds Bank. Such credits are provided quickly and simply through the branch network of Lloyds Bank; no special formalities are necessary beyond any foreign exchange regulations which may apply. Conversely, the customers of Lloyds Bank enjoy the same facility in the Federal Republic either directly or through their German subsidiaries and affiliates: D-mark loans are now available to them at all Commerzbank branches on the same basis. The growing interest in these credit agreements shown in particular by German and British firms attests to the soundness of the idea.

The Europartners' joint representative office in Mexico City.



A wide range of services

In addition to the TransCredit scheme, the range of services offered by the Europartners includes in particular:

- faster payments;
- easier access to a home account on journeys abroad in case of a sudden need of larger amounts of cash (called "breakdown service");
- joint tourist counters and trade fair stands;
- business introduction and specially tailored assistance in setting up foreign agencies and subsidiaries.

Bond issues and major credits

Among the joint services the group provides, the placing of international loans continues to play an important part. In 1972, for instance, the Europartners, either all three or only two of them, were among the syndicate leaders for ten issues to the equivalent of around DM 770 million, and managed the following issues:

The Australian Industry Development Corporation, Canberra, Australia,
British Leyland Motor Corporation, Ltd., London, United Kingdom,
Europistas, Concesionaria Española, S.A., Madrid, Spain,
Republic of New Zealand,
Province of Quebec, Canada,
Quebec Hydro-Electric Commission, Montreal, Canada,
Republic of Singapore.



Background information for financial decision-making must have a European accent nowadays.

The three banks also continued to make joint arrangements for major international credits such as those for two first-class borrowers in South Africa (Postmaster General; General Mining and Finance Corporation), or the one for a foreign trade bank in the Comecon area.

At the beginning of 1973, Banco di Roma and Crédit Lyonnais each took an 11% holding in International Commercial Bank, of London, a leading specialized bank for longer term Euro-financing, one of whose founders was Commerzbank.

Joint Euromarket and investment fund operations

Cooperation in the field of investment funds was also strengthened during the year. All three Europartners now have an interest—though of different size—in the following investment companies:

ADIG Allgemeine Deutsche Investment Gesellschaft mbH, Munich/Düsseldorf,
Société de Gestion du Rominvest International Fund S.A., Luxembourg.

In their American securities business, these investment funds, just like the three partner banks themselves, cooperate with EuroPartners Securities Corporation, of New York. In 1972 this investment bank, jointly owned by the three banks, concentrated its business efforts on gaining a foothold in the American and international issue business. Stock market activities and investment management in US securities were also strengthened during the year.

EuroPartners Securities Corporation

Activity in the Arab countries was stepped up last year. In 1972, the Paris-based Union de Banques Arabes et Françaises—U.B.A.F., an Arab collective credit institution in which Crédit Lyonnais has a controlling interest, set up a joint subsidiary together with Banco di Roma, the Unione di Banche Arabe ed Europee, U.B.A.E. (Italia) SpA. In early 1973, this has been

Activities in the Near East

followed by the establishment, jointly by U.B.A.F., the Arab Bank group, and a German group of shareholders which includes Commerzbank, of "Union de Banques Arabes et Européennes—U.B.A.E.". Managed by Commerzbank, the new institution has its head office in Luxembourg and a branch in Frankfurt. All of these joint Arab-European banking ventures are intended to further the trade between the two economic areas.

Commerzbank desks
—in Barcelona
as well as
in San Francisco

Commerzbank has had an opportunity of setting up its own "desks" in five branches of its partner banks: with Banco di Roma in San Francisco and Milan, and with Crédit Lyonnais in Barcelona, Brussels, and London. This has enabled Commerzbank to complete its international business network for the benefit of its customers without incurring excessive administrative costs.

A financial strength of
DM 120,000 million
represented by
one common symbol

At the beginning of 1973, the Europartners were backed by combined financial resources of the order of DM 120,000 million; this figure does not include the subsidiaries in each case (see also table on inside back cover).

What the partners are also anxious to offer their business friends is a European information service by means of joint publications. Besides their coordinated monthly economic reports, always containing a jointly prepared international section, there is a more ambitious periodical called "EuroCooperation". Both of these multi-lingual periodicals have been appearing since 1972; a joint publications office has been set up for their publishing.

A common symbol which has meanwhile been introduced by the three banks underlines the great importance which for the future of their banks the Europartners attach to their co-operation in their business policies (see also page 77).

Focus on 1980

By 1980, the economic unification of Western Europe should be advanced enough to make political union a reality. Viewing this prospect in 1973, with the many difficulties facing the European Communities (see page 29), this may seem far off, but up to now the EEC has always managed to keep to at least the more important stages in the integration time table.

The significance of the year 1980 to European policies, as well as the accelerating economic and social changes expected, prompted us to ask ourselves what the position of the German economy will be by then, and what problems we will have to tackle up to that time. In an attempt to provide answers we shall assume that political and social conditions will remain stable.

First a few figures: the gross national product of the Federal Republic of Germany is expected to be somewhat over DM 900,000 million in 1973, and to be approximately double that figure in 1980. After adjustment for price increases though, growth will be more moderate. Taking an average real growth rate of 4 to 4 ½ per cent per year, which should be possible without overloading the potential capacity, the performance of the German economy in 1980 could be approximately 40 per cent better than at present.

Position of
West Germany

Presumably the Federal Republic would thus continue at the head of the other nations in Western Europe, although France is making every effort to reduce this lead. The economic power of the United States may be expected to grow during the coming years, at least at a similar pace to that of the Federal Republic. However, there is a probability of a sharper rise in growth in North America, which has considerable labour and capacity reserves allowing a strongly expansionist policy to be implemented. Japan will certainly register the fastest growth rate among the major industrialized countries of the free world for the time being, and will thus hold its position as a particularly dynamic industrial nation, although the problems posed in the implementation of environmental control should soon enough have a dampening effect on economic growth.

Besides the existing free world concentrations in North America, Western Europe, and Japan, new growth areas such as Australia and South Africa will make their influence felt. The centrally planned economies may be expected to integrate themselves more than before into the world economy, as a result of worldwide détente. We expect this to apply not only to the Comecon countries, but also to the People's Republic of China.

Concentration of
the world economy

One economic handicap facing West Germany is her unfavourable population structure. The proportion of the working population between 25 and 65 years of age will have dropped to below fifty per cent of the total by 1980. Approximately one quarter of the total population will then be elderly people—another result of medical and pharmaceutical progress.

Anticipated
development of
population patterns

Structural changes will be also closely interwoven, especially extended schooling and longer life expectancy. For the not too distant future a typical life span may consist of thirty years each for learning, working and retirement. Generally speaking the standard of education, with a

certain stress on specialized knowledge, will go on rising as social barriers continue to be removed. Taking full advantage of all professional openings will depend increasingly on continued further education.

The working day
and economic
growth

More than ever before, part-time work enables housewives to take up their old careers again. Furthermore, it enables older persons to make a gradual transition to retirement. At the same time leisure hours will increase and thus raise the critical question of how to meaningfully occupy that time. However, future management in politics, the economy, and the professions will very likely feel few of the benefits from these achievements: most probably, even more overloading with work and responsibility will have to be coped with.

Compared with the postwar period of rapid reconstruction, the slower growth which the Federal Republic will have to accept is also a reflection of this greater leisure time. Whoever considers that more leeway for individual decision on how to lead one's life is desirable, should not mourn such a slow-down of growth. Incidentally, leisure time occupation, just like housework, is not reflected in the national product; in other words the necessity of providing services in the private sphere by means of the do-it-yourself syndrome, ever on the increase, acts statistically speaking as a curb on growth.

Regional boundaries
no hindrance

Throughout West Germany urban areas will increase their influence. This trend will be enhanced by the advances in agricultural productivity which will release more labour. In addition greater regional changes are probable: overall we anticipate a more rapid growth in Southern Germany than in the north of the country. National frontiers will have less significance, as is already the case in the "international" area between the Rivers Schelde and Ruhr. The question as to when the regions of West Germany bordering on the German Democratic Republic will profit from the political détente remains open.

More services—more
capital spending

Generally speaking, the German economy will shift its emphasis more towards the private and public services sectors, with a continuously growing demand for labour. The increase in employment in administration, commerce, and other services will be fulfilled by progressive automation of industry, which admittedly will mean very extensive capital outlays.

New developments
in industry

In addition there will be the capital expenditure needed to restructure the economy, the realization of which presupposes many years of intensive research and development. This continuous rationalization will go along with a comprehensive range of substitution processes and materials. For instance, the development of plastics will create new fields of application even beyond the remarkable expansion of recent years. Already we are witnessing a conversion to nuclear power which despite formidable cost and location problems is necessary if a serious energy deficiency is to be avoided.

As never before technical expertise is being called upon to create products meeting environment control requirements. The electric-powered car, still in its early stages of development, and automatic transportation systems are being designed to solve the urban traffic problems. Individual education can be furthered by inexpensive audio-visual home equipment. Entirely new fields are opening up thanks to ocean research which is to tap new food and raw material sources.

In addition to these developments, we anticipate in the course of this decade a growing intensity in the international integration of industry. Especially in the area of capital goods this will make



Nuclear power will help close the energy gap. We hold an interest in the Lingen atomic power station.

for an upsurge in exports as well as imports. The increasing use of consultants, and the exchange of licences and patents will likewise speed up technical progress.

Company management will demand even more scientific systemization. Feeding on sophisticated computer centres, information techniques will become the mainstay of every enterprise, which combined with a comprehensive management information system will make rapid decision-making possible. Flexibility will become a condition of survival.

Flexible management

These basically favourable prospects envisaged for the further development of industry depend, however, on very important fundamental prerequisites, namely an economic climate fostering investment and favouring the maintenance of substantial earning power. It also must provide sufficient financing leeway for research and development as well as for the acquisition of new equipment demanded by the technical progress made.

Without sufficient capital outlay by industry it will be impossible to attain the productivity gains that are taken as a matter of course in considering the "better life" of the future. It seems to us necessary to stress this fact, because the infrastructure questions are being granted more and more absolute priority in the public debates. To be sure, there is a considerable backlog of tasks in this field, especially where environmental protection, improvement of transport and communication methods, urban and rural redevelopment, water supply and regulation, and country planning are concerned. The answer, however, cannot be found in a simple "either-or" solution, but in balanced parallel development of private and public investments.

Private and public investments

Reforming education

Above all else, the area of education is making heavy demands on the capacity of the national economy. Apart from the financial burden, there will be the "draining effect" on the labour market, with longer training periods on the one hand and extra teaching staff on the other, estimated to be equivalent to no less than one million of the working population over the next seven years.

The number of students at universities and technical colleges alone is expected to double, reaching at least one million within the next seven years. We fully appreciate the fact that government, trade and industry need more specialized personnel, including university graduates; however, we should not close our eyes to the fact that such rapid development will bring with it the danger of misdirected investments and even personal disappointments. As shown by the controversial *numerus clausus* at the universities, educational reform has been pushed ahead too hastily. There is not enough intermeshing among the various fields. Moreover, it will be necessary to tailor the curricula at the universities much more than previously to meet the requirements which will confront students in the everyday life of the future.

Threat of over-reaching financial possibilities

The demands made by social and welfare projects within the infrastructure on financing capacity as a whole are extremely high. However justified each of the individual schemes may appear, their sum total poses a threat. In such a situation, governments will be well advised to treat the many at times considerable demands and plans with due caution and realistic awareness.

Quoting one example, the proportion of public and private support for environmental protection, currently about two per cent of GNP, is to be raised by not less than one half again by 1980. In absolute figures, this outlay would exceed by at least three times the annual rate for 1972/73. The target figures for education, which at present account for 4 per cent of the national product, are based on an increase of this percentage to a maximum of 8 per cent; in other words, as much as a fourfold rise in expenditure in the extreme case, with a growth in capital outlay hardly lagging behind personnel costs.

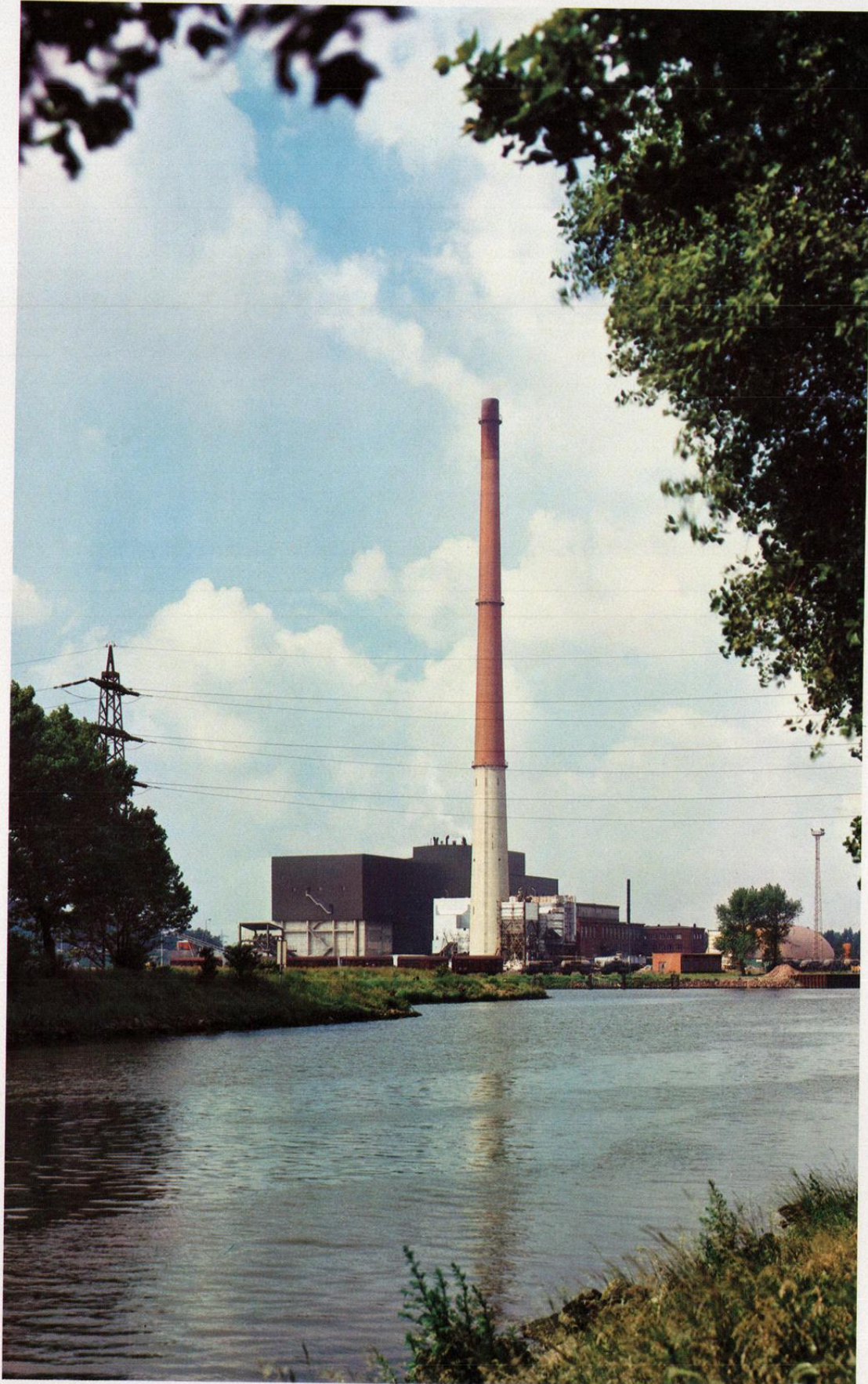
Protection of the environment and education are the two most ambitious objectives, with urban redevelopment, transport methods, water supply and regulation, and health also calling for above-average increases in expenditure.

Overall view still lacking

So far several semi-official programmes have been presented in West Germany, covering the period up to 1980 or even beyond. In every case, however, these are isolated uncoordinated plans. It is therefore of the utmost importance to produce a balanced overall picture with a listing of realistic priorities as to the needs of the Federal and the *Länder* governments, and of the municipalities. This should include social insurance the present surpluses of which are a source of funds on the capital markets, but which might all too soon have to cope with deficits: current estimates assess this deficit to total DM 10,000 million in the second half of the seventies, despite Federal subsidies of DM 127,000 million.

This overall view, which we consider to be a matter of particular urgency, must above all convince the public that no above-average investments will be possible without slowing down the growth of consumption.

Such a comprehensive prognosis must also take into account that the growing responsibility of West Germany to the world economy will likewise demand financial sacrifices. To governmental development aid will be added privately granted, long-term credits to finance the exporting of plant and equipment. What has to date been insufficiently considered is that our European partner countries as well are looking for assistance grants for their own development areas under a financial equalization plan within the EEC.



An example of our activity in the ecological sector: our subsidiary, Westdeutsche Bodenkreditanstalt, helped finance the Niederrhein communal refuse disposal project.

Curbing inflationary tendencies

Among the future major capital investment projects only housing will take a smaller share of the national product, but this will be more than made up for by the capital needs of infrastructure, industry, and foreign trade, which are rising year for year. This call for more finance can only be met in the long run if we succeed in curbing inflationary tendencies. For only then can government, trade and industry plan the future on a secure footing, and above all, it is only then that sound financing policies based on voluntary saving may be expected.

Tasks for the banks

The mobilization of funds for the immense public and private capital projects will therefore remain an overriding problem for the future. To finance them, Federal and local governments as well as trade and the manufacturing and housing industries can resort to well organized credit markets and, we hope, also rely upon a continuously growing formation of financial assets. Private savings, almost half of which is still placed in savings accounts, and which favoured by rising interest income will approach an annual figure of DM 100,000 million towards the middle of the seventies, in 1980 could amount to approximately DM 150,000 million.

To transform these shorter term funds into longer term financing means and to channel them between savers and debtors will also during the remainder of the seventies be a task of primary importance for the banks, all the more so since private households will gain significance as sources of capital. The contribution of private households to overall savings in the national economy which in 1960 was as low as 29 per cent has meanwhile reached about 50 per cent, and may be expected to continue at a substantial rate of increase.

The balance sheet and turnover figures of the banks are consequently growing more rapidly. The business volume of all financial institutions operating in the Federal Republic of Germany, which around 1955 accounted for just two thirds of the national product, has since 1966 been exceeding the latter. In August 1972 the DM 1,000,000 million mark was reached. In the coming years the credit balances of trade and industry as well as private deposits, but also the credit demand in all sectors, may be expected to climb faster than the national product.

Securities and property fund shares

A growing proportion of the total financial market, however, would seem to be included in the issue and acquisition of securities, as is to be expected in a highly developed economy. This will hold good particularly when all financial institutions do their best to induce the saver to buy securities either directly or in the convenient form of investment fund shares. An above-average expansion is to be expected in financing by means of property fund shares, which seem best suited for raising private capital to finance town planning projects.

Capital inflow for industry through shares, debentures, and notes, for the Government through bond loans and credits (instead of through tax increases), and for building projects through investment funds and mortgages—that is how we envisage the solution for long-term financing of investments in line with market economy thinking. Leasing may also come somewhat more to the fore in connection with equipment and buildings for both the private and the public sectors.

Services orientated towards target groups

A structural change is occurring in the direct credit business of the banks, too. We are making provisions for an increase in medium and longer term bank credits to finance industrial capital projects—in particular short-lasting ones. At the same time we anticipate a markedly greater credit demand by private households, especially as the younger generation seems more prepared to incur debts.

The bank of 1980 will have to be even more market-orientated and will have to offer comprehensive problem-solving capabilities and fully up-to-date consulting services. The more the technical day-to-day running of the business is automated, the more intensively we will be able to attend to the needs of our customers. Individual transactions will be replaced in trade and industry by "financial engineering". The private customer expects to have easy to handle savings and credit programmes, and also complete advice on the investment and management of portfolios. Thanks largely to their association with mortgage banks the major German banks have created a structure that now combines all vital services within one organization. Only by offering such a broad range of streamlined services to their customers will the banks further their progress in the future.

New aspects are arising from the multinationality of industrial activities. With this and the emergence of one great European market clearly in mind, the leading banks in West Germany concluded cooperation agreements with major banks in West European neighbour countries. Not only can these banking groups operate with a closely-knit branch network at home, they are also thus strong enough to build up worldwide activities. Furthermore, they will be better able to deal with the increasing volumes of single financing transactions. What applies to industrial concerns is also good for banks: companies only thinking and operating within the narrow confines of national boundaries will be unable to manage the problems and challenges which the future will bring.

In tune with the European market

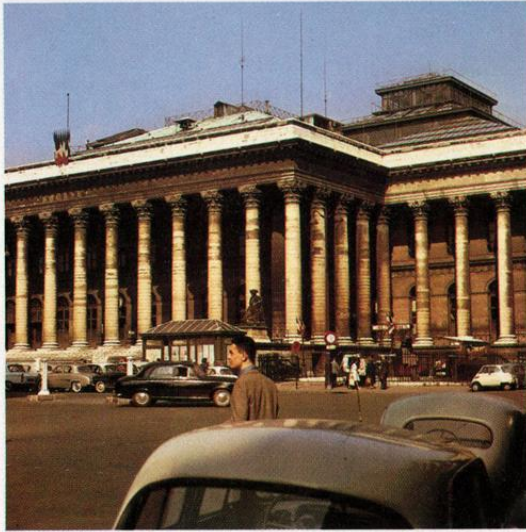
Both from a political and an economic point of view it would seem to us to be of major importance that in all Western European countries there is an apparently unceasing trend towards the welfare state. Many see in it an obvious answer to the basic fears of existence and the pursuit of full security, which is quite understandable. Unfortunately, however, in the course of this development certain parameters forming the basis of man's individual freedom and economic success can all too readily fall by the wayside.

Plea for freedom to accrue financial assets . . .

We for our part would stress that the possession of assets liberates man from his surroundings. All initiatives promoting the private formation of assets deserve full support. Reference should be made here especially to the German Law on the Formation of Assets, which we hope will continue to meet with wide response, as well as to the issue of shares to employees in industry and commerce. Through progress in the private formation of assets tensions between employers and employees can be lessened, thus raising hopes for reducing the bitter controversy over the distribution of wealth.

The social market economy as the cornerstone of our society is likewise facing opposition on an increasing scale. It will therefore be all the more vital for employers and their organizations to point out at every possible opportunity that prosperity in West Germany has only been created thanks to a high degree of freedom and intensive competition in the manufacturing and financial markets. Competition will remain a decisive motive force for progress in the future. In his day-to-day work the responsible employer must in addition show that he is prepared to contribute towards coping with the economic and social problems of society.

. . . and for the market economy



We're at home in all the stock exchanges: London, New York, Paris, Tokyo.



In 1972, Commerzbank introduced its shares on the Vienna stock exchange.

Outlook

North America, Western Europe, and Japan are all enjoying buoyant economic conditions. As a result, the industrialized countries might well be able to reach an average real growth of between 6 and 7 per cent in 1973. Similarly high rates of growth were last achieved in the mid-fifties. At that time, however, unlike today the scourge of international depreciation of money and monetary uncertainty was not threatening the world economy.

Worldwide
economic upturn

Satisfaction with improved business activity in those countries which are fighting unemployment is mingled with an increasing concern about spiralling prices. Western Europe has entered a new phase of expansion before the cost explosion of recent years has been overcome. With the world economy being overshadowed by unsolved monetary problems, the countries of Western Europe are in addition facing price rises of almost unprecedented severity. It is precisely at a time when the economic boom is increasingly gaining momentum that drastic counter-measures are a matter of urgency, and even more so as long as a reform of the world monetary system, which hopefully will eliminate the source of international inflation, is not yet in sight.

There is, too, the depressing effect of the setbacks suffered in achieving economic integration throughout the world, with the spread of protectionist trends—and especially so in the United States—being particularly worrying. We feel that above all Japan, but also Western Europe, because of their strong international trading position, currently bear a considerable responsibility for improving the unbalanced pattern of world trade.

Responsibility for
trade policy

Large order books enabled West Germany to maintain a satisfactory level of economic activity in 1971/72, so that most industrial firms suffered no more than a slight reduction in capacity employed. This in turn strictly limits the amount of slack available for a fresh upturn. It thus seems unrealistic to expect real growth in 1973 to be much higher than the four or five per cent forecast by the German Government. There is a danger on the other hand that the rise in prices will again outdo current estimates.

West Germany:
priority for
stabilization policy

In such a situation it is all the more important to counter inflation with all available means, socially disruptive and unjust and inimical to any reform as it is. As custodians of the savings of a million individuals we support the fight against the depreciation of money as the most important, and indeed irreplaceable, prerequisite to a broadly based formation of private assets.

There seems to be world-wide temptation to leave the key role in the fight against inflation to the central banks. Thus the German Government's policy statement of January 18 last explicitly said that "monetary and credit policy come first", whereas trimming public expenditure to economic needs was referred to as merely a "secondary factor". We plead instead for a well-balanced combination of monetary, fiscal, and budget policies, which is also a precondition for determining wage and salary levels in accordance with economic realities.

Public expenditure
must be brought
into line

We are conscious of the fact that an anticyclic budget policy is most effective when it is two-pronged, i. e. when it is not limited to syphoning off funds through tax increases but, at the same time, is geared more strongly than hitherto to limiting expenditure.

Money to remain
short and dear

Restrictions must bite if they are to be effective: whether monetary, fiscal, or budgetary means are used to absorb liquidity, it is the money and capital markets that will suffer. Both trade and industry and private individuals would therefore be well advised to prepare for money remaining short and, consequently, dear. Long-term interest rates appear to be approaching their upper limit already, though.

In a feverish environment which can change radically from one day to the next as a result of currency movements and economic controls, trade and industry must make sure of adequate liquid funds and a sound financing policy.

Commerzbank

By increasing our liable funds in good time we have made sure that we shall be able to take advantage of the business opportunities we expect to meet again this year. It is a matter of satisfaction for us to note that most of our more than 100,000 shareholders, a figure that includes about two thirds of our staff, have exercised their subscription rights.

The increasingly multinational character of the Bank has brought about a broadening of its operational base. The continued expansion of Commerzbank's organization abroad and the progressively closer cooperation with its two international partner banks are directed to this end.

Following a phase of consolidation it is now intended to put more emphasis again on the extension of the domestic branch network. We hope this will help us further to improve our service to both private customers and small and medium firms.

The German edition of this Report
went to press in early March, 1973

Notes on the Annual Accounts

During the business year 1972 the Bank's balance sheet total increased by DM 3,475.0 million to DM 25,576.9 million, or by 15.7 per cent. Details of changes as compared with the previous year are as follows:

Balance sheet total

ASSETS	DM m	LIABILITIES	DM m
Cash reserve, cheques, and items for collection	+ 969.5	Liabilities to credit institutions	+ 464.8
Bills	- 642.3	a) demand	(+ 247.1)
Claims on credit institutions	+ 1,102.4	b) time	(+ 217.7)
Bonds, notes, and securities	- 74.3	Other liabilities	+ 2,635.2
Claims on customers	+ 1,946.9	a) demand	(+ 380.6)
Participations	+ 72.5	b) time	(+ 1,674.7)
Land and buildings, furniture and equipment	+ 86.5	c) savings deposits	(+ 579.9)
Sundries (including transmitted credits, on a trust basis)	+ 13.8	Convertible bonds	+ 160.0
		Provisions	+ 34.8
		Capital and reserves	+ 125.0
		Sundries (including transmitted credits, on a trust basis)	+ 55.2
	+ 3,475.0		+ 3,475.0

Assets

At the end of the year under review, the cash reserve consisting of cash on hand, balances with Deutsche Bundesbank and on postal giro accounts, amounted to DM 3,171.7 million. This is equivalent to 13.3 per cent of our total liabilities to banks and other creditors plus convertible bonds issued and our own acceptances outstanding.

Liquidity

Our total liquid assets in cash reserve, cheques, matured bonds, interest and dividend coupons, as well as items received for collection, bills of exchange rediscountable at Deutsche Bundesbank, claims on credit institutions (for periods of less than three months), plus fixed-interest-bearing securities eligible as collateral for Deutsche Bundesbank advances, amounted to DM 8,475.4 million, i. e. 35.5 per cent of the total liabilities mentioned above, as against 34.8 per cent in the previous year.

Our credit balances with credit institutions increased by DM 1,102.4 million to DM 4,244.8 million during the year. This item comprises balances from clearings, money market investments, and loans to German and foreign banks. It is broken down as follows:

Claims on credit institutions

in DM million	1972	1971
Money employed	3,224.1	2,221.6
of which: demand	(1,409.1)	(842.6)
time	(1,815.0)	(1,379.0)
Lendings	1,020.7	920.8
including: long-term	(469.9)	(448.9)
Total claims on credit institutions	4,244.8	3,142.4

Securities Holdings of bonds and notes fell by 13.0 per cent to DM 782.7 million, with 72.2 per cent of the total being eligible as collateral for Deutsche Bundesbank advances.

The item "securities" covers such of our investments in quoted shares, investment trust shares, and other securities as are not listed under different headings. At DM 675.1 million they were DM 42.9 million up on the previous year.

As before, all holdings of securities have been valued in accordance with the lowest value principle.

Credit business There was another substantial expansion in our credit business (excluding transmitted loans, on a trust basis) with bank and non-bank customers in 1972. The total of book credits, acceptance credits, and discounts at the closing date showed an increase of DM 1,744.6 million, or 11.2 per cent, compared with the end of 1971.

Details are as follows:

	1972	1971
Credits to		
credit institutions	DM 1,020.7 m = 5.9%	DM 920.8 m = 5.9%
customers	DM 12,828.3 m = 73.8%	DM 10,881.4 m = 69.6%
Book and acceptance credits	DM 13,849.0 m = 79.7%	DM 11,802.2 m = 75.5%
Discounts	DM 3,536.3 m = 20.3%	DM 3,838.5 m = 24.5%
Total lending	DM 17,385.3 m = 100.0%	DM 15,640.7 m = 100.0%

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

Trends in individual categories of the credit business varied during 1972. Among book credits, short and medium-term loans in particular showed another sharp increase, whilst the discount business fell slightly compared with the previous year.

At the end of 1972, we had short and medium-term book and acceptance credits totalling DM 9,153.0 million outstanding, i. e. DM 1,464.8 million or 19.1 per cent more than on December 31 of the previous year. Credits granted to non-bank customers increased by DM 1,385.9 million; loans to credit institutions rose by DM 78.9 million.

Customers' demand for long-term finance continued once again during 1972. This part of our credit business rose by DM 582.0 million, or 14.1 per cent, to DM 4,696.0 million during the year under review. This included DM 469.9 million in loans to banks. Long-term liabilities on the other hand totalled DM 713.8 million, resulting mainly from financing operations with Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) as well as with other public agencies and banks. Where appropriate agreements had been made with the lenders, the funds concerned were advanced to borrowers on lenders' terms.

Discounts fell slightly over the year, by 7.9 per cent to DM 3,536.3 million, since increased costs of rediscounting and further cuts in the banks' rediscount quotas with Deutsche Bundesbank often made it very difficult to offer our customers satisfactory discount terms. At the end of 1972, 69.2 per cent of the bills purchased had remained in the Bank's portfolio.

Our lending went to some 432,000 creditors:

Size of loans	1972	1971
389,786 loans of up to DM 20,000	90.2%	91.1%
28,578 loans of DM 20,000 up to DM 100,000	6.6%	5.9%
	96.8%	97.0%
10,963 loans of DM 100,000 up to DM 1,000,000	2.6%	2.3%
2,629 loans of more than DM 1,000,000	0.6%	0.7%
	100.0%	100.0%

Equalization claims declined by DM 0.6 million to DM 78.6 million. The fall consisted of DM 1.9 million repayments on or ahead of schedule less DM 1.3 million of claims acquired in addition.

Equalization and covering claims

Covering claims totalling DM 3.4 million were repaid on schedule.

We increased our participations by DM 72.5 million during the year under review. Changes included DM 87.6 million in new acquisitions and capital increases, the fulfilment of payment commitments, and the reinforcement of holdings. A balance sheet value of DM 453.7 million resulted after disposals of DM 14.0 million, book transfers of DM 1.0 million, and write-offs of DM 0.1 million.

Participations

We acquired the following new participations:

BeVerwa Beteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt a. M.
 Compagnie Internationale de Téléinformatique (CITEL) N.V., Amsterdam
 EUROSAT S.A., Geneva
 GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt a. M.
 Kistra Beteiligungsgesellschaft mbH, Frankfurt a. M.
 Münchener Hypothekenbank eGmbH, Munich
 RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim
 Rossmas Beteiligungsgesellschaft mbH, Frankfurt a. M.
 Société Libano-Européenne pour la Gestion Privée (Crédit Lyonnais) S.A.L.,
 SLIGEST, Beirut
 USW-Grundstücks-Verwaltungsgesellschaft, Cologne
 WEBO-Bau- und Verwaltungsgesellschaft Köln mbH, Cologne

Our participations are shown in a diagram on pages 87 and 88, with details of our share in the capital of each company.

Our affiliates and subsidiaries continued to do well in 1972. Our income from this source amounted to DM 21.7 million.

All the companies in which we hold more than 25 per cent of the nominal capital are separately listed on page 86. These holdings are included in the balance sheet item "securities".

Land and buildings Our property as shown in the balance sheet changed as follows during the year under review:

	Bank premises	Other properties
Balance sheet value at December 31, 1971	DM 240.3 m	DM 20.2 m
Additions	DM 84.9 m	DM 4.3 m
	DM 325.2 m	DM 24.5 m
Disposals	DM 0.3 m	DM 0.1 m
Depreciation	DM 7.3 m	DM 0.4 m
Balance sheet value at December 31, 1972	DM 317.6 m	DM 24.0 m

The additions represent in the main purchases as well as new buildings and extensions in Bonn, Bremen, Frankfurt a. M., Fürth, Hamburg, Münster, Nuremberg, Stuttgart, and Wuppertal.

Furniture and equipment The continuous replacement of our technical equipment for banking operations, measures of rationalization, and the further expansion of our network of branches entailed the purchase of furniture and equipment totalling DM 33.7 million. After disposals amounting to DM 0.5 million and depreciation of DM 27.8 million as permitted by tax legislation, the resulting book value amounted to DM 99.4 million.

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

Liabilities

Liabilities Our liabilities to credit institutions and other creditors resulting from our banking business rose by 15.1 per cent to DM 23,642.8 million during the financial year. The credit balances of our non-bank customers accounted for 85.0 per cent of the overall increase of DM 3,100.0 million.

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

	1972	1971
Liabilities to credit institutions:		
demand	DM 1,708.3 m = 7.2%	DM 1,461.2 m = 7.1%
time	DM 2,650.5 m = 11.2%	DM 2,458.7 m = 12.0%
Customers' drawings on credits opened by us at other credit institutions	DM 70.9 m = 0.3%	DM 45.0 m = 0.2%
	DM 4,429.7 m = 18.7%	DM 3,964.9 m = 19.3%
Banking liabilities to other creditors:		
demand	DM 5,045.2 m = 21.4%	DM 4,664.6 m = 22.7%
time	DM 8,747.8 m = 37.0%	DM 7,073.1 m = 34.4%
savings deposits	DM 5,420.1 m = 22.9%	DM 4,840.2 m = 23.6%
	DM 19,213.1 m = 81.3%	DM 16,577.9 m = 80.7%
Total deposits	DM 23,642.8 m = 100.0%	DM 20,542.8 m = 100.0%

The 5 ½ per cent convertible bonds of June, 1972, issued on the strength of a resolution of the annual general meeting of May 3, 1972, which will be convertible for the first time in the period from November 10 to 30, 1973, on a 1 for 4 basis, is shown in the balance sheet at its full value of DM 160.0 million nominal. To effect the conversion there is an authorized, contingent capital of DM 40 million.

Bonds

Acceptance credits used by our customers increased by 41.8 per cent to DM 269.8 million. At the closing date, DM 89.9 million of our own acceptances were outstanding.

Own acceptances

On the basis of actuarial calculations, the present values of our pension commitments and expectancies amounted to DM 187.3 million on December 31, 1972. Our provisions for pensions have accordingly been increased by DM 15.8 million as compared with the previous year.

Provisions

Other provisions are shown at DM 121.2 million. They include provisions for taxes, for liabilities of uncertain size, and for that portion of the global valuation reserves which is not deductible from assets in the balance sheet.

During the financial year 1972 we were again required to write back a portion totalling DM 45,378 of the reserve formed under Article 1, paragraph 1, item 2, of the Development Aid Tax Law.

Special reserve item

The management was authorized by the annual general meeting of May 3, 1972, to increase the capital by up to DM 50 million.

Capital and reserves

Following approval by the Supervisory Board we made use of this facility at the end of 1972 and increased the capital by DM 44 million by an issue of new shares priced at DM 125 per DM 50 nominal share (i. e. at 250 per cent). The resulting premium of DM 75 per share was allocated to the statutory reserves. The subscription right extended to holders of the convertible bonds in addition to existing shareholders. This leaves an authorized capital increase of DM 6 million.

DM 15 million from the year's earnings was allocated to other reserves.

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

	1972	1971
Share capital	DM 444 m	DM 400 m
Published reserves		
a) statutory reserve	DM 292 m	DM 226 m
b) other reserves	DM 379 m	DM 364 m
	DM 1,115 m	DM 990 m

Notes on
the balance sheet
and other remarks

Endorsement liabilities on bills rediscounted increased from DM 748.0 million to DM 1,088.1 million.

Liabilities arising from guarantees, including guarantees for bills and cheques, and from indemnity agreements, amounted to DM 2,337.3 million at the closing date, an increase of 15.3 per cent over the end of 1971.

Contingent liabilities in respect of possible calls on shares not fully paid up of both joint-stock companies and private limited companies amounted to DM 6.0 million at the closing date. Uncalled liabilities in respect of shares in cooperatives amounted to DM 0.5 million. In addition there were liabilities pursuant to Article 24 of the Law on Private Limited Companies (GmbHG).

Profit and Loss Account

Owing to the lower level of interest rates, and in spite of the expansion in the volume of business, *interest and similar receipts from lending and money market transactions* at DM 1,181.9 million fell short by DM 71.9 million of the corresponding receipts in the previous year.

Current receipts from fixed-interest-bearing securities, government inscribed stock, other securities, and participations rose only negligibly, by DM 1.3 million to DM 121.8 million, compared with the previous year.

This revenue of altogether DM 1,303.7 million was partly offset by *interest payments and similar expenditure* amounting to DM 802.6 million as against DM 887.2 million in the year before. The resulting net interest income of DM 501.1 million, with an increase of DM 14.0 million, or 2.9 per cent, is thus only slightly up on the 1971 figure.

Interest earnings exempt from taxation and foreign earnings enjoying inter-company tax privileges amounted to DM 9.8 million. Receipts from domestic dividend payments enjoying inter-company tax privileges totalled DM 46.4 million.

Before dealing with other items we wish to point out that certain changes were made in drawing up the profit and loss account, affecting the following items: "current operating expenses", "commissions and other receipts from service transactions", and "other receipts including those from writing back provisions in connection with lending business". These changes are mostly due to the fact that passed-on charges (like e. g. postage and telephone expenses) were treated as on-and-off items. Accordingly, the corresponding figures for the previous year were newly itemized.

Commissions and other receipts from service transactions rose to DM 175.5 million compared with DM 152.4 million in the previous year, owing to further increases in the turnover in securities and in foreign business as well as to the continued growth in the volume of payments.

We spent DM 9.2 million on *commissions and similar expenditure on service transactions*. This left a surplus amounting to DM 166.3 million as against DM 145.9 million in 1971.

Other receipts including those from writing back provisions in connection with lending business are shown at DM 131.2 million. This item covers gains on foreign exchange dealings, rent derived from our properties, and miscellaneous receipts. It also covers that part of profits realized on our own dealings in securities, of payments received on claims written off, and of receipts from valuation reserves and provisions no longer required in the lending business, which has not been set off against *depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business*. After setting off the amounts permitted by law, the balance remaining in this item of expenditure was DM 23.4 million.

The Bank's total personnel costs comprised:

	1972	1971
<i>Wages and salaries</i>	DM 356.1 m	DM 317.6 m
<i>Statutory social security contributions</i>	DM 38.8 m	DM 33.2 m
<i>Expenditure on retirement pensions and other benefits</i>	DM 40.8 m	DM 38.3 m
	DM 435.7 m	DM 389.1 m

The increase in personnel costs was DM 46.6 million, or nearly 12 per cent.

The rise is mainly due to the first full year's effect in 1972 of the increase in scale salaries of March 1, 1971, and to their additional rise on March 1, 1972. Further rationalization enabled us to limit staff growth to merely 1.3 per cent.

Current operating expenses, in line with the overall expansion of business, were up by DM 18.1 million, from the previous year's level of DM 138.8 million to a total of DM 156.9 million. This represents an increase of 13.0 per cent.

Depreciation on and valuation reserves for land and buildings and for furniture and equipment at DM 35.5 million was within the limit permitted by tax legislation. The previous year's expenditure (DM 43.5 million) included DM 10.0 million special depreciation on land and buildings under Article 6 b of the Income Tax Law (EStG).

Taxes took DM 58.9 million as against DM 57.1 million in the previous year. This increase mainly related to *other taxes* which are shown as DM 8.4 million. This includes DM 3.6 million company capitalization tax paid in connection with the capital increase.

The remuneration of members of the Board of Management amounted to DM 4,664,925.45 for the year under review, whilst pensions paid to former members of the Board and their surviving dependents totalled DM 2,820,495.50. Members of the Supervisory Board were paid DM 1,033,085.—, and members of the Central Advisory Council DM 378,186.—. The members of our Regional Advisory Councils received DM 961,582.50.

Dealings in
own shares

As part of our business in securities subject to the provision of returns,

439,421 Commerzbank shares (bearer shares of DM 50 nominal) with a nominal value of DM 21,971,050

were bought at current prices over the year,

and companies under our control or in which we have a majority interest bought 14,119 Commerzbank shares with a nominal value of DM 705,950

at a weighted average buying price of DM 235.45, and subsequently resold them at a similarly calculated average price of DM 235.54. The proceeds from these sales were reallocated to working funds. Neither we ourselves nor companies under our control, or in which we have a majority interest, held any of our own shares at the closing date.

As collateral from borrowing customers,

we accepted 107,142 of our own shares with a nominal value of DM 5,357,100,

and companies under our control or in which we have a majority interest accepted 8,396 Commerzbank shares with a nominal value of DM 419,800.

Affiliates The following companies are affiliated with us:

Atlas Participations – France S.A.R.L., Paris
Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf
Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf
Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf
Berliner Commerzbank Aktiengesellschaft, Berlin
Commercium Vermögensverwaltungs-GmbH, Hamburg
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo),
Düsseldorf
Commerzbank International S.A., Luxembourg
Commerz- und Industrie-Leasing GmbH, Düsseldorf
Ad. F. Dreyer, Hamburg
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt a. M.
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld
Ilseder Bank, Sandow & Co., Peine
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg
Lübecker Flender-Werke Aktiengesellschaft, Lübeck
H. Maihak Aktiengesellschaft, Hamburg
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg
C. Portmann, Frankfurt a. M.
RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim
Rheinische Hypothekenbank, Mannheim
Friedrich W. Thomas, Hamburg
WEBO-Bau- und Verwaltungsgesellschaft Köln mbH, Cologne
Westdeutsche Bodenkreditanstalt, Cologne

We report as follows on our legal and business relations with these affiliates:

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 Ffrs 9.5 million. The object of the company is to acquire and administer participations.

Atlas Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf

We hold the whole of the company's share capital of DM 100,000. The object of the enterprise is to administer, acquire, and realize assets of all kinds. We serve the company as far as customary banking transactions are concerned.

Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf

We hold the whole of the company's share capital of DM 100,000. The company is engaged in the promotion of foreign trade.

Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf

The whole of the share capital, which remained unchanged at DM 3.5 million, is held by us. The company channels its payments through us. It obtains credits to finance its business and maintains credit balances with us. A dividend increased from 16 to 17 per cent will be paid for the last business year.

This subsidiary has branches in Bielefeld, Düsseldorf, Duisburg-Hamborn, Duisburg-Hochfeld, Munich, and Stuttgart.

Berliner Commerzbank Aktiengesellschaft, Berlin

We hold the whole of the DM 25.0 million share capital of our Berlin subsidiary. A dividend of 14 per cent on the share capital will once again be paid from the year's earnings. The balance sheet total rose by DM 162.1 million to DM 1,368.0 million. Liabilities to credit institutions and other creditors rose by DM 158.3 million to DM 1,285.2 million, the growth in savings deposits by DM 59.4 million to DM 389.2 million being particularly noteworthy. The increase in deposits was largely used for higher lendings to non-bank customers. The bank maintains 47 branches in West-Berlin.

Commercium Vermögensverwaltungs-GmbH, Hamburg

The whole of the company's share capital of DM 50,000 is held by us. The object of the enterprise is to administer property of all kinds.

Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf

We hold the whole of the company's share capital of DM 1.0 million. The enterprise is an investment company and manages several investment trusts.

Commerzbank International S.A., Luxembourg

In December 1972, the bank carried out a capital increase of Lfrs 138 million, raising its share capital to Lfrs 563 million. The shares are held by us and by some of our other subsidiaries.

Apart from being active in the Euromoney market, the bank handles the entire range of international banking business.

The bank continued its growth during the year under review and achieved satisfactory results. After an allocation of Lfrs 34.8 million to the reserves, an increased dividend of 14 per cent will be paid on the old share capital.

Commerz- und Industrie-Leasing GmbH, Düsseldorf

The DM 1,000,000 (50 per cent paid up) share capital of this company, which is doing leasing business, is wholly owned by another subsidiary, Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf. Its banking business is channelled exclusively through us.

Ad. F. Dreyer, Hamburg

The limited liability part of this bank's capital amounting to DM 50,000 is held by our subsidiary, Commercium Vermögensverwaltungs-GmbH, Hamburg. The company handles all kinds of banking business. Payments are effected exclusively through us.

GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt a. M.

We acquired 95 per cent of the share capital of DM 20,000 at the end of 1972. The object of the company is the acquisition of developed and undeveloped sites, the letting and administration of premises of all kinds, and any associated business.

Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg

The whole of the company's DM 20,000 share capital is held by us. The object of the enterprise is to acquire, dispose of, and administer real estate properties, and to handle any associated business. We are at the company's disposal for handling payments through banking channels.

von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld

The whole of this private bank's limited liability capital of DM 7.0 million is held by us. Apart from its head office at Wuppertal-Elberfeld, it has a branch at Wuppertal-Vohwinkel. Business progress was again satisfactory in 1972. The resulting profit has been transferred to us.

Ilseder Bank, Sandow & Co., Peine

We are the sole limited partner in this firm, which conducts banking business of all kinds, our interest amounting to DM 2.0 million. Organizationally the bank is fully integrated into our Bank's branch network.

Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg

We hold 90 per cent of this company's share capital of DM 50,000. The balance of the capital is held by another subsidiary, Hamburgische Grundstücks Gesellschaft m.b.H. The company's object is to acquire and manage properties and to build flats for rent.

Lübecker Flender-Werke Aktiengesellschaft, Lübeck

The share capital of this major German shipyard, of which we hold 68.9 per cent, is shown at DM 20.0 million. We received a dividend of 6 per cent in the year under review. The accounts for 1972 are not yet available, but we expect another satisfactory result.

H. Maihak Aktiengesellschaft, Hamburg

Our holding in the DM 3.0 million share capital of this company, which operates successfully in the field of measuring and control engineering, amounts to 50.2 per cent. For 1971 we received a dividend of 15 per cent. Results for 1972 are not yet available, but we expect them to be satisfactory.

Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg

The company's share capital of DM 20,000 is held as to 75 per cent by Immobilien- und Wohnungs-Gesellschaft mbH, and as to 25 per cent by Hamburgische Grundstücks Gesellschaft m.b.H. The company confines itself to the management of real estate and buildings. It channels its payments through us, and obtained credits.

C. Portmann, Frankfurt a. M.

We are the sole limited partner in this private bank. Our limited liability holding amounts to an unchanged DM 1,500,000. Banking business is done exclusively through us.

RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim

We have a 25 per cent interest in the DM 20,000 share capital of this company, which was set up at the beginning of 1972. 75 per cent of the shares are held by Rheinische Hypothekenbank, Mannheim. The object of the company is the acquisition, disposal, and management of real estate and any associated business.

Rheinische Hypothekenbank, Mannheim

At the end of the year, our interest in the share capital of this mortgage bank, which was raised from DM 20.0 million to DM 25.0 million in 1972, amounted to 78.7 per cent. The premium of DM 50 per DM 50 nominal share was fully allocated to the statutory reserve. After an additional allocation of DM 7.5 million from the 1972 earnings, and of a further DM 1.7 million from the previous year's earnings, the reserves are shown at a total of DM 93.0 million. This has raised liable funds to DM 118.0 million. A disposable profit of DM 7.7 million is available for a further strengthening of the reserves and for payment of an unchanged dividend of 20 per cent, the new shares from the 1972 capital increase ranking for dividend as from July 1, 1972.

With DM 3,211 million worth of bonds issued and DM 713 million in liabilities to credit institutions and to other creditors, the bank reached a balance sheet total of DM 4,135 million at the end of 1972.

In addition to the head office in Mannheim, the bank maintains a branch in Berlin, offices in Düsseldorf, Frankfurt a. M., Hanover, Mainz, Munich, and Stuttgart, and a mortgage office in Dortmund.

Friedrich W. Thomas, Hamburg

This firm engages in all forms of banking, chiefly in the deposit, credit, and securities business. Our limited liability holding amounts to DM 500,000. The bank channels its payments through us.

WEBO-Bau- und Verwaltungsgesellschaft Köln mbH, Cologne

The share capital of this company, set up at the beginning of 1972, amounts to DM 20,000, of which we hold 25 per cent. The remaining 75 per cent is held by Westdeutsche Bodenkreditanstalt, Cologne. The company engages in the acquisition, disposal, and management of properties and any associated business.

Westdeutsche Bodenkreditanstalt, Cologne

We increased our holding in this mortgage bank to 91.1 per cent by additional share purchases in 1972. As a result of the capital increase of DM 3 million, effected at a price of 200 per cent during the past financial year, the company's liable funds rose by DM 6 million. The share capital now stands at DM 17.0 million. The premium from the capital increase was allocated to the statutory reserve. Other reserves were increased through the allocation of DM 5.5 million from the 1972 earnings, and of DM 1.1 million from the previous year's earnings. Total reserves are accordingly shown at DM 56.5 million, and total liable funds at DM 73.5 million.

The financial year 1972 closed with a balance sheet total of DM 2,344 million, up 16.7 per cent. The bank shows DM 2,032 million worth of bonds issued and DM 201 million in liabilities to credit institutions and other creditors.



After allocating DM 15,000,000 to the published reserves, the net profit remaining amounts to
DM 68,000,000.

We propose that this amount be used for payment of a dividend of DM 8.50 per DM 50 nominal share.

The share capital of DM 44,000,000 resulting from the capital increase in December, 1972, ranks for dividend as from January 1, 1973.



Düsseldorf, March 9, 1973

THE BOARD OF MANAGEMENT

Behrenbeck Brands Deuss Dhom Jahn
Knappertsbusch Lichtenberg Niederste-Ostholt
Reckel Rieche Spiegel Terrahe



COMMERZBANK
AKTIENGESELLSCHAFT

DER VORSTAND

Frankfurt (Main), 14.12.1972

An alle
Geschäftsstellen und
Abteilungen der Hauptverwaltungen

Die Commerzbank baut auf die Kooperation. Auch in Zukunft wird unsere Arbeit zwar in Deutschland wurzeln, also im Inland ihre breite Basis finden. Neue Impulse aber kommen von draussen: aus unserem internationalen Geschäft, das wir gemeinsam und in Abstimmung mit unseren Partnern Banco di Roma und Crédit Lyonnais konsequent ausbauen.

Mit unserer Kooperation haben wir frühzeitig "auf die europäische Karte gesetzt". Wir sind überzeugt, daß die westeuropäischen Länder allmählich zum größeren Europa-Markt zusammenwachsen. Dies verlangt Bank-Gruppen europäischen Zuschnitts.

Die Gruppe Banco di Roma/Commerzbank/Crédit Lyonnais hat sich entschlossen, ihrer engen Zusammenarbeit in einem Gemeinschaftszeichen Ausdruck zu geben. Es wird die alten Signen der Einzelbanken ablösen.

Das Gemeinschaftszeichen, das zunehmend an die Stelle des vertrauten C-Bank-Zeichens treten wird, wollen wir sowohl im Inland als auch im Ausland verwenden. Es soll für die Privatkunden ebenso wie für die Geschäftswelt zum unverwechselbaren Symbol der Commerzbank und ihrer europäischen Partner werden.

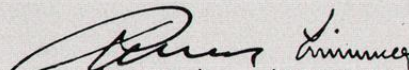
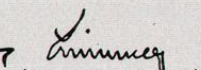


Das Zeichen, das Ihnen bereits seit kurzem auf den Veröffentlichungen unserer Bank begegnet, wurde unter vielen Entwürfen ausgesucht, nachdem sich in Meinungsumfragen bestätigt hatte, daß es die weltoffene Dynamik unserer Bank und unserer Partnerinstitute gut zum Ausdruck bringt. Darüber hinaus soll es konzentrierte Kraft und vielfältigen Kundendienst symbolisieren.

Das Gemeinschaftszeichen wird schwarz oder auch kobaltblau auf gelbem Grund wiedergegeben werden. Unseren Geschäftsfreunden und Kunden soll es in Kürze in einer Anzeigen-Kampagne besonders vorgestellt werden.

Uns gefällt das Zeichen, weil es modern ist, ohne modisch zu sein. Vor allem aber freuen wir uns darüber, daß dieses Zeichen die Partner unserer Kooperation deutlich verbindet.

Freundschaftlich


(Rieche) 
(Lichtenberg)

Vorsitzender des Aufsichtsrates: Hanns Deuß
Vorstand: Rudolf Behrenbeck, Helmut Brands, Peter Deuß, Robert Dhom, Wolfgang Jahn, Götz Knappertsbusch,
Paul Lichtenberg, Heinz Niederste-Ostholt, Armin Redel, Ernst Rieche, Raban Freiherr von Spiegel, Jürgen Terraha
Sitz der Bank: Düsseldorf (HRB 1)

A new symbol signifies the close cooperation of Banco di Roma, Commerzbank, and Crédit Lyonnais. The letter, shown here, by the Board of Management of Commerzbank was to inform the bank's staff of the Euro-partner group's new sign which is to replace the individual symbols of the three partner banks.

Berliner Commerzbank AG, Berlin

- General performance in 1972** Following very strong growth in its 1971 balance sheet total, the bank succeeded last year in further expanding the total by 13.4 per cent to DM 1,368 million. Higher earnings for the year permitted payment of an unchanged dividend of 14 per cent on the share capital of DM 25 million as increased at the end of 1971. After having strengthened the internal reserves earnings were not sufficient, though, for making an allocation to the published reserves as well.
- Deposits** Customers' deposits for the first time exceeded the DM 1,000 million mark. Overall, funds deposited with the bank were DM 161 million (or 17.6 per cent) up on the previous year. Customers' growing awareness of interest rate levels led to a disproportionately large increase of 58.8 per cent in time deposits at short term. The rise in savings deposits at 18.0 per cent was again distinctly above the Berlin average.
- Lending** The expansion in lendings, which was over a third in 1971, slowed down as expected in 1972. Long-term credits for periods of more than four years were particularly in demand and grew by 27 per cent, with public authorities becoming more prominent as borrowers. Short and medium-term credits to firms and private individuals also achieved an increase of 15 per cent. The bank exercised caution in discounting, largely limiting itself to the acceptance of bills offered by regular customers. At the same time, possible rediscounting at the Bundesbank was fully made use of. Funds secured by mortgages such as "Commerzbank private loans" (up 72 per cent in 1972) and building society bridging finance remained very much sought after.
- Securities business** With a favourable trend in the German share market during the first eight months of 1972, and with fixed-interest securities being much in demand, the bank managed once again to increase turnover and earnings in its securities business. Indeed, new sales of investment fund shares registered an increase of close on 90 per cent. As a member of underwriting syndicates, the bank was instrumental in carrying out 33 capital increases and in placing 82 DM bond loans issued by German and foreign borrowers in 1972. Business in the market for long-term loans against borrower's note was stepped up substantially.
- Brokerage business for credits enjoying tax advantages under Articles 16 and 17 of the Berlin Promotion Act was again lively.
- Staff** Continued streamlining of its operations enabled the bank to further cut its full-time staff from 998 to 974 people.
- Organization** In April, 1972, long-distance data processing began in Berlin through the parent bank's EDP centre in Frankfurt. A link with the latter's securities information system is to be established in the current year. Berliner Commerzbank was able to move into the first stage of the head office extension; building work should be completed by the autumn of this year.
- Two further branches were opened at the beginning of the year under review and one paying office was closed last December. This meant that at the end of 1972, the bank had 47 branches in all parts of West-Berlin.

Annual Accounts 1972

ASSETS	in DM 1,000	LIABILITIES	in DM 1,000
Cash	146,668	Liabilities to credit institutions	(208,525)
Cheques, and items received for collection	23,376	of which:	
Bills of exchange	53,624	a) demand	33,244
Claims on credit institutions	185,638	b) time	175,281
Bonds and notes	126,219	Liabilities to other creditors	(1,076,692)
Securities	6,857	of which:	
Claims on customers	(779,893)	a) demand	278,235
of which:		b) time	409,253
for agreed periods of		c) savings deposits	389,204
a) less than four years	473,434	(Total of liabilities listed above)	(1,285,217)
b) four years or more	306,459	Transmitted credits	271
Equalization and covering claims	20,484	Provisions	21,364
Transmitted credits	271	Other liabilities	484
Participations	484	Deferred credits	5,186
Land and buildings	20,356	Capital	25,000
Furniture and equipment	2,668	Published reserves	27,000
Other assets	1,484	Net profit	3,500
Total Assets	<u>1,368,022</u>	Total Liabilities	<u>1,368,022</u>

EXPENDITURE	in DM 1,000	RECEIPTS	in DM 1,000
Interest and similar expenditure	40,487	Interest and similar receipts	65,711
Commissions	158	Current receipts from	
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business	234	a) fixed-interest securities and government inscribed stock	8,194
Expenditure on personnel	25,843	b) other securities	167
Current operating expenses	8,887	c) participations	111
Depreciation on fixed assets	3,384	Commissions and other receipts from service transactions	7,884
Taxes	2,728	Other receipts, including those from writing back provisions in connection with lending business	3,215
Other expenditure	175	Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	114
Year's earnings	3,500	Total Receipts	<u>85,396</u>
Total Expenditure	<u>85,396</u>		

Commerzbank International S.A., Luxembourg

Commerzbank International S.A., a bank mainly engaged in the short-term money and credit business in the Eurocapital market, was set up in 1969 as a joint-stock company incorporated under Luxembourg law. Shareholders are Commerzbank AG (99.9 per cent) and six of its subsidiaries.

Commerzbank International's function is to take maximum advantage of the opportunities in the Euromoney and capital markets in the interests of its worldwide clientèle. Luxembourg, which has achieved further rapid growth as a banking centre, with its freedom for international movements of money and capital provides a particularly attractive base for this purpose.

Liable funds Following a further capital increase to meet the continued expansion of the volume of business, the bank now has a capital of over Lfrs 563 million (DM 41 million) and reserves of Lfrs 217 million (DM 16 million). After an allocation from the 1972 earnings, the reserves will amount to Lfrs 252 million (DM 18 million). In making overall valuation reserves, the fullest possible advantage was again taken of tax concessions.

General performance in 1972 The business year 1972 was once more characterized by temporary sharp fluctuations in interest rates and liquidity in the Euromoney and Eurocurrency markets. Careful advantage was taken of the resulting business opportunities.

Close cooperation with the Frankfurt parent bank and its New York branch as well as with the European partner banks, Banco di Roma and Crédit Lyonnais, was further strengthened during the year, particularly in the field of international finance.

The balance sheet total of Commerzbank International went up from Lfrs 19,270 million (DM 1,410 million) to Lfrs 30,562 million (DM 2,204 million), with a corresponding sharp increase in nostro balances. Deposits by other banks represented the chief source of financing funds; the proportion of customer's deposits at the end of the year was just on 12 per cent of the total.

Services offered Turnover in money and foreign exchange dealings was further expanded in 1972. Business in securities also flourished. The bank once again took part in the underwriting and placing of international bond issues.

Earnings position The bank's earnings position was fully satisfactory. For the business year 1972, the bank will be paying a dividend up from 10 to 14 per cent.

Annual Accounts 1972

ASSETS	in Lfrs 1,000
Claims on banks for periods of up to 30 days	6,763,643
Claims on banks for periods of more than 30 days	13,798,539
Bills of exchange	627,135
Claims on customers	8,444,339
Securities	332,374
Trusteeship accounts	221,925
Participations	1,418
Furniture and equipment	1,083
Other assets	371,432

Total Assets 30,561,888

= DM 2,204.4 m

LIABILITIES	in Lfrs 1,000
Liabilities to banks for agreed periods of up to 30 days	7,313,493
Liabilities to banks for agreed periods of more than 30 days	18,250,716
Deposits of other creditors for agreed periods of up to 30 days	810,368
Deposits of other creditors for agreed periods of more than 30 days	2,681,196
Trusteeship accounts	221,925
Capital	563,000
Reserves	
statutory reserve	56,300
free reserves	36,708
from capital increase	124,200
Provisions and valuation reserves	161,019
Other liabilities	248,671
Profit for the year	94,292

Total Liabilities 30,561,888

= DM 2,204.4 m

EXPENDITURE	in Lfrs 1,000
Interest and commissions	1,228,063
Personnel and operating expenditure	36,187
Taxes	92,621
Valuation reserves	35,999
Depreciation	305
Profit for the year	94,292
Total Expenditure	<u>1,487,467</u>

RECEIPTS	in Lfrs 1,000
Interest and commissions	1,464,280
Other receipts	23,187

Total Receipts 1,487,467

Lfrs 100 = DM 7.213

Rheinische Hypothekenbank, Mannheim

- General performance in 1972** In the year under review, the bank achieved its greatest ever growth in terms of figures. The balance sheet total increased by DM 622 million to DM 4,135 million. The year's earnings again allow payment of a dividend of DM 10 per share of DM 50 nominal. The share capital of DM 5 million resulting from the 1972 capital increase ranks for dividend as from July 1, 1972.
- Liable funds** The share capital at the closing date amounted to DM 25 million. The published reserves which determine the maximum amount of bonds outstanding totalled DM 85.5 million. From the earnings for 1972 DM 7.5 million (previous year DM 6.25 million) was allocated to the reserves; on the assumption that the Annual General Meeting will approve the Board's proposal to strengthen the reserves by a further DM 2.5 million from the net profit, the total of reserves available as security will rise to DM 95.5 million. This means that the limit on bonds outstanding would be increased by DM 350 million. It will also be proposed that the Annual General Meeting approve an authorized capital increase of DM 10 million so as to enable the bank to continue its growth policy even if the adoption of the amendment to the Mortgage Bank Law—HBG is further delayed.
- Lending** New formal loan commitments at DM 885 million exceeded the 1971 total by 50.4 per cent, with finance for new housing accounting for DM 562 million, for older buildings for DM 34 million, for commercial projects for DM 22 million, and loans to public authorities for DM 267 million. The bank's market share in the financing of new housing was 7.3 per cent.
- Including short and medium-term credits, DM 763 million (1971: DM 370 million) was paid out by way of mortgage loans and loans to public authorities, thus more than doubling the total of such payments.
- Within the total of long-term lending at December 31, 1972, mortgage loans had a share of 47.8 per cent, loans to public authorities of 51.6 per cent, and other credits of 0.6 per cent.
- Borrowing** In 1972, sales of mortgage and communal bonds totalled DM 658 million, with the former accounting for 31.3 per cent (61.2 per cent in 1971) and the latter for 68.7 per cent (38.8 per cent) of the total. 72 per cent of the bonds issued in 1972 had a life of 5 to 10½ years. En bloc loans were taken up by the bank to an amount of DM 142 million (1971: DM 181 million).
- Again it was possible to raise the issues of mortgage bonds with an increasing rate of interest and a guaranteed price, which were sold by the bank for the first time in 1971. Continued success in selling this type of mortgage bond is expected.
- At the end of 1972, bonds outstanding totalled DM 3,211 million, with mortgage bonds accounting for 51 per cent and communal bonds for 49 per cent thereof.
- Outlook for 1973** The current year has begun satisfactorily. Optimism for the rest of the year is somewhat tempered, however, particularly as far as finance for new housing is concerned, in the face of further increases in building and capital costs. Earnings should again prove satisfying.

Annual Accounts 1972

ASSETS	in DM 1,000	LIABILITIES	in DM 1,000
Loans with agreed periods of four years or more		Bonds issued	
a) mortgage loans	1,540,878	a) mortgage bonds	1,640,762
b) communal loans	1,664,113	b) communal bonds	1,570,005
c) other	17,137	c) bonds drawn by lot and called for redemption	467
Equalization and covering claims on public authorities	25,623	Commitments to deliver bonds	257,516
Bonds	47,738	Loans taken up at long term	149,070
Other securities	134,202	Liabilities to credit institutions and to other creditors	205,312
Cash reserve, and items received for collection	1,621	Interest on bonds issued and on loans taken up	100,988
Claims on credit institutions and on other debtors	597,478	Transmitted credits	48,117
Own bonds	44,337	Provisions, and valuation reserves	22,008
nominal value DM 49,281,000		Foundation	1,086
Transmitted credits	48,117	Capital	25,000
Participations	1,038	Published reserves	
Land and buildings	9,940	a) statutory reserve	53,000
Furniture and equipment	402	b) other reserves (pursuant to Article 7 of the Mortgage Bank Law-HBG)	40,000
Other assets	2,328	Other liabilities	13,911
		Net profit	7,710
		Total Liabilities	4,134,952
Total Assets	4,134,952		

EXPENDITURE	in DM 1,000	RECEIPTS	in DM 1,000
Interest and similar expenditure	223,600	Interest and similar receipts	252,094
Non-recurrent expenditure on bonds issued and on loans granted	15,834	Non-recurrent receipts from bonds issued and from loans granted	15,336
Expenditure on personnel	6,938	Receipts from participations	18
Current operating expenses	3,201	Other receipts, including those from writing back provisions in connection with lending business	8,338
Depreciation on and valuation reserves for fixed assets	459	Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	104
Taxes	10,139	Total Receipts	275,890
Other expenditure	509		
Year's earnings	15,210		
Total Expenditure	275,890		

Westdeutsche Bodenkreditanstalt, Cologne

- General performance in 1972** The bank expanded rapidly in 1972, its main effort being in the mortgage loan business. The balance sheet total increased by 16.7 per cent to DM 2,344 million. The year's earnings again allow payment of a dividend of DM 10 per share of DM 50 nominal and an allocation of DM 8 million to the reserves.
- Liable funds** The share capital amounted to DM 17 million at the closing date, following partial utilization of the authorized increase. The published reserves totalled DM 56.5 million. Provided the Annual General Meeting adopts the Board's proposal, the published reserves will be increased by a further DM 2.5 million—in addition to the DM 5.5 million allocated directly from the year's earnings—to DM 59 million, thus raising liable funds to a total of DM 76 million.
- Lending** Loan commitments in 1972 totalled DM 444 million, broken down into DM 337 million first mortgage loans and DM 107 million in respect of loans to public authorities. Mortgages paid out totalled DM 219 million and loans paid out to public authorities amounted to DM 157 million, adding up to DM 376 million. In 1971, a total of DM 273 million had been paid out in long-term loans.
- At December 31, 1972, long-term loans totalled DM 2,112 million, of which DM 1,212 million were mortgage loans, DM 885 million loans to local authorities, and DM 15 million other credits.
- Borrowing** Sales of mortgage bonds and communal bonds in 1972 totalled DM 440 million nominal compared with DM 281 million in the business year 1971. In terms of interest rates, the bulk of initial placings of bonds, or 48 per cent of the total of all types of bonds sold, carried a nominal interest of 7½ per cent.
- At the end of 1972, bonds outstanding totalled DM 2,032 million, with mortgage bonds accounting for 60 per cent and communal bonds for 40 per cent thereof.
- Outlook for 1973** The current year has begun satisfactorily. In spite of high interest rates, the demand for credit remains lively. The market may well suffer later in the year, though, as a result of climbing interest rates. Nevertheless, loan business to date, coupled with the carry-over from 1972, seems to indicate continued progress in 1973.

Annual Accounts 1972

ASSETS	in DM 1,000	LIABILITIES	in DM 1,000
Loans with agreed periods of four years or more		Bonds issued	
a) mortgage loans	1,211,489	a) mortgage bonds	1,213,139
b) communal loans	884,841	b) communal bonds	818,742
c) other	15,322	c) bonds drawn by lot and called for redemption	51
Equalization and covering claims on public authorities	7,246	Commitments to deliver bonds	90,914
Bonds	18,602	Loans taken up at long term	50,052
Other securities	1,239	Liabilities to credit institutions and to other creditors	7,270
Cash reserve, and items received for collection	2,678	Interest on bonds issued and on loans taken up	52,967
Claims on credit institutions and on other debtors	166,765	Transmitted credits	13,070
Own bonds	8,229	Provisions, and valuation reserves	9,313
nominal value DM 9,587,000		Capital	17,000
Transmitted credits	13,070	Published reserves	
Participations	25	a) statutory reserve	36,000
Land and buildings	12,185	b) other reserves (pursuant to Article 7 of the Mortgage Bank Law—HBG)	20,500
Furniture and equipment	651	Other liabilities	8,478
Other assets	1,299	Net profit	6,145
Total Assets	<u>2,343,641</u>	Total Liabilities	<u>2,343,641</u>

EXPENDITURE	in DM 1,000	RECEIPTS	in DM 1,000
Interest and similar expenditure	131,609	Interest and similar receipts	152,082
Non-recurrent expenditure on bonds issued and on loans granted	11,038	Non-recurrent receipts from bonds issued and from loans granted	11,138
Expenditure on personnel	4,821	Other receipts, including those from writing back provisions in connection with lending business	5,640
Current operating expenses	2,838	Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"	43
Depreciation on and valuation reserves for fixed assets	551		
Taxes	6,102		
Other expenditure	299		
Year's earnings	11,645		
Total Expenditure	<u>168,903</u>	Total Receipts	<u>168,903</u>

**List of holdings in enterprises where the Bank had an interest
in excess of 25 per cent of the capital on December 31, 1972*)**

Holdings of more than 25% :	Share Capital in DM million
Karstadt Aktiengesellschaft, Essen	300.0
Kaufhof Aktiengesellschaft, Cologne	300.0
Brauerei Isenbeck AG, Hamm	6.0
Commerzbank Aktiengesellschaft von 1870, Hamburg	(RM 100.0)
Dampfschiffahrts-Gesellschaft "Neptun", Bremen	7.0
Dortmunder Stifts-Brauerei Carl Funke Aktiengesellschaft, Dortmund	4.0
Hannoversche Papierfabriken Alfeld-Gronau vormals Gebr. Woge, Alfeld (Leine)	24.0
Hochtief Aktiengesellschaft für Hoch- und Tiefbauten vorm. Gebr. Helfmann, Essen	27.9
Kempinski Hotelbetriebs-Aktiengesellschaft, Berlin	11.0
Kaiser-Brauerei Aktiengesellschaft, Hanover	2.7
Stern-Brauerei Carl Funke Aktiengesellschaft, Essen	15.4
 Holdings of more than 50% :	
H. Maihak Aktiengesellschaft, Hamburg	3.0

Consolidated companies

Berliner Commerzbank Aktiengesellschaft, Berlin C: DM 25.00 m 100.0%	Commerzbank International S.A., Luxembourg C: Lfrs 563.00 m 100.0%*)	Rheinische Hypothekbank, Mannheim C: DM 25.00 m 78.7%
Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf C: DM 0.10 m 100.0%	Commercium Vermögensverwaltungs-GmbH, Hamburg C: DM 0.05 m 100.0%	Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (COFO), Düsseldorf C: DM 1.00 m 100.0%
Ilseeder Bank, Sandow & Co., Peine C: DM 2.00 m 100.0%	Immobilien- und Wohnungsgesellschaft mbH, Hamburg C: DM 0.05 m 100.0%*)	Norddeutsche Immobilien- und Verwaltungsgesellschaft mbH, Hamburg C: DM 0.02 m 100.0%**)

Other participations in German banks

Absatzkreditbank Aktiengesellschaft, Hamburg C: DM 3.00 m 32.5%	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt a. M. C: DM 40.00 m 12.8%	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Düsseldorf C: DM 4.80 m 25.0%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt a. M. C: DM 1.00 m 12.8%	Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C: DM 0.58 m 25.0%	Liquidationskasse für Zeitgeschäfte AG, Munich C: DM 0.50 m 10.0%

Other participations in German companies

Lübecker Flender-Werke Aktiengesellschaft, Lübeck C: DM 20.00 m 68.9%	Almüco Vermögensverwaltungsgesellschaft mbH, Munich a) C: DM 39.00 m 25.0%	Beteiligungsgesellschaft für Industriensiedlungsunternehmen mit beschränkter Haftung, Hamburg C: DM 3.00 m 25.0%
Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung, Frankfurt a. M. c) C: DM 50.00 m 25.0%	Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne C: DM 0.04 m 25.0%	Deutscher Rhederei-Verein in Hamburg, Hamburg C: DM 1.00 m 29.9%
Rossmas Beteiligungsgesellschaft mbH, Frankfurt a. M. e) C: DM 0.02 m 40.0%	Treuhand- und Holdinggesellschaft mbH, Frankfurt a. M. C: DM 0.14 m 50.0%	We also have interests in regional security depository banks, credit guarantee associations, and housing companies

Participations in foreign financial institutions and holding companies

EuroPartners Securities Corporation, New York C: US \$ 3.00 m 33.3%	International Commercial Bank Ltd., London C: £ 3.50 m 25.0%***)	Adela Investment Company S.A., Luxembourg/Lima (Peru) C: US \$ 61.28 m 1.4%
Banque Marocaine du Commerce Extérieur, Casablanca C: Dirham 20.00 m 2.8%	Banque Nationale pour le Développement Economique, Rabat C: Dirham 32.40 m 0.7%	Bondtrade, Brussels/New York C: US \$ 4.76 m 9.2%
The Development Bank of Singapore Ltd., Singapore C: S\$ 100.00 0.5%	European Enterprises Development Company S.A., E.E.D., Luxembourg C: US \$ 15.40 m 1.4%	Finance Company VIKING, Zurich C: Sfrs 45.00 m 6.7%
Nigerian Industrial Development Bank Ltd., Lagos C: N£ 2.25 m 1.7%	PICIC Pakistan Industrial Credit & Investment Corporation Limited, Karachi C: PR 60.00 m 0.4%	Private Investment Company for Asia (Pica) S.A., Panama City/Tokyo C: US \$ 24.20 m 0.8%
Société Financière du Développement - SOFIDE -, Kinshasa (Zaire) C: Zaires 2.00 m 2.5%	Société Libano Européenne pour la Gestion Privée (Crédit Lyonnais) S.A.L., SLIGEST, Beirut C: L£ 1.00 m 5.0%	Teollistamisrahasto Oy - Industrialization Fund of Finland Ltd., Helsinki C: Fmk 40.00 m 0.6%

*) held in part indirectly

***) held wholly indirectly

***) 12% since January, 1973 (cf. page 53)

*) held through Atlas Part

Associated companies of Commerzbank Aktiengesellschaft

C = Capital

Westdeutsche Bodenkreditanstalt, Cologne C: DM 17.00 m 91.1%	Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf C: DM 3.50 m 100.0%	Commerz- und Industrie-Leasing GmbH, Düsseldorf C: DM 1.00 m 100.0%**)	Atlas-Vermögensverwaltungs- Gesellschaft m.b.H., Düsseldorf C: DM 0.10 m 100.0%
Ad. F. Dreyer, Hamburg C: DM 0.05 m 100.0%*)	GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt a. M. C: DM 0.02 m 95.0%	Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg C: DM 0.02 m 100.0%	von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld C: DM 7.00 m 100.0%
C. Portmann, Frankfurt a. M. C: DM 1.50 m 100.0%	RHB-Bau- und Verwaltungs- gesellschaft Mannheim mbH, Mannheim C: DM 0.02 m 25.0%	Friedrich W. Thomas, Hamburg C: DM 0.50 m 100.0%	WEBO-Bau- und Verwaltungs- gesellschaft Köln mbH, Cologne C: DM 0.02 m 25.0%
Deutsche Grundbesitz- Investmentgesellschaft mbH, Cologne C: DM 1.40 m 25.0%	Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen C: DM 33.00 m 9.1%	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg C: DM 25.00 m 28.5%	
Lombardkasse AG, Berlin/Frankfurt a. M. C: DM 1.00 m 9.4%	Maschinenbank Finanzierungs- Aktiengesellschaft, Frankfurt a. M. C: DM 1.50 m 15.0%	Privatdiskont-Aktiengesellschaft, Frankfurt a. M. C: DM 5.00 m 9.0%	
Beteiligungsgesellschaft für Industrie und Handel mbH, Frankfurt a. M. C: DM 0.25 m 50.0%	BeVerwaeteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt a. M. b) C: DM 0.10 m 25.0%	Canada-Anlagen-Gesellschaft mbH, Hamburg C: DM 0.06 m 40.0%	
Gesellschaft für die Freigabe deutscher Vermögenswerte in Österreich mbH, Frankfurt a. M. C: DM 0.02 m 25.0%	Gesellschaft für Kreditsicherung mbH, Cologne C: DM 0.30 m 26.7%	Kistra Beteiligungsgesellschaft mbH, Frankfurt a. M. d) C: DM 7.20 m 25.0%	
a) has holding*) in Heidelberger Druckmaschinen AG	c) has holding*) in Horten AG	e) has holding*) in Bavaria- Filmkunst GmbH	
b) has holding*) in Rolu- Normenbau AG	d) has holding*) in Hutschenreuther AG	*) of at least 25%, entitling to inter-company tax privileges	
Atlas Participations- France S.A.R.L., Paris C: Ffrs 9.50 m 100.0%*)	Australian United Corporation Limited, Melbourne C: A\$ 5.11 m 4.0%	Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C: Cr\$ 70.00 m 5.0%	Banco Urquijo S.A., Madrid C: Ptas 3,371.24 m 0.8%
The Commercial Bank of Dubai Ltd., Dubai C: QDR 10.00 m 20.0%	Crédit Chimique S.A., Paris C: Ffrs 30.00 m 10.0%*)	Delttec Panamerica S.A., Nassau (Bahamas) C: 5.13 million shares 1.9%	
Gestinver S.A., Madrid C: Ptas 156.25 m 2.5%	The Industrial Finance Corporation of Thailand, Bangkok C: Baht 100.00 m 3.0%	The International Investment Corporation for Yugoslavia S.A., Luxembourg C: US \$ 13.50 m 1.2%	
Rifbank S.A.L., Beirut C: L£ 4.00 m 20.0%	Sifida Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg C: US \$ 10.50 m 0.9%	Société de Gestion du Rominvest International Fund S.A., Luxembourg C: Lfrs 5.00 m 10.0%	
Tourinvest S.A., Luxembourg C: Lfrs 70.00 m 1.4%	Union Internationale de Banques S.A., Tunis C: TD 2.00 m 4.0%	World Banking Corporation Ltd., Nassau (Bahamas) C: Bahama \$ 12.15 m 2.8%	

↳ **Diagram : Participations of Commerzbank Aktiengesellschaft**



Report of the Supervisory Board

During the year under review the Supervisory Board performed the duties incumbent upon it according to law and the Bank's By-laws and continuously supervised the conduct of the Bank's business. The Board itself and its committees reviewed important business transactions and discussed them in regular conferences with the Board of Management.

The Annual Statement of Accounts and the Report for the period January 1 to December 31, 1972, as well as the books have been audited by the Auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, and have been given their confirmatory certificate without qualification. The Supervisory Board has taken note of the result of the audit and has signified its agreement. It has raised no objections to the Annual Statement of Accounts and the Report, and has approved the Annual Statement of Accounts which may accordingly be considered adopted. The Supervisory Board declares its agreement with the Board of Management's proposal for the allocation of the profit.

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

The Supervisory Board, at its meeting on October 30, 1972, has appointed Dr. Peter Deuss, Götz Knappertsbusch, and Dr. Jürgen Terrahe, hitherto Deputy Members of the Board of Management, Full Members of the Board of Management.

Düsseldorf, March 22, 1973

THE SUPERVISORY BOARD

Dr. Hanns Deuss

Chairman

ASSETS

Balance Sheet as

	DM	DM
Cash		139,234,051.61
Balance at the Deutsche Bundesbank		2,987,900,365.52
Balance on postal cheque accounts		44,604,325.72
Cheques, matured bonds, interest and dividend coupons, and items received for collection		327,220,880.45
Bills of exchange		2,448,143,622.93
including: a) rediscountable at the Deutsche Bundesbank	DM 1,947,582,502.30	
b) own drawings	DM —.—	
Claims on credit institutions		
a) payable on demand	1,654,057,426.72	
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	809,676,023.03	
bb) at least three months, but less than four years	1,311,136,198.22	
bc) four years or more	469,916,657.06	4,244,786,305.03
Bonds and notes		
a) with maturities of up to four years		
aa) of the Federal and the Länder governments	DM —.—	
ab) of credit institutions	DM 4,602,013.24	
ac) other	DM —.—	
including: eligible as security for Deutsche Bundesbank advances	DM 2,619,513.24	
b) with maturities of more than four years		
ba) of the Federal and the Länder governments	DM 103,947,455.38	
bb) of credit institutions	DM 489,936,431.93	
bc) other	DM 184,244,543.08	782,730,443.63
including: eligible as security for Deutsche Bundesbank advances	DM 562,497,296.60	
Securities, so far as they are not to be shown under other items		
a) shares listed on the stock exchange, and investment trust shares	647,217,853.23	
b) other securities	27,919,720.66	675,137,573.89
including: holdings of more than one tenth of the shares of a joint-stock company or mining company, excluding participations	DM 492,185,825.05	
Claims on customers, for agreed periods, or at agreed periods of notice, of		
a) less than four years	8,602,193,277.80	
b) four years or more	4,226,143,038.36	12,828,336,316.16
including: ba) secured by mortgages on real estate	DM 424,147,881.78	
bb) communal loans	DM 71,320,061.25	
Equalization and covering claims on public authorities		103,959,217.28
Transmitted credits (on a trust basis)		73,444,137.18
Participations		453,692,000.—
including: in credit institutions	DM 335,677,000.—	
Land and buildings		341,581,000.—
Furniture and equipment		99,443,000.—
Other assets		26,475,254.70
Deferred charges		189,944.03
		Total Assets
		25,576,878,438.13

The assets and the rights of recourse in respect of the liabilities shown on the liabilities side include

a) claims on affiliated enterprises	266,536,469.63
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown under a)	109,022,162.62

at December 31, 1972

LIABILITIES

	DM	DM	DM
Liabilities to credit institutions			
a) payable on demand		1,708,274,767.96	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	1,196,566,321.93		
bb) at least three months, but less than four years	857,909,442.45		
bc) four years or more	596,016,232.66	2,650,491,997.04	
including: due in less than			
four years DM 283,260,552.44			
c) customers' drawings on credits opened by us at other institutions		70,940,688.58	4,429,707,453.58
Banking liabilities to other creditors			
a) payable on demand		5,045,256,928.17	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	4,606,000,323.37		
bb) at least three months, but less than four years	4,024,044,107.96		
bc) four years or more	117,745,475.89	8,747,789,907.22	
including: due in less than			
four years DM 76,087,981.52			
c) savings deposits			
ca) subject to legal period of notice	2,298,933,338.24		
cb) other	3,121,162,864.28	5,420,096,202.52	19,213,143,037.91
Convertible bonds outstanding, with maturities of			
a) up to four years		—,—	
b) more than four years		160,000,000.—	160,000,000.—
including: due in less than			
four years DM —,—			
Own acceptances and promissory notes outstanding			89,938,900.07
Transmitted credits (on a trust basis)			73,444,137.18
Provisions			
a) for pensions		187,295,000.—	
b) other		121,150,279.09	308,445,279.09
Other liabilities			17,441,880.90
Deferred credits			96,214,496.14
Special reserve item			
according to Article 1, paragraph 1, item 2, of the Development Aid Tax Law			136,136.30
Capital			444,000,000.—
(authorized, contingent capital: DM 40,000,000.—)			
Published reserves			
a) statutory reserve		292,000,000.—	
(allocation from premium on share issue: DM 66,000,000.—)			
b) other reserves		379,000,000.—	671,000,000.—
(allocation from the year's earnings: DM 15,000,000.—)			
Commerzbank Foundation			5,407,116.96
Retained profit			68,000,000.—
		Total Liabilities	25,576,878,438.13
Endorsement liabilities on bills of exchange in circulation			1,088,123,712.96
Liabilities arising from guarantees, including guarantees of bills and cheques, and from indemnity agreements			2,337,274,726.70
Obligations in the event of buying back items sold under repurchase agreements, so far as these obligations have not to be shown here above the line			480,466.—
Savings bonuses under the Savings Bonus Law			78,379,359.36
The liabilities and the items shown here below the line include those to affiliated enterprises, amounting to			495,281,705.53

EXPENDITURE

Profit and Loss Account

	DM	DM	comparable 1971 figures in DM 1,000
Interest and similar expenditure		802,582,963.96	887,161
Commissions and similar expenditure on service transactions		9,206,581.16	6,488
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		23,361,688.—	13,347
Salaries and wages		356,083,247.18	317,581
Statutory social security contributions		38,815,611.31	33,193
Expenditure on pensions, and other benefits		40,806,193.18	38,352
Current operating expenses		156,931,633.41	138,833
Depreciation on and valuation reserves for land and buildings, furniture and equipment		35,499,035.73	43,459
Depreciation on and valuation reserves for participations		117,040.57	34
Taxes			
a) on income, earnings, and property	50,441,895.71		
b) other	8,414,750.74	58,856,646.45	57,085
Other expenditure		6,438,984.87	3,987
Year's earnings		83,000,000.—	76,625
Total Expenditure		1,611,699,625.82	1,616,145

	DM	DM	1971 in DM 1,000
Year's earnings		83,000,000.—	76,625
Allocations from year's earnings to published reserves			
a) to the statutory reserve	—,—		
b) to other reserves	15,000,000.—	15,000,000.—	15,000
Net profit		68,000,000.—	61,625

	DM	DM	comparable 1971 figures in DM 1,000
Interest and similar receipts from lending and money market transactions		1,181,923,176.31	1,253,783
Current receipts from			
) fixed-interest securities and government inscribed stock	58,648,279.41		
) other securities	41,827,368.78		
) participations	21,296,729.25	121,772,377.44	120,491
Commissions and other receipts from service transactions		175,454,250.94	152,415
Other receipts, including those from writing back provisions in connection with lending business		131,212,022.80	75,648
Receipts from profit pooling agreements, and from agreements for full or partial transfer of profits		409,174.44	180
Receipts from writing back provisions, so far as they have not be to shown under "Other receipts"		883,245.89	3,583
Receipts from writing back "Special reserve item"		45,378.—	10,045
Total Receipts		1,611,699,625.82	1,616,145

Pension payments and payments to Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a. G.), Berlin, amounting to DM 23,906,999.55 were made during the year. For the next five years we expect pension payments equivalent to 107%, 112%, 118%, 124%, and 133% of that amount.

Düsseldorf, March 9, 1973

COMMERZBANK
AKTIENGESELLSCHAFT

THE BOARD OF MANAGEMENT

Behrenbeck Brands Deuss Dhom Jahn Knappertsbusch
Lichtenberg Niederste-Ostholt Reckel Rieche Spiegel Terrahe

According to our audit, which was duly carried out, the bookkeeping, the annual statement of accounts, and the annual report are in conformity with the provisions of the law and the Bank's by-laws.

Düsseldorf, March 15, 1973

TREUARBEIT
AKTIENGESELLSCHAFT

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Dr. Scholz
Certified Accountant

Simon
Certified Accountant

Comparison of the Balance Sheets

ASSETS

	December 31, 1972 in DM 1,000	December 31, 1971 in DM 1,000
Cash	139,234	123,186
Balance at the Deutsche Bundesbank	2,987,900	2,172,750
Balance on postal cheque accounts	44,604	40,356
Cheques, matured bonds, interest and dividend coupons, and items received for collection	327,221	193,165
Bills of exchange	2,448,144	3,090,452
(including: rediscountable at the Deutsche Bundesbank)	(1,947,583)	(2,573,491)
Claims on credit institutions	4,244,786	3,142,430
of which:		
a) payable on demand	1,654,057	1,086,143
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	809,676	349,250
bb) at least three months, but less than four years	1,311,136	1,258,171
bc) four years or more	469,917	448,866
Bonds and notes	782,731	899,904
of which:		
a) with maturities of up to four years	4,602	49,825
(including: eligible as security for Deutsche Bundesbank advances)	(2,620)	(49,825)
b) with maturities of more than four years	778,129	850,079
(including: eligible as security for Deutsche Bundesbank advances)	(562,497)	(595,160)
Securities, so far as they are not to be shown under other items	675,138	632,224
of which:		
a) shares listed on the stock exchange, and investment trust shares	647,218	603,256
b) other securities	27,920	28,968
Claims on customers, for agreed periods, or at agreed periods of notice	12,828,336	10,881,395
of which:		
a) of less than four years	8,602,193	7,216,256
b) of four years or more	4,226,143	3,665,139
Equalization and covering claims on public authorities	103,959	107,916
Transmitted credits	73,444	53,516
Participations	453,692	381,208
Land and buildings	341,581	260,512
Furniture and equipment	99,443	94,003
Other assets	26,475	28,710
Deferred charges	190	141
Total Assets	25,576,878	22,101,868

at December 31, 1972 and 1971

LIABILITIES

	December 31, 1972 in DM 1,000	December 31, 1971 in DM 1,000
Liabilities to credit institutions	4,429,707	3,964,932
of which:		
a) payable on demand	1,708,275	1,461,173
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	1,196,566	1,324,374
bb) at least three months, but less than four years	857,910	626,173
bc) four years or more	596,016	508,153
c) customers' drawings on credits opened by us at other institutions	70,940	45,059
Banking liabilities to other creditors	19,213,143	16,577,906
of which:		
a) payable on demand	5,045,257	4,664,616
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	4,606,000	3,714,172
bb) at least three months, but less than four years	4,024,044	3,271,589
bc) four years or more	117,746	87,315
c) savings deposits		
ca) subject to legal period of notice	2,298,933	2,075,062
cb) other	3,121,163	2,765,152
(Total of liabilities listed above)	(23,642,850)	(20,542,838)
Convertible bonds outstanding	160,000	-
Own acceptances and promissory notes outstanding	89,939	76,911
Transmitted credits	73,444	53,516
Provisions	308,445	273,658
of which:		
a) for pensions	187,295	171,507
b) other	121,150	102,151
Other liabilities	17,442	11,809
Deferred credits	96,215	85,946
Special reserve items	136	182
Capital	444,000	400,000
Published reserves	671,000	590,000
of which:		
a) statutory reserve	292,000	226,000
b) other reserves	379,000	364,000
Commerzbank Foundation	5,407	5,383
Net profit	68,000	61,625
	Total Liabilities	22,101,868
Endorsement liabilities on bills of exchange in circulation	1,088,124	747,996
Liabilities arising from guarantees, including guarantees of bills and cheques, and from indemnity agreements	2,337,275	2,026,436
Savings bonuses under the Savings Bonus Law	78,379	65,234

Business Progress 1952/1972

	Balance Sheet Total	Total Lending	Capital and Reserves	Savings Deposits	Dividend	Total Amount of Dividends Paid	Allocation to Reserves from Year's Earnings	Tax Expenditure	Staff	Branches
	in DM 'm	in DM 'm	in DM m	in DM m	in %	in DM m	in DM m	in 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

*) 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

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Notes on the Consolidated Annual Accounts

The consolidated accounts of Commerzbank Aktiengesellschaft include the firms listed below :

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf
Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf
Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf
Berliner Commerzbank Aktiengesellschaft, Berlin
Commercium Vermögensverwaltungs-GmbH, Hamburg
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo),
Düsseldorf
Commerzbank International S.A., Luxembourg
Commerz- und Industrie-Leasing GmbH, Düsseldorf
Ad. F. Dreyer, Hamburg
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt a. M.
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld
Ilseder Bank, Sandow & Co., Peine
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg
C. Portmann, Frankfurt a. M.
RHB-Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim
Rheinische Hypothekenbank, Mannheim
Friedrich W. Thomas, Hamburg
WEBO-Bau- und Verwaltungsgesellschaft Köln mbH, Cologne
Westdeutsche Bodenkreditanstalt, Cologne

At the closing date we held 78.7 per cent of the share capital of Rheinische Hypothekenbank, and 91.1 per cent of that of Westdeutsche Bodenkreditanstalt. Our holding in the share capital of GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt, was 95 per cent. In all the other firms listed above we have a 100 per cent interest, either directly or indirectly.

For details of our legal and business relations with these companies, we refer to our report on pages 73 to 76.

For the first time, the consolidated accounts include the annual accounts of the following new subsidiaries: GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, RHB-Bau und Verwaltungsgesellschaft Mannheim mbH, and WEBO-Bau- und Verwaltungsgesellschaft Köln mbH.

The accounts of Lübecker Flender-Werke Aktiengesellschaft and H. Maihak Aktiengesellschaft, in both of which we have a majority interest, have not been included in the consolidated annual accounts because of the lack of unified management, and because such inclusion would impair the information value of the Group accounts.

Atlas Participations-France S.A.R.L., Paris, has likewise been excluded from the consolidated annual accounts under Article 329 of the Companies Law (AktG).

The consolidated annual accounts as at December 31, 1972, have been drawn up in accordance with the regulations of December 20, 1967, governing the presentation of the annual accounts of credit institutions; owing to the inclusion of the mortgage banks, the balance sheet pattern has been widened so as to take account of the special nature of the mortgage business.

With the exception of one company which has rendered a specific annual account per year-end, the accounting years of the companies included coincide with the calendar year. The accounts of our Luxembourg subsidiary, drawn up in Luxembourg francs, have been converted at the official middle rate of exchange applicable at the balance sheet date.

Valuation of assets and liabilities was effected in accordance with uniform company law principles throughout the Group.

Capital consolidation was effected through setting off the book values of participations against the capital and reserves of the companies included in the consolidated annual accounts. Consequently only the book values of the non-consolidated companies are shown as participations in the consolidated balance sheet.

Claims and liabilities among the companies included were set off against each other in the consolidated balance sheet; expenditure and receipts set off against each other were likewise eliminated from the consolidated profit and loss account.

Profits from participations within the Group, received during the year under review in respect of the preceding year, are included in the profit carried forward.

A contingency reserve has been established for taxes still to be paid on earnings from participations which are included in the consolidated profit, but which have not yet been paid to the parent companies.

Balance sheet total

The Group balance sheet total amounted to DM 35,332.6 million, an increase of DM 5,102.9 million, or 16.9 per cent, over the previous year. This exceeds the balance sheet total of Commerzbank Aktiengesellschaft by DM 9,755.7 million (by DM 8,127.8 million in the previous year). Individual balance sheet items showed the following changes compared with the previous year:

ASSETS	DM m	LIABILITIES	DM m
Cash reserve, cheques, and items for collection	+ 1,017.0	Liabilities to credit institutions	+ 1,059.0
Bills	- 693.0	a) demand	(+ 315.4)
Claims on credit institutions	+ 2,008.8	b) time	(+ 743.6)
Treasury bills and discountable Treasury notes	- 4.9	Liabilities to other creditors	+ 2,928.8
Bonds, notes, and securities	- 36.6	a) demand	(+ 422.0)
Claims on customers	+ 2,707.6	b) time	(+ 1,863.1)
Participations	+ 10.1	c) savings deposits	(+ 643.7)
Land and buildings, furniture and equipment	+ 94.3	Bonds	+ 896.4
Own bonds, held by the Group	- 11.8	Provisions	+ 46.3
Sundries (including transmitted credits, on a trust basis)	+ 11.4	Capital and reserves	+ 125.0
		Difference pursuant to Article 331, paragraph 1, item 3, Companies Law (AKtG)	- 0.7
		Group profit	+ 15.6
		Sundries (including transmitted credits, on a trust basis)	+ 32.5
	+ 5,102.9		+ 5,102.9

Commerzbank Aktiengesellschaft accounts for 71.0 per cent of the non-offset consolidated balance sheet total. A further 28.9 per cent relates to credit institutions within the Group, and 0.1 per cent to other companies.

Assets

The Group's total liquid funds—consisting of cash reserve, cheques, matured bonds, interest and dividend coupons, as well as items for collection, bills of exchange rediscountable at Deutsche Bundesbank, claims on credit institutions (for a period of less than three months), and securities eligible as collateral for Deutsche Bundesbank advances—amount to 33.4 per cent (previous year 34.8 per cent) of banking business liabilities to banks and other creditors, and of our own acceptances outstanding.

Liquidity

As a result of the growing demand for credit, claims on customers rose by 16.1 per cent to DM 19,526.8 million.

Claims on customers

The item comprises DM 9,915.9 million in short and medium-term claims as well as long-term lendings of DM 9,610.9 million for agreed periods, or at agreed periods of notice, of four years or more.

Liabilities

On December 31, 1972, liabilities to credit institutions amounted to DM 6,932.3 million, and those to customers totalled DM 20,974.0 million. Overall, liabilities rose by DM 3,987.8 million to DM 27,906.3 million. Lenders sharing in this increase were credit institutions with DM 1,059.0 million and other creditors with DM 2,928.8 million.

Liabilities arising from the banking business

- Bonds** This item amounting to DM 5,403.2 million comprises the mortgage bonds and communal bonds issued by the two mortgage banks as well as the convertible bonds issued by Commerzbank Aktiengesellschaft.
- Difference** The difference shown at DM 24.9 million in pursuance of Article 331, paragraph 1, item 3, of the Companies Law (AktG), is the difference between the divergent valuations of investments shown under participations and the Group's share in the capital, including published reserves, of the companies included. Minority interests, together with the profits attributable to them, are shown as a contra item for interests held by third parties.
- Sundries** Contingent liabilities in respect of possible calls on shares not fully paid up of both joint-stock companies and private limited companies amounted to DM 6.2 million at the closing date. Uncalled liabilities in respect of shares in cooperatives amounted to DM 0.5 million. In addition there were liabilities pursuant to Article 24 of the Law on Private Limited Companies (GmbHG).

Profit and Loss Account

After allowing for all offsets of expenditure and receipts among Group members, the consolidated profit and loss account shows the year's earnings at DM 109.9 million. The profit carried forward of DM 7.9 million includes the dividends distributed by the consolidated companies in 1972 in respect of 1971, after deduction of taxes paid retrospectively. After the transfer of DM 28.5 million to the published reserves, and excluding the DM 2.2 million portion of profit attributable to minority interests, the consolidated profit remaining amounts to DM 87.1 million.

No events of special importance for the Group have occurred during the current business year.

Düsseldorf, March 9, 1973

THE BOARD OF MANAGEMENT

Behrenbeck	Brands	Deuss	Dhom	Jahn
Knappertsbusch	Lichtenberg		Niederste-Ostholt	
Reckel	Rieche	Spiegel	Terrahe	

Consolidated Balance Sheet 
Consolidated Profit and Loss Account pages 108/109

ASSETS

Consolidated Balance Sheet as

	DM	DM
Cash		160,698,690.99
Balance at the Deutsche Bundesbank		3,145,668,852.47
Balances on postal cheque accounts		51,142,971.74
Cheques, matured bonds, interest and dividend coupons, and items received for collection		356,758,722.37
Bills of exchange		2,614,268,384.14
including: a) rediscountable at the Deutsche Bundesbank	DM 2,001,923,092.15	
b) own drawings	DM 2,313,617.10	
Claims on credit institutions		
a) payable on demand	1,683,705,897.90	
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	1,113,549,716.90	
bb) at least three months, but less than four years	2,795,582,502.48	
bc) four years or more	958,180,517.20	6,551,018,634.48
Bonds and notes		
a) with maturities of up to four years		
aa) of the Federal and the Länder governments	DM 40,038,771.38	
ab) of credit institutions	DM 51,372,066.57	
ac) other	DM —,—	
including: eligible as security for Deutsche Bundesbank advances	DM 89,428,337.95	
b) with maturities of more than four years		
ba) of the Federal and the Länder governments	DM 196,321,016.02	
bb) of credit institutions	DM 587,452,425.39	
bc) other	DM 206,177,457.85	
including: eligible as security for Deutsche Bundesbank advances	DM 745,457,945.44	
Securities, so far as they are not to be shown under other items		
a) shares listed on the stock exchange, and investment trust shares	654,434,710.21	
b) other securities	28,062,870.66	682,497,580.87
including: holdings of more than one tenth of the shares of a joint-stock company or mining company, excluding participations	DM 492,185,825.05	
Claims on customers, for agreed periods, or at agreed periods of notice, of		
a) less than four years	9,915,878,944.96	
b) four years or more	9,610,914,887.73	19,526,793,832.69
including: ba) secured by mortgages on real estate	DM 3,177,353,546.84	
bb) communal loans	DM 2,410,572,987.81	
Equalization and covering claims on public authorities		159,190,767.95
Transmitted credits (on a trust basis)		152,941,836.89
Participations		192,553,055.15
including: in credit institutions	DM 67,113,023.84	
Land and buildings		389,085,087.75
Furniture and equipment		103,436,597.42
Own bonds, held by the Group		110,756,175.08
nominal amount	DM 124,506,450.—	
including: eligible as security for Deutsche Bundesbank advances	DM 110,551,187.58	
Other assets		52,427,627.12
Deferred charges		1,954,089.55
	Total Assets	35,332,554,643.87

The assets and the rights of recourse in respect of the liabilities shown on the liabilities side include

a) claims on affiliated enterprises	12,725,518.90
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown under a)	116,659,812.95

at December 31, 1972

LIABILITIES

	DM	DM	DM
Liabilities to credit institutions			
a) payable on demand		2,107,126,273.34	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	2,016,542,316.48		
bb) at least three months, but less than four years	2,165,311,297.02		
bc) four years or more	639,637,062.29	4,821,490,675.79	
including: due in less than			
four years DM 318,463,717.30		3,664,774.76	6,932,281,723.89
c) customers' drawings on credits opened by us at other institutions			
Banking liabilities to other creditors			
a) payable on demand		5,392,980,427.12	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	4,992,621,353.13		
bb) at least three months, but less than four years	4,415,059,745.02		
bc) four years or more	278,405,160.78	9,686,086,258.93	
including: due in less than			
four years DM 118,068,119.17			
c) savings deposits			
ca) subject to legal period of notice	2,598,040,306.18		
cb) other	3,296,902,807.07	5,894,943,113.25	20,974,009,799.30
Bonds outstanding, with maturities of			
a) up to four years		64,320,000.—	
b) more than four years		5,338,846,490.13	5,403,166,490.13
including: due in less than			
four years DM 673,491,873.51			
Own acceptances and promissory notes outstanding			89,938,900.07
Transmitted credits (on a trust basis)			152,941,836.89
Provisions			
a) for pensions		218,505,698.—	
b) other		151,506,241.82	370,011,939.82
Other liabilities			18,612,688.26
Deferred credits			
a) according to Article 25 of the Mortgage Bank Law (HBG)		15,665,696.06	
b) other		108,022,515.29	123,688,211.35
Special reserve items			
according to Article 1, paragraph 1, item 2, of the Development Aid			
Tax Law, and Article 7 c of the Income Tax Law (EStG)			429,136.30
Capital			444,000,000.—
(authorized, contingent capital DM 40,000,000.—)			
Published reserves			
a) statutory reserve		292,000,000.—	
b) other reserves		379,000,000.—	671,000,000.—
Difference pursuant to Article 331, paragraph 1, item 3,			
of the Companies Law (AktG)			24,949,118.03
Contra item for interests held by third parties			33,930,957.70
including: from profit DM 2,193,307.70			
Foundations			6,492,930.82
Consolidated profit			87,100,911.31
		Total Liabilities	35,332,554,643.87
Endorsement liabilities on bills of exchange in circulation			1,133,658,166.86
Liabilities arising from guarantees, including guarantees of bills and cheques,			
and from indemnity agreements			2,439,028,429.61
Obligations in the event of buying back items sold under repurchase agreements,			
so far as these obligations have not to be shown here above the line			480,466.—
Savings bonuses under the Savings Bonus Law			87,495,512.29
The liabilities and the items shown here below the line include those to affiliated enterprises,			
amounting to			304,813,271.04

EXPENDITURE

Consolidated Profit and Loss

	DM	DM	comparable 1971 figures in DM 1,000
Interest and similar expenditure		1,286,316,243.75	1,261,757
Commissions and similar expenditure on service transactions		9,658,951.86	6,776
Depreciation on and valuation reserves for claims and securities, and allocations to provisions in connection with lending business		27,327,042.05	19,109
Salaries and wages		392,651,004.—	351,059
Statutory social security contributions		42,609,951.12	36,596
Expenditure on pensions, and other benefits		47,077,947.59	44,330
Current operating expenses		175,004,863.31	155,388
Depreciation on and valuation reserves for land and buildings, furniture and equipment		40,186,810.22	46,057
Depreciation on and valuation reserves for participations		117,040.57	34
Taxes			
a) on income, earnings, and property	78,171,777.05		
b) other	9,929,622.56	88,101,399.61	76,650
Other expenditure		9,166,465.25	6,439
Year's earnings		109,891,115.59	97,354
Total Expenditure		2,228,108,834.92	2,101,549

	DM	DM	1971 in DM 1,000
Year's earnings		109,891,115.59	97,354
Profit carried forward from the previous year		7,903,103.42	1,994
Allocations from year's earnings to published reserves		117,794,219.01	99,348
a) to the statutory reserve	—		
b) to other reserves	28,500,000.—	28,500,000.—	25,500
Profit attributable to interests held by third parties		89,294,219.01	73,848
		2,193,307.70	2,323
Consolidated profit		87,100,911.31	71,525

Account for the Year 1972

RECEIPTS

	DM	DM	comparable 1971 figures in DM 1,000
Interest and similar receipts from lending and money market transactions		1,749,297,833.66	1,696,096
Current receipts from			
a) fixed-interest securities and government inscribed stock	84,550,238.52		
b) other securities	43,103,327.68		
c) participations	8,804,868.87	136,458,435.07	136,329
Commissions and other receipts from service transactions		185,401,054.65	162,026
Other receipts, including those from writing back provisions in connection with lending business		155,628,133.—	93,011
Receipts from writing back provisions, so far as they have not to be shown under "Other receipts"		1,229,569.57	4,042
Receipts from writing back "Special reserve items"		93,808.97	10,045
Total Receipts		2,228,108,834.92	2,101,549

Düsseldorf, March 9, 1973

COMMERZBANK AKTIENGESELLSCHAFT

THE BOARD OF MANAGEMENT

Behrenbeck Brands Deuss Dhom Jahn Knappertsbusch
Lichtenberg Niederste-Ostholt Reckel Rieche Spiegel Terrahe

According to our audit, which was duly carried out, the annual statement of accounts, and the annual report for the Group are in conformity with the provisions of the law.

Düsseldorf, March 15, 1973

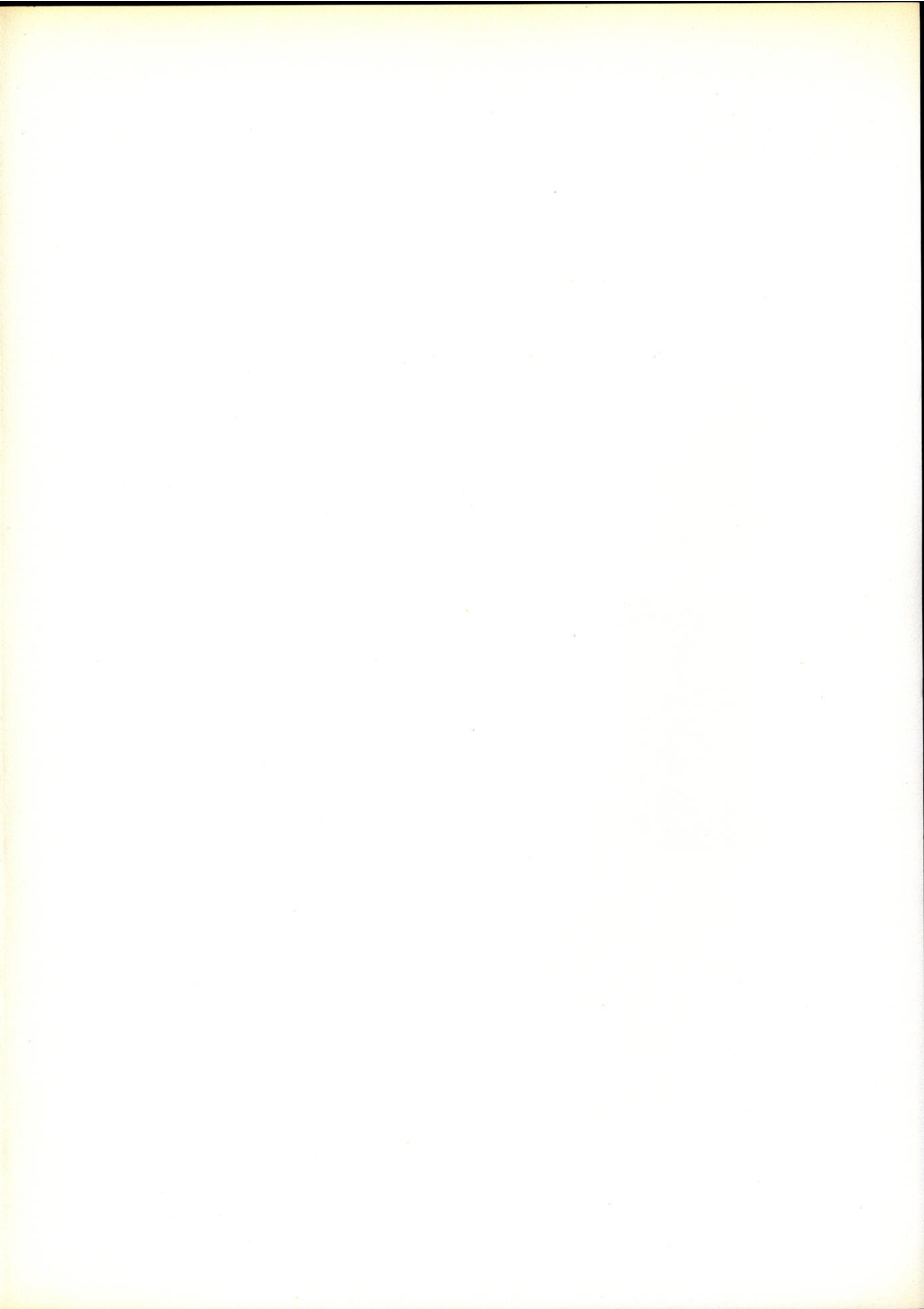
TREUARBEIT

AKTIENGESELLSCHAFT

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Dr. Scholz
Certified Accountant

Simon
Certified Accountant



Issuing Business, Bonus Share Issues, Stock Exchange Introductions and Other Syndicate Transactions

Domestic Public Entities' Bonds

Underwriting, issues, and stock exchange introductions

- | | |
|---|---|
| 7 % Bonds, Freistaat Bayern (Free State of Bavaria), 1972 | 7½% Bonds, Freie und Hansestadt Hamburg, 1972 |
| 8 % Bonds, Land Berlin, 1972 | 7¼% Bonds, Freie und Hansestadt Hamburg, 1972 |
| 8 % Bonds, Freie Hansestadt Bremen, 1972 | 8 % Bonds, Land Hessen, 1972 |
| 8 % Bonds, Federal Republic of Germany, 1972 | 7 % Bonds, Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), 1972 |
| 8 % Bonds, Federal Republic of Germany, 1972, 2nd issue | 8 % Bonds, Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), 1972 |
| 7½% Bonds, German Federal Railways, 1972 | 8 % Bonds, Lastenausgleichsbank (Equalization of Burdens Bank), 1972, 14th issue |
| 7¼% Bonds, German Federal Railways, 1972 | 7½% Bonds, Land Niedersachsen (Lower Saxony), 1972 |
| 8 % Bonds, German Federal Railways, 1972 | 8 % Bonds, Land Niedersachsen (Lower Saxony), 1972 |
| 7 % Bonds, German Federal Post Office, 1972 | 7 % Bonds, Saarland, 1972 |
| 7½% Bonds, German Federal Post Office, 1972 | 7¼% Bonds, Land Schleswig-Holstein, 1972 |
| 8 % Bonds, German Federal Post Office, 1972 | 7¼% Bonds, City of Stuttgart, 1972 |
| 8 % Bonds, German Federal Post Office, 1972, 2nd issue | |
| 7 % Bonds, City of Essen, 1972 | |

Other Domestic Bonds (including Convertible, Mortgage, and Communal Bonds)

Underwriting, issues, and stock exchange introductions

- | | |
|--|---|
| Berliner Handels-Gesellschaft – Frankfurter Bank, Frankfurt a. M. and Berlin | Gelsenberg Aktiengesellschaft, Essen |
| Deutsche Genossenschaftskasse, Frankfurt a. M. | Industriekreditbank Aktiengesellschaft, Düsseldorf |
| Deutsche Hypothekenbank, Bremen | Kaufhof Aktiengesellschaft, Cologne |
| Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover and Berlin | Klößner-Werke Aktiengesellschaft, Duisburg |
| Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen | Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft, Essen |
| Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg | Siemens Aktiengesellschaft, Berlin and Munich |
| | August Thyssen-Hütte Aktiengesellschaft, Duisburg-Hamborn |
| | Volkswagenwerk Aktiengesellschaft, Wolfsburg |

Foreign Bonds (including Convertible Bonds)

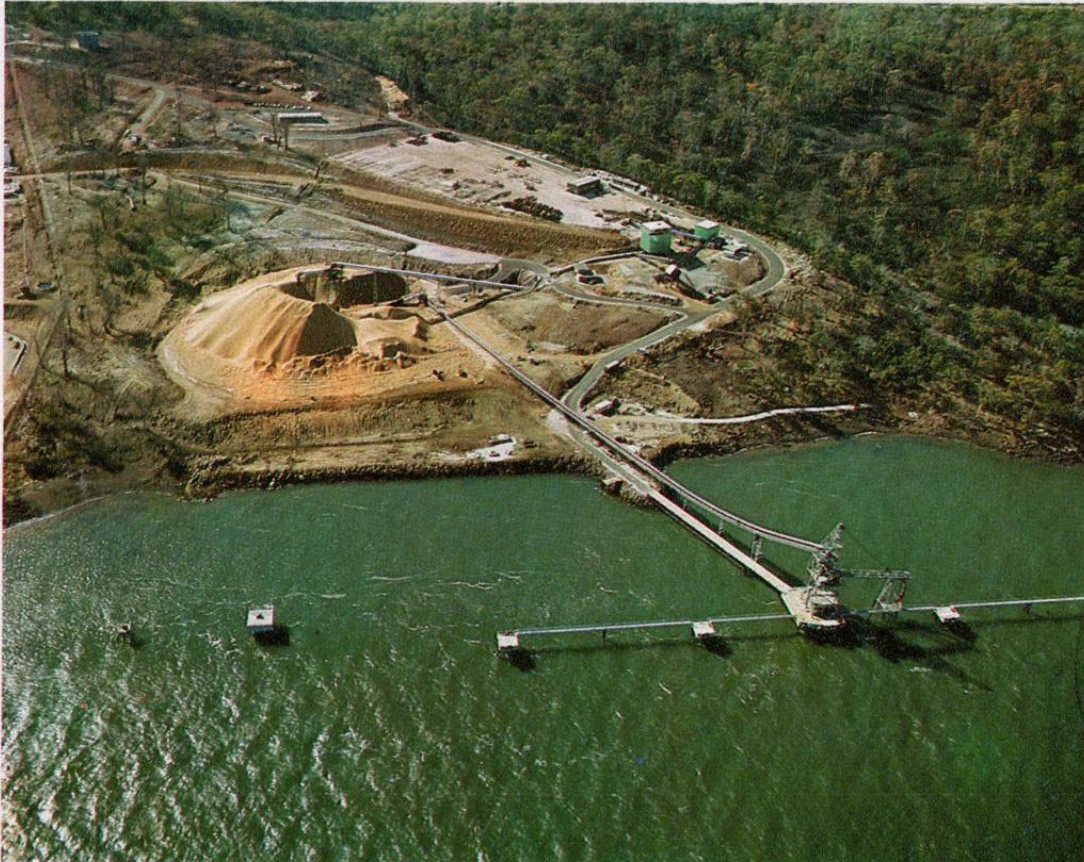
Underwriting, issues, and stock exchange introductions

- | | |
|--|---|
| 6 % US \$ Convertible Bonds, Alaska Interstate International Finance Corporation, Wilmington, Delaware (USA), 1972 | 6¼% DM Bonds, The Australian Industry Development Corporation, Canberra (Australia), 1972 |
| 6¼% US \$ Bonds with Warrants, Amerada Hess International Capital Corporation, Wilmington, Delaware (USA), 1972 | 6¼% DM Bonds, Autopistas, Concesionaria Española, S.A., Madrid (Spain), 1972 |
| 4¼% US \$ Convertible Bonds, American Express Overseas Finance Corporation, Dover, Delaware (USA), 1972 | 8¼% US \$ Bonds, Algerian Foreign Trade Bank, Algiers (Algeria), 1972 |
| 5½% US \$ Convertible Bonds, American Medical International N.V., Curaçao (Netherlands Antilles), 1972 | 7½% Ffrs Bonds, BASF Transatlantica S.A., Panama, 1972 |
| 5 % US \$ Convertible Bonds, AMF Incorporated, New York, N.Y. (USA), 1972 | 7½% Ffrs Bonds, Bass Charrington Limited, London (United Kingdom), 1972 |
| 8 % £ Bonds, Amoco International Finance Corporation, Dover, Delaware (USA), 1972 | 7½% Ffrs Bonds, B.A.T. International Finance Ltd., London (United Kingdom), 1972 |
| 7½% US \$ Bonds, Anglo American Corporation of South Africa Ltd, Johannesburg (Republic of South Africa), 1972 | 4½% US \$ Convertible Bonds, Beatrice Foods Overseas Finance N.V., Curaçao (Netherlands Antilles), 1972 |
| 8 % US \$ Bonds, Ashland Oil Finance N.V., Curaçao (Netherlands Antilles), 1972 | 8 % US \$ Bonds, City of Bergen (Norway), 1972 |
| 7 % DM Bonds, Commonwealth of Australia, 1972 | 7¼% US \$ Bonds, Blue Bell International Finance N.V., Curaçao (Netherlands Antilles), 1972 |
| | 5 % US \$ Convertible Bonds, Borden Overseas Capital Corporation N.V., Curaçao (Netherlands Antilles), 1972 |

- 8 ¼% US \$ Bonds, Brascan International B.V., Rotterdam (Netherlands), 1972
- 6 ¾% DM Bonds, Federative Republic of Brazil, 1972
- 8 % ECU Bonds, Federative Republic of Brazil, 1972
- 8 ¼% US \$ Bonds, Federative Republic of Brazil, 1972
- 7 ¾% US \$ Bonds, British Insulated Callender's Cables Finance N.V., Amsterdam (Netherlands), 1972
- 8 % US \$ Bonds, British Land International N.V., Amsterdam (Netherlands), 1972
- 7 ½% Ffrs Bonds, British Leyland Motor Corporation Limited, London (United Kingdom), 1972
- 4 ¾% US \$ Convertible Bonds, Broadway-Hale Stores, Inc., Los Angeles, California (USA), 1972
- 7 ¾% US \$ Bonds, Burlington Overseas Capital N.V., Curaçao (Netherlands Antilles), 1972
- 7 % Lfrs Bonds, The Burmah Oil Company Limited, Edinburgh (United Kingdom), 1972
- 5 ¾% Ffrs Convertible Bonds, Burton B.V., Amsterdam (Netherlands), 1972
- 7 ¾% US \$ Bonds, Cadbury Schweppes Overseas Limited, London (United Kingdom), 1972
- 7 ½% Ffrs Bonds, Caisse National des Télécommunications, Paris (France), 1972
- 8 % US \$ Bonds, Carrier International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 ½% Ffrs Bonds, Charter Consolidated Overseas N.V., Curaçao (Netherlands Antilles), 1972
- 7 ½% Ffrs Bonds, Ciments Lafarge, Paris (France), 1972
- 8 % US \$ Bonds, Comisión Federal de Electricidad, Mexico City (Mexico), 1972
- 8 % US \$ Bonds, Compagnie des Bauxites de Guinée, Delaware (USA), 1972
- 5 % Ffrs Convertible Bonds, Compagnie Gervais Danone, Courbevoie/Seine (France), 1972
- 8 ¼% US \$ Bonds, Compañía Anónima Nacional Teléfonos de Venezuela, Caracas (Venezuela), 1972
- 7 ¾% US \$ Bonds, The Copenhagen County Authority, Copenhagen (Denmark), 1972
- 6 ½% DM Bonds, Courtaulds International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 8 % US \$ Bonds, Cutler-Hammer International Finance Inc., Wilmington, Delaware (USA), 1972
- 6 ¾% DM Bonds, Kingdom of Denmark, 1972
- 7 ½% Ffrs Bonds, Kingdom of Denmark, 1972
- 7 ½% US \$ Bonds, Kingdom of Denmark, 1972
- 5 ¼% US \$ Convertible Bonds, Damon Corporation, Delaware (USA), 1972
- 8 % US \$ Bonds, Dana International Finance Company, Wilmington, Delaware (USA), 1972
- 4 ¾% US \$ Convertible Bonds, Dart Industries Inc., Wilmington, Delaware (USA), 1972
- 8 ½% US \$ Bonds, The Development Bank of Singapore Limited, Singapore, 1972
- 5 % US \$ Convertible Bonds, Eaton International Finance Corporation, Wilmington, Delaware (USA), 1972
- 4 ¾% US \$ Convertible Bonds, Economics Laboratory International Limited, Delaware (USA), 1972
- 6 ¼% DM Bonds, Electricity Supply Commission (ESCOM), Johannesburg (Republic of South Africa), 1972
- 7 % US \$ Bonds, Ente Nazionale Idrocarburi (ENI), Rome (Italy), 1972
- 6 ¼% DM Bonds, EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basle (Switzerland), 1972
- 6 ½% DM Bonds, European Coal and Steel Community (ECSC), Luxembourg, 1972
- 7 % DM Bonds, European Coal and Steel Community (ECSC), Luxembourg, 1972
- 7 ¼% Ffrs Bonds, European Coal and Steel Community (ECSC), Luxembourg, 1972
- 6 % DM Bonds, European Investment Bank, Luxembourg, 1972
- 6 ½% DM Bonds, European Investment Bank, Luxembourg, 1972
- 7 % US \$ Bonds, European Investment Bank, Luxembourg, 1972
- 7 ¼% US \$ Bonds, European Investment Bank, Luxembourg, 1972
- 7 ¼% Ffrs Bonds, European Investment Bank, Luxembourg, 1972
- 7 ½% US \$ Bonds, European Investment Bank, Luxembourg, 1972
- 8 % DM Bonds, Europistas, Concesionaria Española, S.A., Madrid (Spain), 1972
- 5 % US \$ Convertible Bonds, Fedders Capital N.V., Curaçao (Netherlands Antilles), 1972
- 8 ¼% US \$ Bonds, Finnish Municipalities Loan, 1972
- 7 % DM Bonds, Republic of Finland, 1972
- 8 ¼% US \$ Bonds, Fisons International Finance N.V., Amsterdam (Netherlands), 1972
- 8 ¼% US \$ Bonds, General American Transportation International Finance Corporation, Delaware (USA), 1972
- 8 ¼% US \$ Bonds, General Cable Overseas N.V., Curaçao (Netherlands Antilles), 1972
- 4 ¼% US \$ Convertible Bonds, General Electric Overseas Capital Corporation, New York, N. Y. (USA), 1972
- 5 ¼% US \$ Convertible Bonds, General Shopping S.A., Luxembourg, 1972
- 4 ¾% US \$ Convertible Bonds, The Gillette Company, Boston (USA), 1972
- 6 ¾% DM Bonds, The Goodyear Tire and Rubber Company, Akron, Ohio (USA), 1972
- 5 % US \$ Convertible Bonds, Gould Inc., Chicago (USA), 1972
- 6 ¾% Lfrs Bonds, Grand Metropolitan Hotels Ltd., London (United Kingdom), 1972
- 7 ½% US \$ Bonds, Grand Metropolitan Hotels Ltd., London (United Kingdom), 1972
- 8 ¼% Ffrs Bonds, Groupement de l'Industrie Sidérurgique (GIS), Paris (France), 1972
- 8 ¾% Ffrs Bonds, Groupement de l'Industrie Sidérurgique (GIS), Paris (France), 1972
- 8 % US \$ Bonds, Guardian Royal Exchange Assurance, Limited, London (United Kingdom), 1972
- 4 ½% US \$ Convertible Bonds, Halliburton Company, Wilmington, Delaware (USA), 1972
- 7 ¾% US \$ Bonds, Hambros Limited, London (United Kingdom), 1972

- 6 3/4% DM Bonds, Hamersley Iron Finance N.V., Willemstad (Netherlands Antilles), 1972
- 8 % US \$ Bonds, Hamersley Iron Finance N.V., Willemstad (Netherlands Antilles), 1972
- 5 % US \$ Convertible Bonds, Harris International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 3/4% US \$ Bonds, Hilton International Co., Wilmington, Delaware (USA), 1972
- 6 1/2% DM Bonds, The Hydro-Electric Power Commission of Ontario, Toronto (Canada), 1972
- 7 1/2% US \$ Bonds, Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark, Copenhagen (Denmark), 1972
- 6 1/2% DM Bonds, I.C.I. International Finance Limited, Hamilton (Bermuda), 1972
- 7 1/2% US \$ Bonds, I.C.I. International Finance Limited, Hamilton (Bermuda), 1972
- 8 % DM Bonds, Imatran Voima Osakeyhtiö, Helsinki (Finland), 1972
- 7 % Lfrs Bonds, Industrialization Fund of Finland Ltd., Helsinki (Finland), 1972
- 7 % DM Bonds, Industrial Mortgage Bank of Finland Ltd.—Suomen Teollisuus-Hypoteekkipankki Oy—, Helsinki (Finland), 1972
- 8 % US \$ Bonds, Industrial Mortgage Bank of Finland Ltd.—Suomen Teollisuus-Hypoteekkipankki Oy—, Helsinki (Finland), 1972
- 6 3/4% DM Bonds, Inter-American Development Bank, Washington, D.C. (USA), 1972
- 6 3/4% DM Bonds, Inter-American Development Bank, Washington, D.C. (USA), 1972, 2nd issue
- 6 3/4% DM Notes, International Bank for Reconstruction and Development (World Bank), Washington, D.C. (USA), 1972
- 6 1/2% DM Bonds, International Bank for Reconstruction and Development (World Bank), Washington, D.C. (USA), 1972
- 6 3/4% DM Bonds, International Bank for Reconstruction and Development (World Bank), Washington, D.C. (USA), 1972
- 7 1/4% Ffrs Bonds, International Bank for Reconstruction and Development (World Bank), Washington, D.C. (USA), 1972
- 6 1/2% Lfrs Bonds, International Standard Electric Corporation, Dover, Delaware (USA), 1972
- 4 3/4% US \$ Convertible Bonds, International Telephone & Telegraph Corporation (ITT), New York, N. Y. (USA), 1972
- 8 3/4% US \$ Bonds, International Utilities Overseas Capital Corporation, Wilmington, Delaware (USA), 1972
- 8 % US \$ Bonds, Republic of Iceland, 1972
- 8 % US \$ Bonds, Instituto Nacional de Industria (INI), Madrid (Spain), 1972
- 8 3/4% US \$ Notes, Government of Jamaica, 1972
- 6 3/4% DM Bonds, City of Johannesburg (Republic of South Africa), 1972
- 6 3/4% DM Bonds, JYDSK Telefon-Aktieselskab, Aarhus (Denmark), 1972 (private placement)
- 7 % DM Bonds, Kjøbenhavns Telefon Aktieselskab, Copenhagen (Denmark), 1972
- 7 1/2% DM Bonds, Kjøbenhavns Telefon Aktieselskab, Copenhagen (Denmark), 1972
- 8 3/4% US \$ Bonds, Kleinwort, Benson, Lonsdale Limited, London (United Kingdom), 1972
- 6 3/4% DM Bonds, Klöckner-Humboldt-Deutz Finanz-Holding S.A., Luxembourg, 1972
- 7 3/4% US \$ Bonds, K mart (Australia) Properties Finance Limited, Bermuda, 1972
- 6 3/4% DM Bonds, City of Kobe (Japan), 1972
- 6 1/4% Dkr Bonds, City of Copenhagen, 1972
- 7 % DM Bonds, Government of Malaysia, 1972
- 6 3/4% DM Bonds, The Manitoba Hydro-Electric Board, Winnipeg (Canada), 1972
- 6 3/4% US \$ Convertible Bonds, Massmutual Mortgage and Realty Investors, Springfield (USA), 1972
- 6 3/4% £/DM Bonds, Metropolitan Estate and Property International N.V., Amsterdam (Netherlands), 1972
- 7 1/4% DM Bonds, Mexico (United Mexican States), 1972
- 8 1/2% US \$ Bonds, Mexico (United Mexican States), 1972
- 5 % US \$ Convertible Bonds, Mohasco International N.V., Curaçao (Netherlands Antilles), 1972
- 6 % DM Bonds, City of Montreal (Canada), 1972
- 7 1/2% Ffrs Bonds, The Montreal Catholic School Commission, Province of Quebec (Canada), 1972
- 4 1/4% US \$ Convertible Bonds, J. P. Morgan Overseas Capital Corporation, Dover, Delaware (USA), 1972
- 6 3/4% DM Bonds, Philip Morris Inc., New York, N. Y. (USA), 1972
- 8 % US \$ Bonds, Motorola International Capital Corporation, Wilmington, Delaware (USA), 1972
- 8 1/2% US \$ Bonds, National Bank of Hungary, Budapest (Hungary), 1972
- 7 3/4% US \$ Bonds, National and Grindlays Bank Ltd., London (United Kingdom), 1972
- 6 3/4% DM Bonds, Province of Newfoundland (Canada), 1972
- 6 1/4% hfl Bonds, New Zealand, 1972 (private placement)
- 7 % DM Bonds, New Zealand, 1972
- 7 1/4% Ffrs Bonds, New Zealand, 1972
- 6 3/4% DM Bonds, Province of New Brunswick (Canada), 1972
- 7 1/2% US \$ Bonds, Norges Kommunalbank, Oslo (Norway), 1972
- 7 1/2% US \$ Bonds, Norges Kommunalbank, Oslo (Norway), 1972, 2nd issue
- 7 3/4% US \$ Notes, North American Rockwell Overseas Corporation, Wilmington, Delaware (USA), 1972
- 8 3/4% US \$ Bonds, North American Rockwell Overseas Corporation, Wilmington, Delaware (USA), 1972
- 7 1/2% Ffrs Bonds, Province of Nova Scotia (Canada), 1972
- 7 % DM Bonds, Nova Scotia Power Commission, Halifax (Canada), 1972
- 6 % DM Bonds, Province of Ontario (Canada), 1972
- 6 3/4% Lfrs Bonds, City of Oslo (Norway), 1972
- 7 1/4% Ffrs Bonds, City of Oslo (Norway), 1972
- 7 1/2% US \$ Notes, Outokumpu Oy, Helsinki (Finland), 1972
- 4 1/2% US \$ Convertible Bonds, Owens-Illinois Inc., Toledo (USA), 1972

- 4 ½% US \$ Convertible Bonds, J. C. Penney International Finance Corporation, Wilmington, Delaware (USA), 1972
- 8 % US \$ Bonds, Pennwalt Overseas Finance N.V., Curaçao (Netherlands Antilles), 1972
- 8 ½% US \$ Bonds, Petroleos Mexicanos (PEMEX), Mexico City (Mexico), 1972
- 7 ½% Ffrs Bonds, Pont-à-Mousson S.A., Pont-à-Mousson (France), 1972
- 8 ¼% US \$ Bonds, Public Power Corporation, Athens (Greece), 1972
- 6 ½% DM Bonds, Province of Quebec (Canada), 1972
- 7 ½% Ffrs Bonds, Province of Quebec (Canada), 1972
- 6 ½% DM Bonds, Quebec Hydro-Electric Commission, Montreal (Canada), 1972
- 8 ¼% US \$ Bonds, Queensland Alumina Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 ½% US \$ Bonds, Ralston Purina Overseas Finance N.V., Curaçao (Netherlands Antilles), 1972
- 4 ¾% US \$ Convertible Bonds, J. Ray McDermott & Co., Inc., Wilmington, Delaware (USA), 1972
- 7 ¾% Ffrs Bonds, Ready Mixed Concrete Limited, Feltham (United Kingdom), 1972
- 6 ¾% Lfrs Bonds, Reed International Limited, London (United Kingdom), 1972
- 7 ¼% DM Bonds, Reed International Limited, London (United Kingdom), 1972
- 7 ¾% US \$ Bonds, Refinería de Petroleos del Norte, S.A. (Petronor), Bilbao (Spain), 1972
- 7 ¼% Ffrs Bonds, Régie Nationale des Usines Renault, Boulogne-Billancourt, Hauts-de-Seine (France), 1972
- 4 ¾% US \$ Convertible Bonds, Revlon, Inc., Dover, Delaware (USA), 1972
- 7 ½% Ffrs Bonds, Rhône-Poulenc S.A., Paris (France), 1972
- 6 ¼% £ Convertible Bonds, Rothmans International Limited, London (United Kingdom), 1972
- 6 ½% A\$/DM Bonds, The Rural and Industries Bank of Western Australia, Perth (Australia), 1972
- 7 ½% DM Bonds, Sandvikens Jernverks AB, Sandvike (Sweden), 1972
- 8 % US \$ Bonds, Scandinavian Airlines System, Copenhagen (Denmark), 1972
- 7 ½% US \$ Bonds, Scanraff (Skandinaviska Raffinaderi Aktiebolaget Scanraff), Humlekärr, Lysekil (Sweden), 1972
- 6 ½% DM Bonds, Shell International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 ½% US \$ Bonds, Shell International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 % DM Bonds, Republic of Singapore, 1972
- 7 ¾% US \$ Bonds, Republic of Singapore, 1972
- 5 ¼% US \$ Convertible Bonds, Slater, Walker International Finance Limited, Hamilton (Bermuda), 1972
- 7 ¼% Lfrs Bonds, Slater, Walker International Finance Limited, Hamilton (Bermuda), 1972
- 7 ¼% £/DM Bonds, Slater, Walker International Finance Limited, Hamilton (Bermuda), 1972
- 7 % DM Bonds, South African Iron and Steel Industrial Corporation Limited (ISCOR), Pretoria (Republic of South Africa), 1972
- 5 % US \$ Convertible Bonds, The Southland Corporation, Texas (USA), 1972
- 4 ¼% US \$ Convertible Bonds, Squibb International Finance N.V., Curaçao (Netherlands Antilles), 1972
- 7 % DM Bonds, Republic of South Africa, 1972
- 7 ¾% US \$ Bonds, Republic of South Africa, 1972
- 8 % US \$ Bonds, Republic of South Africa, 1972
- 6 ¾% DM Bonds, Sveriges Investeringsbank Aktiebolag, Stockholm (Sweden), 1972
- 7 ¾% US \$ Bonds, Sveriges Investeringsbank Aktiebolag, Stockholm (Sweden), 1972
- 8 % US \$ Bonds, Swiss Aluminium Australia Limited, Sydney (Australia), 1972
- 8 % US \$ Bonds, Sybron Overseas Capital N.V., Curaçao (Netherlands Antilles), 1972
- 7 ¼% DM Bonds, Teledyne International N.V., Willemstad (Netherlands Antilles), 1972
- 6 ¾% DM Bonds, Telefonaktiebolaget L M Ericsson, Stockholm (Sweden), 1972
- 7 ½% US \$ Notes, Tenneco International N.V., Curaçao (Netherlands Antilles), 1972
- 7 ¾% US \$ Bonds, Tenneco International N.V., Curaçao (Netherlands Antilles), 1972
- 7 ¾% US \$ Bonds, Textron International Inc., Wilmington, Delaware (USA), 1972
- 8 % US \$ Bonds, Town and City Nederland N.V., Amsterdam (Netherlands), 1972
- 6 ½% DM Bonds, Trafalgar House Finance N.V., Amsterdam (Netherlands), 1972
- 7 ½% US \$ Bonds, Trans-Austria Gasline Finance Company Ltd., Hamilton (Bermuda), 1972
- 7 ½% US \$ Bonds, Transocean Gulf Oil Company, Wilmington, Delaware (USA), 1972
- 7 % US \$ Notes, Union Oil International Finance Corporation, Wilmington, Delaware (USA), 1972
- 7 ½% US \$ Bonds, Union Oil International Finance Corporation, Wilmington, Delaware (USA), 1972
- 7 ½% US \$ Notes, UTAH International Finance Corporation, Wilmington, Delaware (USA), 1972
- 8 % US \$ Bonds, UTAH International Finance Corporation, Wilmington, Delaware (USA), 1972
- 8 % US \$ Bonds, Aktiebolaget Volvo, Göteborg (Sweden), 1972
- 4 ½% US \$ Convertible Bonds, Warner-Lambert International N.V., Curaçao (Netherlands Antilles), 1972
- 8 ¼% US \$ Bonds, The Wellcome Foundation Limited, London (United Kingdom), 1972
- 7 % Lfrs Bonds, The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe, Strasbourg (France), 1972
- 8 ¼% US \$ Bonds, Williams & Glyn's Bank Limited, London (United Kingdom), 1972



In Australia, the Europartners Banco di Roma/Commerzbank/Crédit Lyonnais are jointly represented. Together they managed a D-mark bond issue for the Australian Industrial Development Corp.

Shares (including Capital Increases)

Underwriting, issues, and stock exchange introductions

Allgemeine Deutsche Credit-Anstalt (ADCA),
Berlin and Frankfurt a. M.

Allgemeine Elektrizitäts-Gesellschaft AEG-Telefunken,
Berlin and Frankfurt a. M.

Avis Inc., Garden City, N. Y. (USA)

BASF Badische Anilin- und Soda-Fabrik
Aktiengesellschaft, Ludwigshafen on the Rhine

Banco Central S.A., Madrid (Spain)

Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg

Bayer Aktiengesellschaft, Leverkusen

Bayerische Vereinsbank, Munich

Berliner Handels-Gesellschaft-Frankfurter Bank,
Frankfurt a. M. and Berlin

Beton- und Monierbau Aktien-Gesellschaft, Düsseldorf

Brown, Boveri & Cie. Aktiengesellschaft, Mannheim

Brau-Aktiengesellschaft Nürnberg, Nuremberg

Brauerei Isenbeck Aktiengesellschaft, Hamm

Chemed Corporation, Cincinnati, Ohio (USA)

Compagnie des Machines BULL, Société Anonyme,
Paris (France)

Compagnie Financière de l'Union Européenne,
Paris (France)

Compagnie Financière de Suez, Paris (France)

Daimler Benz Aktiengesellschaft, Stuttgart

DEMAG Aktiengesellschaft, Duisburg

Deutsche Centralbodenkredit-Aktiengesellschaft,
Berlin-Cologne

Deutsche Hypothekenbank (Actien-Gesellschaft),
Hanover and Berlin

Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen

Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg	Nestlé Alimentana Aktiengesellschaft, Cham and Vevey (Switzerland)
General Shopping S.A., Luxembourg	Pechiney Ugine Kuhlmann, Paris (France)
Gerling-Konzern Allgemeine Versicherungs-Aktiengesellschaft, Cologne	Pegulan-Werke Aktiengesellschaft, Frankenthal (Palatinate)
Girmes-Werke Aktiengesellschaft, Grefrath-Oedt	Rheinische Hypothekenbank, Mannheim
Hamburgische Electricitäts-Werke Aktiengesellschaft, Hamburg	Rheinmetall Berlin Aktiengesellschaft, Berlin
Hannoversche Papierfabriken Alfeld-Gronau vormals Gebr. Woge, Alfeld (Leine)	ROLINCO N.V., Rotterdam (Netherlands)
Hitachi Ltd., Tokyo (Japan)	Schering Aktiengesellschaft, Berlin/Bergkamen
Hutschenreuther Aktiengesellschaft, Selb (Bavaria)	Siemens Aktiengesellschaft, Berlin and Munich
Kaufhof Aktiengesellschaft, Cologne	Sinalco Aktiengesellschaft, Detmold
Kölsch-Fölzer-Werke Aktiengesellschaft, Siegen	Standard Elektrik Lorenz Aktiengesellschaft, Stuttgart
J. Lyons & Company Limited, London (United Kingdom)	Stern-Brauerei Carl Funke Aktiengesellschaft, Essen
Mannheimer Versicherungsgesellschaft, Mannheim	August Thyssen-Hütte Aktiengesellschaft, Duisburg-Hamborn
Minnesota Mining and Manufacturing Company, St. Paul, Minnesota (USA)	Trade Development Bank Holding S.A., Luxembourg
Münchener Rückversicherungs-Gesellschaft, Munich	Vereinsbank in Hamburg, Hamburg
National Westminster Bank Limited, London (United Kingdom)	Vereinsbank in Nürnberg, Nuremberg
Neckermann Versand KGaA, Frankfurt a. M.	Wasserwerk für das nördliche westfälische Kohlenrevier, Gelsenkirchen
	Westdeutsche Bodenkreditanstalt, Cologne
	Westfalenbank Aktiengesellschaft, Bochum

Other Syndicate Transactions

Allgemeine Gesellschaft für Industriebeteiligungen mbH (AGFI), Stuttgart	Hutschenreuther Aktiengesellschaft, Selb (Bavaria)
Brau-Aktiengesellschaft Nürnberg, Nuremberg	Klöckner-Humboldt-Deutz Aktiengesellschaft, Cologne
Busch-Jaeger Dürener Metallwerke Aktiengesellschaft, Lüdenscheid	Klöckner-Werke Aktiengesellschaft, Duisburg
Deutsche Grundbesitz-Anlagegesellschaft mbH, Cologne	H. Meinecke Aktiengesellschaft, Hanover
Deutsche Pfandbriefanstalt, Wiesbaden	Münchener Rückversicherungs-Gesellschaft, Munich
Dortmunder Union-Brauerei Aktiengesellschaft, Dortmund	NAK Stoffe KGaA, Augsburg
Farbwerke Hoechst Aktiengesellschaft, vormals Meister Lucius & Brüning, Frankfurt a. M.-Höchst	Passage-Kaufhaus Aktiengesellschaft, Saarbrücken
Fendal Schifffahrts-Aktiengesellschaft, Mannheim	Pechiney Ugine Kuhlmann, Paris (France)
Gebhard & Co. Aktiengesellschaft, Wuppertal	Stern-Brauerei Carl Funke Aktiengesellschaft, Essen
Gutehoffnungshütte Aktienverein, Oberhausen	Strabag Bau-Aktiengesellschaft, Cologne-Deutz
	August Thyssen-Hütte Aktiengesellschaft, Duisburg-Hamborn
	Varta Aktiengesellschaft, Hanover

Central Advisory Council

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Chief Executive, Gewerkschaften Brigitta und Elwerath

Betriebsführungsgesellschaft mbH

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Chairman of the Supervisory Board of Eschweiler Bergwerks-Verein

DR. HANS COENEN, Essen

Member of the Supervisory Board of Kepa Kaufhaus GmbH

DR. OSKAR JANSON, Krefeld

Member of the Board of Management of Deutsche Edelstahlwerke Aktiengesellschaft

MAX KÜPPERS, Wesel

Managing Partner, Gerhard Hülskens & Co.

PROFESSOR DR.-ING. DR. HEINRICH MANDEL, Essen

Member of the Board of Management of Rheinisch-Westfälisches Elektrizitätswerk AG

KARLHEINZ MANGELSEN, Cologne

Member of the Board of Management of Kaufhof AG,

and Chairman of the Supervisory Board of Kaufhalle GmbH

DR. KARL MÖNKEMEYER, Marl

Chairman of the Board of Management of Chemische Werke Hüls AG

DR. h. c. HERBERT SCHELBERGER, Essen

Chairman of the Board of Management of Ruhrgas AG

DR.-ING. ALBRECHT SCHUMANN, Frankfurt a. M.

Chairman of the Board of Management of Hochtief AG für Hoch- und

Tiefbauten vorm. Gebr. Helfmann

FRITZ SEYDAACK, Düsseldorf

Member of the Board of Management of Horten AG

DR. GÜNTER WINKELMANN, Mülheim (Ruhr)

Chairman of the Board of Management of Hugo Stinnes AG and

Member of the Board of Management of VEBA AG

Board of Trustees of Commerzbank Foundation

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Chairman of the Supervisory Board of Commerzbank Aktiengesellschaft
Chairman

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Deputy Chairman

State Secretary (retd.) PROFESSOR DR. DR. h. c. WALTER HALLSTEIN, Bonn

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DR. RABAN FREIHERR von SPIEGEL, Hamburg
Member of the Board of Management of Commerzbank Aktiengesellschaft

List of Branches

HEAD OFFICES

DÜSSELDORF

25 Breite Strasse

Telephone 82 71 · Telex 8 581 381

FRANKFURT A. M.

17-19 Grosse Gallusstrasse

Telephone 2 86 21 · Telex 4 11 246

HAMBURG

7-9 Ness

Telephone 36 13 21 · Telex 2 12 391

BRANCHES

- Aachen
with sub-branches
Adalbertstrasse
Burtscheid
Markt
- Aalen
- Achim
- Ahlen (Westf.)
- Ahrensburg (Holst.)
with sub-branch
Hamburger Strasse
- Alfeld (Leine)
- Alsfeld
- Altena (Westf.)
with sub-branch
Lennestrasse
- Andernach
- Aschaffenburg
- Augsburg
with sub-branch
Donauwörther Strasse

- Backnang
- Bad Bramstedt
- Baden-Baden
- Bad Hersfeld
- Bad Homburg v. d. H.
- Bad Honnef
- Bad Kreuznach
- Bad Nauheim
- Bad Neuenahr
- Bad Neuenahr-Ahrweiler
- Bad Oeynhausen
- Bad Oldesloe
- Bad Salzuflen
- Bad Schwalbach*
- Bad Soden (Taunus)
- Bad Vilbel
- Balingen (Württ.)
- Bamberg
- Baunatal (Bez. Kassel)
- Bayreuth
- Beckum (Bez. Münster)
- Bensheim
- Berenbostel
- Bergisch Gladbach
- Bergneustadt
- Biberach (Riss)
- Bielefeld
with sub-branches
Betheleck
Heeper Strasse
Herforder Strasse
Jöllennecker Strasse
Sieker
Stapenhorststrasse
Wellensiek
- Bigge (Krs. Brilon/W.)
- Bingen
- Bocholt
- Bochum
with sub-branches
Ehrenfeld
Hamme
Laer
Linden
Stiepel
- Böblingen
- Bonn
with sub-branches
Bundeskanzlerplatz
Markt
Tannenbusch
- Bonn-Bad Godesberg
with sub-branch
Römerplatz
- Bonn-Beuel
- Bonn-Duisdorf
- Borken (Westf.)
- Bottrop
- Brackwede
- Braunschweig
with sub-branches
Am Hauptbahnhof
Celler Strasse
Dankwardstrasse
Heidberg
Jasperallee
Radeklint*
- Bremen
with sub-branches
Dobben
Findorff
Gröpelingen
Hemelingen
Neustadt
Steintor
West
Woltmershausen
- Bremen-Vegesack
- Bremerhaven
with sub-branches
Geestemünde
Lehe
- Bremervörde
- Bruchsal
- Brühl (Bez. Köln)
- Brunsbüttel
- Bückeburg
- Bünde
- Bünde-Ennigloh
- Burgdorf
- Butzbach
- Buxtehude

- Celle
- Cloppenburg
- Coburg
- Coesfeld
- Cuxhaven

- Dachau
with paying office
MAN-Allach
- Darmstadt
with sub-branches
Arheilgen
Karlstrasse

Branches (continued)

- Delmenhorst
- Detmold
- Diepholz
- Diez (Lahn)
- Dillenburg
- Dinslaken
- Dörnigheim
- Dormagen
- Dorsten
- Dortmund
with sub-branches
Aplerbeck
Hörde
Hombruch
Kaiserstrasse
Königswall
Mengede
Münsterstrasse
Ruhrallee
- Dülmen
- Düren
- Düsseldorf
with sub-branches
Am Hafen
Am Hauptbahnhof
Brehmplatz
Eller
Friedrichstrasse
Garath
Gerresheim
Golzheim
Grafenberger Allee
Heerdt
Heinrichstrasse
Holthausen
Kaiserswerth
Karolingerplatz
Königsallee
Nordstrasse
Oberbilk
Oberkassel
Rath
Reisholzer Strasse
Schadowstrasse
Wersten
Worringer Platz
- Düsseldorf-Benrath
- Duisburg
with sub-branches
Hochfeld
Lutherplatz
Marxloh
Meiderich
Wanheimerort
- Duisburg-Hamborn
- Duisburg-Ruhrort
- Ebingen
- Eckernförde
- Eickel (Wanne-Eickel)
- Einbeck
- Eiserfeld (Sieg)
- Elmshorn
- Elten-Feldhausen
- Emden
with sub-branch
Rathausplatz
- Emmerich
- Emsdetten
- Enger
- Ennepetal
- Erkelenz
- Erkrath
- Erlangen
with sub-branch
Erlangen-Ost
- Eschborn*
- Eschwege
- Eschweiler
- Essen
with sub-branches
Altenessen
Borbeck
Bredeney
Essen-Süd
Essen-West
Holsterhausen
Kupferdreh
Rüttenscheid
Steele
Viehofer Platz
Wasserturm
- Esslingen
- Ettlingen
- Euskirchen
- Fellbach (Württ.)
- Flensburg
with sub-branches
Industriegebiet
(*Industrial Estate*)
Mürwik
Norderstrasse
Südermarkt
- Frankenthal (Pfalz)
- Frankfurt a. M.
with sub-branches
Adickesallee
Alt-Bornheim
Am Eschenheimer Tor
Am Opernplatz
Berliner Strasse
Bockenheim
Bornheim
Dornbusch
Flughafen (*Airport*)
Galluswarte
Hanauer Landstrasse
Hauptwache
Kaiserstrasse
Oederweg
Platz der Republik
Rödelheim
Sachsenhausen
Schwanheim
Taunusstrasse
Wächtersbacher Strasse*
Zeil
and paying office
Airport-Hotel
- Frankfurt a. M.-Höchst
- Frechen
- Freiburg (Breisgau)
- Friedberg (Hess.)
- Friedrichsfeld (Ndrhh.)
- Friedrichshafen
- Fürth (Bay.)
with sub-branches
Komotauer Strasse
Waldstrasse
- Fulda
- Garmisch-Partenkirchen
- Gelsenkirchen
with sub-branches
Am Stern
Buer-Erle
Horst
Neustadt
- Gelsenkirchen-Buer
- Gevelsberg
- Giessen
- Gifhorn
- Gladbeck
- Glinde (Schlesw.-H.)
- Glückstadt
- Goch
- Göggingen
(near Augsburg)
- Göppingen
- Göttingen
with sub-branches
Eichendorffplatz
Weender Landstrasse
- Goslar
- Greven (Westf.)
- Grevenbroich
- Gross Gerau
- Gütersloh
- Gummersbach
- Haan (Rhld.)
- Hagen
with sub-branches
Haspe
Mittelstrasse
Wehringhausen
- Halver
- Hamburg
with sub-branches
Altstadt
Am Hafen
Barnbek
Billstedt
Blankenese
Bramfeld
Dehnhaide
Eidelstedt
Eilbek
Eimsbüttel
Eppendorfer Landstrasse
Esplanade
Freihafen (*Freeport*)
Fuhlsbüttel
Gänsemarkt
Geschäftsstadt Nord
Grindelberg
Grossneumarkt
Hamm
Hammerbrook
Hoheluft
Lokstedt
Messberg
Mittelweg
Mundsburg
Neugraben
Osdorf
Osterstrasse
Othmarschen
Rahlstedt
Rothenburgsort
St. Georg
St. Pauli

Branches (continued)

- | | | | |
|---|--|--|---|
| Schnelsen
Uhlenhorst
Volksdorf
Wandsbek
Wilhelmsburg
Winterhude
and paying office
Grossmarkthalle | ● Herzberg | ● Kassel
with sub-branches
Altmarkt
Bettenhausen
Friedrich-Ebert-Strasse
with paying office
DEZ Niederzwehren | ● Krefeld
with sub-branches
Hochstrasse
Zentrum |
| ● Hamburg-Altona | ● Hilden | ● Kaufbeuren
with sub-branch
Neugablonz | ● Krefeld-Uerdingen |
| ● Hamburg-Bergedorf | ● Hockenheim | ● Kelkheim (Taunus) | ● Kreuztal |
| ● Hamburg-Harburg | ● Hof (Saale) | ● Kempen (Ndrh.) | ● Kulmbach* |
| ● Hameln | ● Hofheim (Taunus) | ● Kempen-Hüls (Ndrh.) | ● Laatzten (Han.) |
| ● Hamm (Westf.)
with sub-branch
Marktplatz | ● Hohenlimburg
with sub-branch
Elsey | ● Kempten | ● Lahr |
| ● Hanau (Main) | ● Holzminden | ● Kiel
with sub-branches
Arndtplatz
Exerzierplatz
Gaarden
Holtenauer Strasse Nord
Holtenauer Strasse Süd
Kirchhofallee
Wellingdorf | ● Landau (Pfalz) |
| ● Hannover
with sub-branches
Am Klagesmarkt
Am Kröpcke
Am Küchengarten
Am Steintor
Buchholz
Celler Strasse
Herrenhausen
Hildesheimer Strasse
Sallstrasse
Südstadt
Vahrenheide
Vahrenwald
Wülfel | ● Homberg (Ndrh.) | ● Kirchheim (Teck) | ● Landshut |
| | ● Homburg (Saar) | ● Kirchweyhe | ● Langen (Hess.) |
| | ● Hoya (Weser) | ● Kirn (Nahe) | ● Langenberg (Rhld.) |
| | ● Hüttental-Weidenau | ● Kleve | ● Langenfeld |
| | ● Husum | ● Koblenz
with sub-branch
Bahnhofplatz | ● Langenhagen
with paying office
Skala |
| | ● Ibbenbüren | ● Köln (<i>Cologne</i>)
with sub-branches
Barbarossaplatz
Braunsfeld
Chlodwigplatz
Ehrenfeld
Eigelstein
Hohenzollernring
Hohe Strasse
Kalk
Lindenthal
Neumarkt
Neusser Strasse
Sülz
Weidenpesch
Zollstock | ● Leer (Ostfr.) |
| | ● Idar-Oberstein
with sub-branch
Idar | ● Köln-Mülheim | ● Leeste |
| | ● Ingelheim* | ● Konstanz
with sub-branch
Petershausen | ● Lehrte (Han.) |
| | ● Ingolstadt | ● Korbach | ● Leichlingen |
| | ● Iserlohn
with sub-branch
Schillerplatz | | ● Lemgo |
| | ● Itzehoe | | ● Lennestadt (Altenhundem) |
| ● Heide (Holstein) | ● Jülich | | ● Leonberg |
| ● Heidelberg
with sub-branch
Neuenheim | ● Kästorf (near Wolfsb.) | | ● Letmathe |
| ● Heidenheim (Brenz) | ● Kaiserslautern | | ● Leverkusen |
| ● Heilbronn | ● Kaltenkirchen | | ● Limburg (Lahn) |
| ● Heiligenhaus | ● Kamen | | ● Lingen (Ems) |
| ● Helmstedt
with sub-branch
Gröpern | ● Kamp-Lintfort | | ● Lippstadt |
| ● Hemer | ● Karlsruhe
with sub-branches
Am Mühlburger Tor
Durlach
Mühlburg | | ● Löhne |
| ● Hemmingen-Westerfeld | | | ● Lörrach (Baden) |
| ● Hennef | | | ● Ludwigsburg |
| ● Herford
with sub-branches
Alter Markt
Mindener Strasse | | | ● Ludwigshafen (Rhein) |
| ● Herne | | | ● Lübbecke |
| ● Herten | | | ● Lübeck
with sub-branches
Am Schlachthof
Bunte Kuh*
Fackenburger Allee
Geniner Strasse
Marli
Travemünde
and paying office
Skandinavienkai |

Branches (continued)

- Lüchow
- Lüdenscheid with mobile sub-branch
- Lüdinghausen
- Lüneburg
- Lünen
- Mainz with sub-branches
Am Dom
Rheinallee
Schillerplatz
- Mainz-Kastel
- Mannheim with sub-branches
Käfertal
Kaiserring
Lindenhof
Neckarau
Neckarstadt
Sandhofen
Waldhof
- Marburg (Lahn)
- Marl-Hüls
- Mayen
- Meerbusch-Büderich
- Meerbusch-Osterath
- Memmingen
- Menden
- Meppen
- Meschede
- Mettmann
- Minden
- Misburg
- Mönchengladbach with sub-branches
Am Hauptbahnhof
Rheindahlen 1
Rheindahlen 2
- Moers
- Monschau
- Mühldorf (Inn)
- Mühlheim (Main)
- Mülheim (Ruhr) with sub-branch
Speldorf
- München (*Munich*) with sub-branches
Baldeplatz
Grosshadern
Hauptbahnhof/
Marsstrasse
Herkomerplatz
Hohenzollernstrasse
Ingolstädter Strasse
Laim
Leopoldstrasse
Lerchenauer Strasse
Lindwurmstrasse
Moosach*
Müllerstrasse
Neuaubing
Nymphenburger Strasse
Pasing
Reichenbachplatz
Riesenfeldstrasse
Rosenheimer Platz
Rotkreuzplatz
Schleissheimer Strasse
Schwanthalerstrasse
Sendlinger Strasse
Thalkirchner Strasse
Thomasiusplatz
- Münster (Westf.) with sub-branches
Hammer Strasse
Hansaring
Warendorfer Strasse*
- Neheim-Hüsten
- Nettetal-Lobberich
- Neuenkirchen (near Rheine)
- Neuenrade
- Neu Isenburg
- Neumünster
- Neunkirchen (Saar)
- Neuss with sub-branch
Dreikönigenstrasse
- Neustadt (Weinstrasse)
- Neu-Ulm
- Neuwied
- Niebüll
- Nienburg (Weser)
- Norden
- Nordenham
- Norderstedt
- Nordhorn
- Northeim (Han.)
- Nürnberg (*Nuremberg*) with sub-branches
Friedrich-Ebert-Platz
Fürther Strasse
Gibitzenhof
Landgrabenstrasse
Plärrer
Schweinau
Stresemannplatz
and paying office
Flughafen (*Airport*)
- Oberhausen with sub-branches
Buschhausen
Osterfeld
- Oberhausen-Sterkrade
- Obertshausen
- Oberursel (Taunus)
- Oer-Erkenschwick
- Offenbach a. M. with sub-branches
Kaiserlei
Sprendlinger Landstrasse
Waldstrasse
- Offenburg
- Oldenburg (Oldb.) with sub-branch
Grossmarkt
- Olpe
- Opladen
- Osnabrück with sub-branches
Bramscher Strasse
Johannisstrasse
Lotter Strasse
Schützenstrasse
- Osterholz-Scharmbeck
- Osterode (Harz)
- Peine
- Pforzheim
- Pfungstadt
- Pinneberg
- Pirmasens
- Plettenberg
- Pullach-Höllriegelskreuth
- Radevormwald
- Rastatt
- Ratingen
- Ravensburg
- Recklinghausen with sub-branch
Recklinghausen-Süd
- Rees
- Regensburg
- Reinbek (Schlesw.-H.)
- Remscheid with sub-branches
Alleestrasse
Hasten
- Remscheid-Lennep
- Rensch.-Lüttringhausen
- Rendsburg
- Reutlingen
- Rheda
- Rhede (near Bocholt)
- Rheine with sub-branch
Schotthock
- Rheinhausen
- Rheydt with sub-branches
Friedrich-Ebert-Strasse
Odenkirchen
- Rietberg
- Rosenheim
- Rüdesheim
- Rüsselsheim

Branches (continued)

- Saarbrücken with sub-branch Mainzer Strasse
- Saarburg (near Trier)
- Saarlouis
- Salzgitter-Lebenstedt
- St. Wendel
- Sarstedt
- Schleswig
- Schneverdingen
- Schöningen
- Schwabach
- Schwäbisch Gmünd
- Schweinfurt
- Schwelm
- Schwenningen
- Schwerte (Ruhr)
- Schwetzingen
- Sennestadt
- Siegburg
- Siegen
- Siegen-Kaan-Marienborn
- Sindelfingen
- Singen (Hohentwiel)
- Sinsheim
- Soest
- Solingen with sub-branch Höhscheid
- Solingen-Ohligs
- Solingen-Wald
- Sprendlingen
- Sprockhövel-Hasslinghausen
- Stade
- Stadt Allendorf
- Steinhagen
- Stolberg
- Straubing
- Stuttgart with sub-branches Degerloch Feuerbach Hauptstätterstrasse Marienplatz Ostendplatz Rosenbergplatz Rotebühlplatz Schlosstrasse Vaihingen a. F. Wangen Weilimdorf Zuffenhausen
- Stuttgart-Bad Cannstatt
- Trier
- Troisdorf
- Tübingen
- Uelzen
- Uetersen
- Ulm
- Unna
- Unterföhring (near Munich)
- Varel (Oldb.)
- Vechta
- Velbert
- Verden (Aller)
- Versmold
- Vetschau (Aachen)
- Viernheim
- Viersen
- Viersen-Dülken
- Villingen
- Vlotho
- Voerde (Ndrh.)
- Wahlstedt*
- Waldbröl
- Waldkraiburg
- Walsrode
- Walsum
- Wanne (Wanne-Eickel)
- Warburg
- Wattenscheid with sub-branch Höntrop
- Wedel (Holstein)
- Weiden (Oberpfalz) with paying office DEZ
- Weil (Rhein)
- Weinheim (Bergstrasse)
- Werdohl
- Wermelskirchen
- Wesel
- Wesseling
- Westerholt
- Westerland (Sylt)
- Wetter (Ruhr)
- Wetter-Wengern (Ruhr)
- Wetzlar
- Wiedenbrück
- Wiehl (Bez. Köln)
- Wiesbaden with sub-branches Biebrich Bismarckring Bleichstrasse Kirchgasse Rheinstrasse Wilhelmstrasse
- Wilhelmshaven with sub-branch Gökerstrasse
- Winsen (Luhe)
- Wissen (Sieg)
- Witten with sub-branch Annen
- Wolfenbüttel
- Wolfsburg with sub-branches Detmerode Tiergartenbreite
- Worms
- Würselen
- Würzburg
- Wunstorf
- Wuppertal-Barmen with sub-branches Langerfeld Oberbarmen Ronsdorf Schützenstrasse* Unterbarmen Werth Wichlinghausen
- Wuppertal-Elberfeld with sub-branches Cronenberg* Friedrich-Ebert-Strasse
- Xanten
- Zirndorf

- * Opening shortly
- State at end of 1948
- Opened until 1958
- Opened since 1959, until mid-1973

Foreign Branches

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

Commerzbank AG, London Branch: to be opened later this year

Subsidiaries

BERLINER COMMERZBANK

AKTIENGESELLSCHAFT

Head Office and Main Branch at 125 Potsdamer Strasse, 1 BERLIN 30

Exchange Office at 1 Rankestrasse, 1 Berlin 30

with sub-branches:

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

COMMERZBANK INTERNATIONAL S.A.

Luxembourg, 11 Avenue de la Porte Neuve

Affiliated Banks

RHEINISCHE HYPOTHEKENBANK, MANNHEIM

WESTDEUTSCHE BODENKREDITANSTALT, COLOGNE

VON DER HEYDT-KERSTEN & SÖHNE, WUPPERTAL-ELBERFELD

ILSEDER BANK, SANDOW & CO., PEINE

BANK FÜR TEILZAHLUNGSKREDIT GMBH, DÜSSELDORF

COMMERZ- UND INDUSTRIE-LEASING GMBH, DÜSSELDORF



In new shopping-centres, like the one in Leverkusen, our customers will also find the Commerzbank on hand.

Representative Offices Abroad

ARGENTINA, PARAGUAY, AND URUGUAY

Hasso A. Rahmsdorf, 456 Avda. Corrientes - Depto. 73, Buenos Aires (Argentina)

AUSTRALIA

Joint Representative Office Banco di Roma/Commerzbank AG/Crédit Lyonnais

Representative for Commerzbank: Rainer Kühn, IAC Building, 54-62 Carrington Street, Sydney, NSW 2001

BRAZIL

Commerzbank Representação Ltda., Central Management: Werner Menges

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

São Paulo Office, Director: Werner Menges, 250 Rua Direita, sala 1406, Caixa Postal 7441

FAR EAST

Joint Representative Office Banco di Roma/Commerzbank AG/Crédit Lyonnais

Representative for Commerzbank: Gernot Heimburger, 521 & 522, Fuji Building, 2-3 Marunouchi, 3-chome, Chiyoda-ku, Tokyo (Japan)

The new center piece on the New York skyline is the World Trade Centre, where our subsidiary EuroPartners Securities Corporation has its offices.



MEXICO, CENTRAL AMERICA, AND CARIBBEAN ISLANDS

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

MIDDLE EAST, EGYPT

Klaus Tjaden, 416–421 Starco Bloc Nord, Boite Postale No. 3246, Beirut (Lebanon)

SOUTH EAST ASIA

Joint Representative Office Banco di Roma/Commerzbank AG/Crédit Lyonnais
Representative for Commerzbank: Hansjörg Braun, ICB Building, Rooms 314–317, 2 Shenton Way, Singapore 1

SOUTHERN AFRICA

Joint Representative Office Banco di Roma/Commerzbank AG/Crédit Lyonnais
Representative for Commerzbank: Werner P. Kahrass, 1202, Standard Bank Centre, 78 Fox Street, Johannesburg (Republic of South Africa)
Keller & Neuhaus Trust Co. (Pty.) Ltd., Kaiserstreet, Windhoek (South West Africa)

SPAIN AND PORTUGAL

Günter Schönberner, 11 Calle Cedaceros, 6º, Madrid -14 (Spain)

VENEZUELA AND COLOMBIA

Jürgen Carlson, 101 Carmelitas–Apartado 5074, Caracas (Venezuela)

Participations in Foreign Financial Institutions

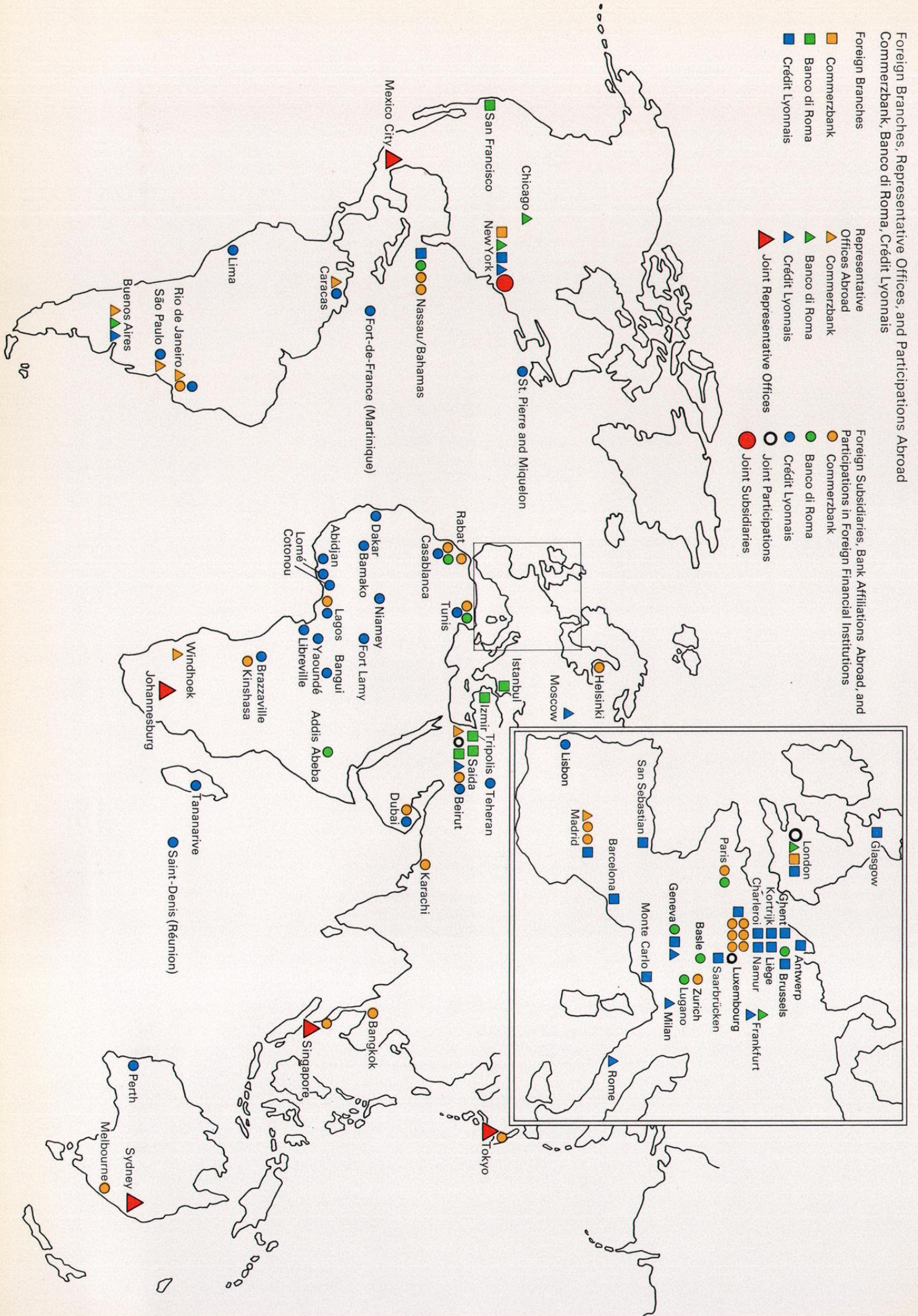
- Australia: Australian United Corporation Limited, Melbourne
- Bahamas: Deltec Panamerica S.A., Nassau (Bahamas)
- Bahamas: World Banking Corporation Ltd., Nassau (Bahamas)
- Brazil: Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro
- Dubai: The Commercial Bank of Dubai Ltd., Dubai
- Finland: Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki
- France: Crédit Chimique S.A., Paris
- Japan: Private Investment Company for Asia (Pica) S.A., Tokyo
- Lebanon: Rifbank S.A.L., Beirut
- Lebanon: Société Libano Européenne pour la Gestion Privée (Crédit Lyonnais), S.A.L., SLIGEST, Beirut
- Luxembourg: Adela Investment Company S.A., Luxembourg/Lima (Peru)
- Luxembourg: European Enterprises Development Company S.A., E.E.D., Luxembourg
- Luxembourg: International Investment Corporation for Yugoslavia S.A., IICY, Luxembourg
- Luxembourg: Sifida Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxembourg
- Luxembourg: Société de Gestion du Rominvest International Fund S.A., Luxembourg
- Luxembourg: Tourinvest S.A., Luxembourg
- Morocco: Banque Marocaine du Commerce Extérieur, Casablanca
- Morocco: Banque Nationale pour le Développement Economique, Rabat
- Nigeria: Nigerian Industrial Development Bank Ltd., Lagos
- Pakistan: PICIC Pakistan Industrial Credit & Investment Corporation Ltd., Karachi
- Singapore: The Development Bank of Singapore Ltd., Singapore
- Spain: Banco Urquijo S.A., Madrid
- Spain: Gestinver S.A., Madrid
- Switzerland: Finance Company VIKING, Zurich
- Thailand: The Industrial Finance Corporation of Thailand, 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 du Développement – SOFIDE – Kinshasa

Foreign Branches, Representative Offices, and Participations Abroad
 Commerzbank, Banco di Roma, Crédit Lyonnais

- Foreign Branches**
- Commerzbank
 - Banco di Roma
 - Crédit Lyonnais

- Representative Offices Abroad**
- Commerzbank
 - Banco di Roma
 - Crédit Lyonnais
 - Joint Representative Offices

- Foreign Subsidiaries, Bank Affiliations Abroad, and Participations in Foreign Financial Institutions**
- Commerzbank
 - Banco di Roma
 - Crédit Lyonnais
 - Joint Participations
 - Joint Subsidiaries



EUROPARTNERS Key Data

BANCO DI ROMA

	Year-end, 1972	Year-end, 1971	Change
Balance Sheet Total	Lit 8,646 'm	Lit 5,620 'm	53.8%
Deposits	Lit 5,777 'm	Lit 4,830 'm	19.6%
Lending	Lit 3,306 'm	Lit 2,838 'm	16.5%
Capital and Reserves	Lit 56 'm	Lit 55 'm	2.2%
Branches	261	259	0.8%
Clients	1,524,000	1,461,000	4.3%
Staff	9,965	9,163	8.8%

COMMERZBANK AKTIENGESELLSCHAFT

	Year-end, 1972	Year-end, 1971	Change
Balance Sheet Total	DM 25,577 m	DM 22,102 m	15.7%
Deposits	DM 23,643 m	DM 20,543 m	15.1%
Lending	DM 17,385 m	DM 15,641 m	11.2%
Capital and Reserves	DM 1,115 m	DM 990 m	12.6%
Branches	737	731	0.8%
Clients	2,007,000	1,927,000	4.1%
Staff	16,161	15,952	1.3%

CREDIT LYONNAIS

	Year-end, 1972	Year-end, 1971	Change
Balance Sheet Total	Ffrs 92,733 m	Ffrs 72,916 m	27.2%
Deposits	Ffrs 85,337 m	Ffrs 62,999 m	35.5%
Lending	Ffrs 86,712 m	Ffrs 69,132 m	25.4%
Capital and Reserves	Ffrs 1,051 m	Ffrs 947 m	11.0%
Branches	2,178	2,046	6.5%
Clients	3,216,000	2,900,000	10.9%
Staff	42,662	38,351	11.2%

THE GROUP

	Year-end, 1972	Year-end, 1971	Change
Balance Sheet Total	DM 131,906 m	DM 99,178 m	33.0%
Deposits	DM 109,414 m	DM 86,994 m	25.8%
Lending	DM 90,329 m	DM 74,916 m	20.6%
Capital and Reserves	DM 2,089 m	DM 1,891 m	10.5%
Branches	3,176	3,036	4.6%
Clients	6,747,000	6,288,000	7.3%
Staff	68,788	63,466	8.4%

conversion made according to the central rates valid in 1972: Ffr 1 = DM 0.6299; Lit 100 = DM 0.5542

