

COMMERZBANK
AKTIENGESELLSCHAFT

1970



International Partners
BANCO DI ROMA · CRÉDIT LYONNAIS

COMMERZBANK

AKTIENGESELLSCHAFT

	Dec. 31, 1969	Dec. 31, 1970	Change
Balance Sheet total	DM 17,406 m	DM 19,696 m	13.2%
Deposits	DM 16,102 m	DM 18,352 m	14.0%
Lendings	DM 12,582 m	DM 13,802 m	9.7%
Capital and Reserves	DM 840 m	DM 850 m	1.2%
Dividend paid	DM 62.5 m	DM 59.5 m	
in per cent	17 + 3	17	
Branches	688	719	4.5%
Customers	1,506,000	1,776,500	18.0%
Staff	14,350	15,441	7.6%

COMMERZBANK GROUP

	Dec. 31, 1969	Dec. 31, 1970*)	Change
Balance Sheet total	DM 18,512 m	DM 23,778 m	28.4%
Deposits	DM 17,154 m	DM 19,750 m	15.1%
Lendings	DM 12,792 m	DM 17,253 m	34.9%
Capital and Reserves	DM 858 m	DM 906 m	5.6%
Branches	743	783	5.4%
Customers	1,738,000	2,045,400	17.7%
Staff	15,630	16,952	8.5%

*) exceptionally high increases due to inclusion of Rheinische Hypothekenbank

COMMERZBANK
AKTIENGESELLSCHAFT



REPORT
FOR THE YEAR 1970

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



*Since March 9th, 1971, Commerzbank shares have been the first German bank shares to be officially quoted on Paris Stock Exchange (our illustration).
Commerzbank shares were listed on London Stock Exchange as early as 1962.*

Nineteenth Ordinary General Meeting of Shareholders

at 10 a. m. on Thursday, 13th May, 1971
in the Cantate-Saal, at 21 Grosser Hirschgraben, 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 1970.

2. To resolve as to the utilization of the Profit.

The Board of Management and the Supervisory Board propose that the Profit of DM 59,500,000.– for the Year 1970 be utilized to pay a Dividend of DM 8.50 per Share of DM 50.– nominal.

3. To resolve as to discharging the Board of Management and the Supervisory Board from responsibility for the Year 1970.

It is proposed that such discharge from responsibility be accorded.

4. To authorize the Board of Management to increase the Share Capital.

The Board of Management and the Supervisory Board propose as follows:

The Board of Management shall be authorized to increase the Company's Share Capital by 31st March, 1976, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, up to a total not exceeding DM 50,000,000.– nominal, with shareholders to be granted indirect subscription rights.

5. To change the Articles of Association.

The Board of Management and the Supervisory Board propose to complement Article 4 of the Articles of Association by adding the following fourth paragraph:

The Board of Management shall be authorized to increase the Company's Share Capital by 31st March, 1976, subject to approval by the Supervisory Board, by one or more issues of new shares for cash, up to a total not exceeding DM 50,000,000.— nominal.

6. To elect new members of the Supervisory Board.

Pursuant to Articles 96, paragraph 1, and 101, paragraph 1, Law on Limited Companies (AktG), Article 76, paragraph 1, Law on Labour Representation in Enterprises (BetrVG), and Article 9 of the Articles of Association, the Supervisory Board shall be composed of 14 members to be elected by shareholders at the Annual General Meeting and 7 members to be elected by the staff.

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

PROFESSOR DR. DR. h. c. mult. DR. E. h. mult. OTTO BAYER, chairman of the Supervisory Board, Farbenfabriken Bayer AG, Leverkusen

DR. HANNS DEUSS, banker, Düsseldorf

GENERALKONSUL DR. HANS GERLING, chairman of the Board of Management, Gerling-Konzern Versicherungs-Gesellschaften, Cologne

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

KONSUL DR. FRANZ HILGER, partner, Maschinenfabrik Joseph Eck & Söhne, Düsseldorf

DR. KARL-HEINZ KÜRTE, chairman of the Board of Management, Niederrheinische Hütte AG, and member of the Board of Management, Hüttenwerke Oberhausen AG, Duisburg

HELMUT LORENZ-MEYER, personally liable partner, Theodor Wille, Hamburg

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

RUDOLF AUGUST OETKER, owner, Dr. August Oetker, Bielefeld

HANS REINTGES, member of the Board of Management, Farbwerke Hoechst AG vormals Meister Lucius & Brüning, Frankfurt a. M.-Höchst

EHRENSENATOR HUGO RUPF, chairman of the Board of Management, J. M. Voith GmbH, Heidenheim (Brenz)

TONI SCHMÜCKER, chairman of the Board of Management, Rhestahl AG, Essen

HERIBERT WERHAHN, partner, Wilh. Werhahn, Neuss

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

The Annual General Meeting is not bound by proposals for election.

7. To elect the Auditors for the Year 1971.

The Supervisory Board proposes that Deutsche Revisions- und Treuhand-Aktiengesellschaft, Treuarbeit, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, of Düsseldorf, be elected.



We took the occasion of our centenary to establish the "Commerzbank Foundation" for purposes of public benefit, and allocated DM 5m to it in 1970. In order to express our close links with the former German capital we have provided the National Gallery in Berlin with the means to acquire Marino Marini's sculpture "The Cry".

Supervisory Board

DR. HANNES DEUSS, Düsseldorf

Chairman

KONSUL DR. FRANZ HILGER, Düsseldorf

Partner of Maschinenfabrik Joseph Eck & Söhne

Deputy Chairman

HELMUT LORENZ-MEYER, Hamburg

Personally Liable Partner in Theodor Wille

Deputy Chairman

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

Barrister

Deputy Chairman

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

Chairman of the Supervisory Board of Farbenfabriken Bayer AG

ROLF BECKMANN, Düsseldorf

Commerzbank AG

EWALD FAJKUS, Frankfurt a. M.

Commerzbank AG

GENERALKONSUL DR. HANS GERLING, Köln (*Cologne*)

Chairman of the Board of Management of the Gerling-Konzern

Versicherungs-Gesellschaften

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

GERD GREUEL, Hamburg

Commerzbank AG

HEINZ GRÜSSEN, Düsseldorf

Commerzbank AG

ROLF KANNEGIESSER, Wuppertal-Elberfeld

Bankhaus von der Heydt-Kersten & Söhne

RUDOLF AUGUST OETKER, Bielefeld

Owner of 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)

Chairman of the Management of J. M. Voith GmbH

TONI SCHMÜCKER, Essen

Chairman of the Board of Management of Rhestahl AG

LOTHAR SCHRÖDER, Hamburg

Commerzbank AG

DR. HANS KARL VELLGUTH, Düsseldorf

HERIBERT WERHAHN, Neuss

Partner in Wilh. Werhahn

DR. GERD WOLLBURG, Augsburg

Member of the Board of Management of Maschinenfabrik Augsburg-Nürnberg AG

HARRY ZATER, Hamburg

Commerzbank AG

Board of Management

DR. RUDOLF BEHRENBECK, Frankfurt a. M.

DR. HELMUT BRANDS, Düsseldorf

ROBERT DHOM, Frankfurt a. M.

DR. WOLFGANG JAHN, Düsseldorf

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. PETER DEUSS, Hamburg, *Deputy Member*, since April 1st, 1971

GÖTZ KNAPPERTSBUSCH, Frankfurt a. M., *Deputy Member*, since May 14th, 1970

DR. JÜRGEN TERRAHE, Düsseldorf, *Deputy Member*, since April 1st, 1971

Assistant General Managers

(Direktoren mit Generalvollmacht)

HEINZ ALBRECHT, Munich

HERBERT BURCHARDT, Düsseldorf

ENGELBERT DICKEN, Frankfurt a. M.

KLAAS-PETER JACOBS, Frankfurt a. M.

JÜRGEN REIMNITZ, Frankfurt a. M.

HORST SÄUBERLICH, Düsseldorf

HANS VOLLBACH, Frankfurt a. M.

Report of the Board of Management

I.

The international monetary situation visibly eased in 1970. The price was high, however, for creeping inflation continued almost in step throughout the world. 1970 accordingly proved to be a disappointing year for savers. We see the deeper causes of the universal wave of price increases not only in failures of national economic policy but more especially in the effects of increasing liquidity brought about by the deficits in the U.S. balance of payments that have now persisted for ten years. At any rate the economic and social damages caused by inflation are now being realized more fully; as a result there is a growing prospect for the industrial nations to adopt an economic policy more closely geared to stability in the future.

Once again political conflicts and far-reaching social tensions cast a shadow over the world economy. Regrettably, attempts to ease the strained East-West relations in Europe have not yet had any lasting success.

1970 saw a slackening in the pace of the world economy. The gross national product of the western industrial countries, which in real terms had shot up by nearly 5 per cent in 1969, rose by no more than around 3 per cent. This flattening of the curve is primarily due to the drop in economic activity in the United States, which even suffered a slight recession.

Slower pace of
the world economy

The gradual recovery in North America today contrasts with a slackening of economic progress in Western Europe. Even the Japanese economy is no longer as dynamic as it was in previous years, though it still stays well ahead of the international field with a growth rate of some 10 per cent.

During the first half of 1970 interest rates continued to climb as a result of both the international boom and the restrictions introduced to combat it. This extreme state of tension threatened to spark off a financial crisis in the United States to which Europe would not have remained immune in view of the close monetary links between both areas. The crisis could still be contained, however, thanks to the resolute reaction by the monetary authorities and the commercial banks.

International financial markets have been marked in recent months by a speedy and progressive easing of conditions for short-term money which is especially sensitive to political influences, whereas pressures on the long-term market, being more affected by economic factors, eased off only slowly. Meanwhile, however, there has also been a world-wide tendency for long-term interest rates to drop. Nevertheless, a return to the low yields of past years is not really being expected for the time being, particularly in view of the considerable pent-up demand for consolidation of short-term borrowings in many countries. Moreover, in Western Europe at least, the fight against inflation remains one of the primary aims of economic policy.

U.S. leverage on international interest rates

The dominating influence of the United States on international monetary movements has increased with the growing significance of the Euro-dollar market. The USA is using its credit policy as a lever for moving interest rates throughout the world. After setting off an international wave of drastic increases in discount rates during 1969, the United States has now embarked on the reverse process of easing interest rates, a development further encouraged in Western Europe by the relaxation of economic pressure.

In Europe, the evening out of liquidity peaks and troughs across the Atlantic, today mainly effected through the Euro-markets, is to a very large degree concentrated in the Federal Republic, where money and capital markets are wide open in both directions. This goes a considerable way towards explaining the extreme fluctuations occurring, against which even the long-term capital market cannot be entirely proof.

Environmental protection to the fore

In the scientific and technical fields 1970 was a rather less spectacular year. More thought than previously was given to the dangers and problems created by growing affluence and the progress of technology. Considerably more attention is now being paid in all industrial countries to the protection of the environment. At the same time there is a growing realization that this task demands appreciable financial sacrifices.

Development aid for the Third World

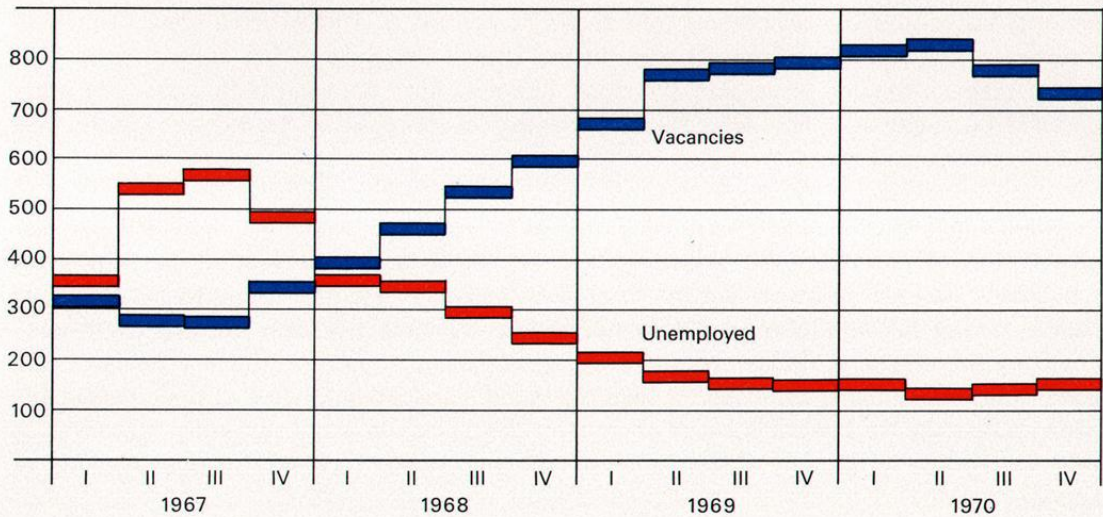
The "Third World" was again hit by the downward trend in many of the prices for raw materials. It seems all the more imperative, therefore, to work towards a more resilient structure in these countries by improving their agriculture and by building up suitable industries. This, however, only too clearly requires an equal willingness on the part of the emergent nations to do all they can to establish stable conditions of law and order, conditions which in recent times particularly have often been conspicuous by their absence.

Development aid, which in our day and age is one of the most urgent tasks from both a humanitarian and a political point of view, is, we feel, a challenge to enterprises in the free world to put their capital and "know how" to work in the primary producing countries on a growing scale. We consider co-operation with local partners an effective recipe for inducing the countries of the Third World to think in terms of private enterprise; it also helps to overcome psychological inhibitions.

Shift to North America in 1971

We expect the present slowish rate of growth in the world economy to continue during the current year, with the forces of expansion tending once again to shift more strongly to North America. Expansion in our Western European neighbour countries which together take nearly two-thirds of total German exports is likely to slacken, however.

Labour market under severe pressure
Averages per quarter (in 1000) seasonally adjusted



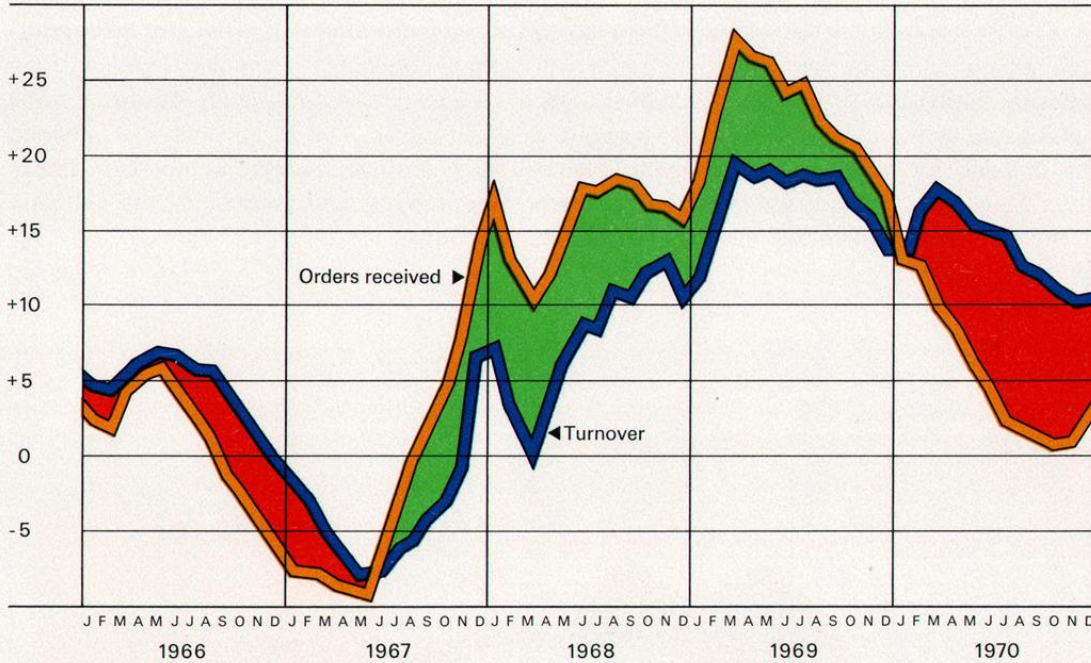
II.

In 1970 the Federal Republic passed the peak of the fifth post-war boom, which not only lasted longer but also was more vigorous than all previous periods of strong economic expansion. Considerable increases in capacity and the growing number of foreign workers—as many as two million at times—raised the industrial potential by at least 5 per cent. This enabled the gross national product to further rise by close on 6 per cent in real terms during the first six months, and still by almost 4 per cent during the second half of the year.

Federal Republic:
Peak and
end of boom

Orders received and turnover in industry

Percentage changes on year of sliding-scale 3-month-index figures (1962 = 100), seasonally adjusted



Behind the façade of persisting extreme overemployment there were signs by the summer that the economic upturn was running out of steam. For most companies, particularly those in the capital goods sector, the peak period for orders (measured at current prices) had been reached by the spring of 1970. All the same the economic climate remained relatively hot well into the autumn. It was not until November that as a result of isolated cases of short-time working and a growing number of firms reporting a drop in earnings the public at large became aware of the turn in economic performance; wage concessions in the metal industry, no longer economically justifiable, were a further sobering factor.

Private consumption—despite a significant increase in incomes generally—only gradually affected demand as the year wore on. Conversely, there was a visible drop in domestic orders for capital goods, which for almost three years had supplied the driving force for internal economic expansion. Demand for building remained firm throughout the year and was unaffected by the problems of financing housing. Export orders which had levelled off as a result of the October 1969 revaluation of the D-mark, and had actually dropped below the previous year's figures during the first six months, meanwhile showed a slight recovery.

Faced with a rise in demand, appreciably higher in some cases, the industries affected—including above all electrical engineering, mechanical engineering and commercial vehicles—reacted by considerably raising output well into the autumn. Admittedly, in many cases this growth had to be paid for by higher costs. Labour costs in particular mounted in 1970. As a

Caught between
rising costs and
higher interest rates

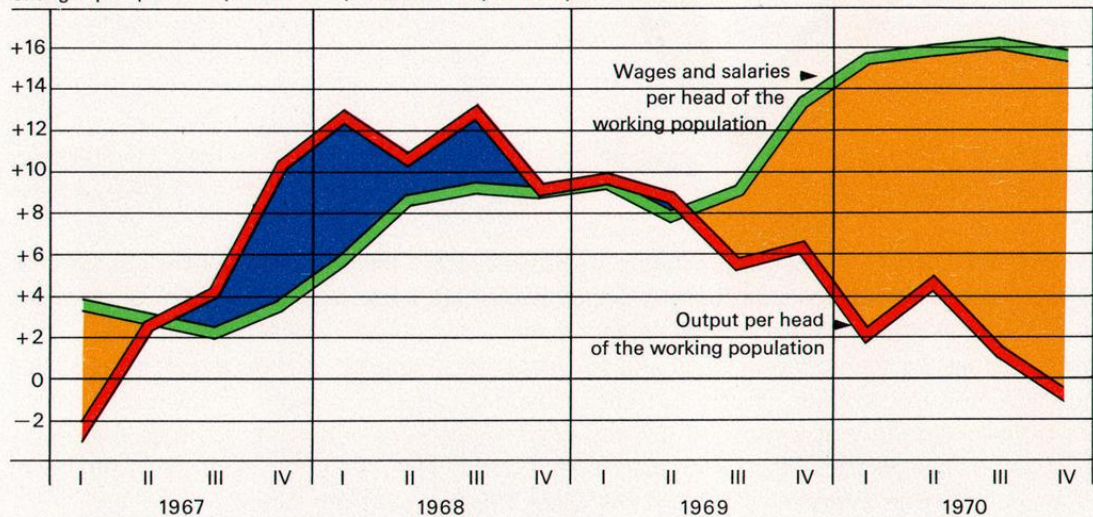
result of increases in collectively agreed wage rates, which exceeded normal bounds even in international terms, and consequent upon higher social security expenditure, piece rate unit costs in industry went up on an average by around 16 per cent. In addition the profitability of many enterprises was affected worse than ever before by the rise in interest charges, which was actually supposed to put a brake on the wages-prices spiral. The economy was accordingly exposed to twin pressures. In the consumer oriented sectors particularly, where competition is fierce, additional costs could only be passed on to a limited extent. Companies reacted against this reduction of the scope they had for self-financing by stretching investment projects for 1971 over longer periods, or indeed by abandoning them altogether for the time being.

Process of concentration continues unabated

In view of this wave of rising costs, there is every expectation that the process of concentration, which gained further strength in 1970, will continue unabated. Moreover, in view of the growing trend towards larger international units many companies throughout Western Europe have come to the conclusion that they might well join forces. This in turn has strengthened the demand for the control of mergers. Basically such an instrument of competition policy should be accepted, but international competitive conditions, and particularly the situation in the Common Market, will have to be taken into account.

Lagging growth in productivity

Changes per quarter in per cent compared with the previous year



Very uneven movement of prices

The excessive demand on production exploded in a cost avalanche and thus set prices moving on a wide front: the movement was weakest for articles of daily use, and strongest for building investments. The consumer thus benefited from the severe competition in the retail trade as well as between producers of consumer goods both at home and abroad. On the other hand, many private building clients were hit all the harder by the cost explosion in building, which rendered the basis of their calculations obsolete. Budgeting in the public sector was also subject to excessive stress, and this culminated in allocations for civil engineering works being cut back.

The economy as a whole is faced with the sad outcome that almost two thirds of the increase in the gross national product of DM 76,000 m to DM 679,000 m is accounted for by price rises. Real growth was virtually halved compared with the previous year but still slightly exceeded the original estimate.

Change from previous year	1967	1968	1969	1970 ¹⁾
Gross national product nominal	+ 0.8%	+ 9.0%	+ 11.9%	+ 12.6%
real	- 0.3%	+ 7.2%	+ 8.1%	+ 4.9%
Industrial production	- 2.4%	+ 11.8%	+ 13.0%	+ 5.7%
Mass income (net)	+ 2.2%	+ 5.3%	+ 9.7%	+ 12.6%
Cost of living ²⁾	+ 1.7%	+ 1.6%	+ 2.7%	+ 3.8%

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

Prices in private consumption did not rise as sharply as the rate of inflation of the national product, bloated as it was by investment costs, but we feel nevertheless that an increase in the cost of living of some 10 per cent in three years, as shown in the comparative figures for 1968/71, is unacceptable. Such a long-term comparison still puts the Federal Republic at the lower end of the scale of price increases, but there has been a clear worsening in its international position of late.

In 1970 the distribution of the national income clearly shifted in favour of the employees. Admittedly income from business and capital still rose during the year but this increase probably represented almost entirely income from private assets which, as a result of rising interest rates, accounted for roughly a quarter of this type of income. As it was, most industrial companies had to accept a drop in earnings.

Profit margins
under pressure

We attribute the negative factors that became increasingly evident during the year primarily to the failures of official economic policy which—obviously unable to recognize the true interests of the population—gave preference to growth and neglected monetary stability. It was only halfway through the year that there was a clear official reaction against the galloping boom having developed in the meantime, and which, by that time, was no longer controllable by imposing a surtax and by temporarily suspending diminishing balance depreciation.

Bad economic
judgment

It was precisely in 1970 that industry and trade deplored the absence of a clear-cut line of economic policy, which they could least afford to do without in the final phase of the boom. The loosening of the reins of economic policy also proved to be a handicap in wage negotiations, which in any case had to be carried on against the background of a labour market that had been swept clean, and in the torrid climate of rising living costs.

Even after the serious failures of the past year, characterized by a dangerous rush of wage increases that is still shaking the national economy, the position—confirmed by the Council of Economic Advisers—remains: the switches in economic policy are not primarily set by the management and labour but by governmental institutions; it is up to them to ensure an economic climate in which neither profits nor wages can “explode”.

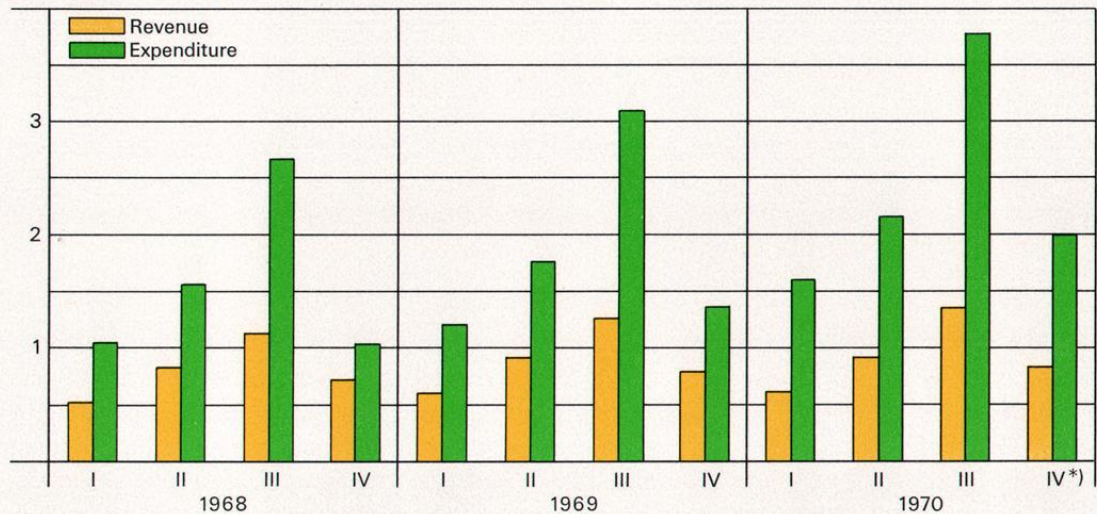
III.

Export surpluses . . .

The marked rise in imports registered by the overstretched German economy was not fully reflected in the foreign trade figures, since import prices had been slightly reduced following the October 1969 revaluation of the D-mark. On the other hand German export prices expressed in foreign currency were 13 per cent higher in the autumn of 1970 than they had been immediately prior to revaluation. The world-wide inflationary trend had thus put German suppliers into a position to pass on in their prices on many a market not only the revaluation effects but also part of the cost increases.

The surplus in the visible trade balance, which at DM 15,700 m in 1970 was in line with the figure of the previous year, was—for the first time in several years—absorbed almost entirely by the deficit in invisible trade. Foreign travel accounted for a major part of this with a record deficit of nearly DM 6,000 m, as revaluation had affected tourism to a much greater extent than the movement of goods. The balance of payments also suffered as a result of the growing volume of remittances by foreign workers, which at some DM 4,500 m represented an average of roughly DM 2,500 per foreign employee. At the same time the gap between returns on capital received and paid reopened during the year, the deficit exceeding DM 1,000 m.

Tourist revenue and expenditure in DM 1000 m



*) fourth quarter 1970 estimated

. . . no longer seem excessive

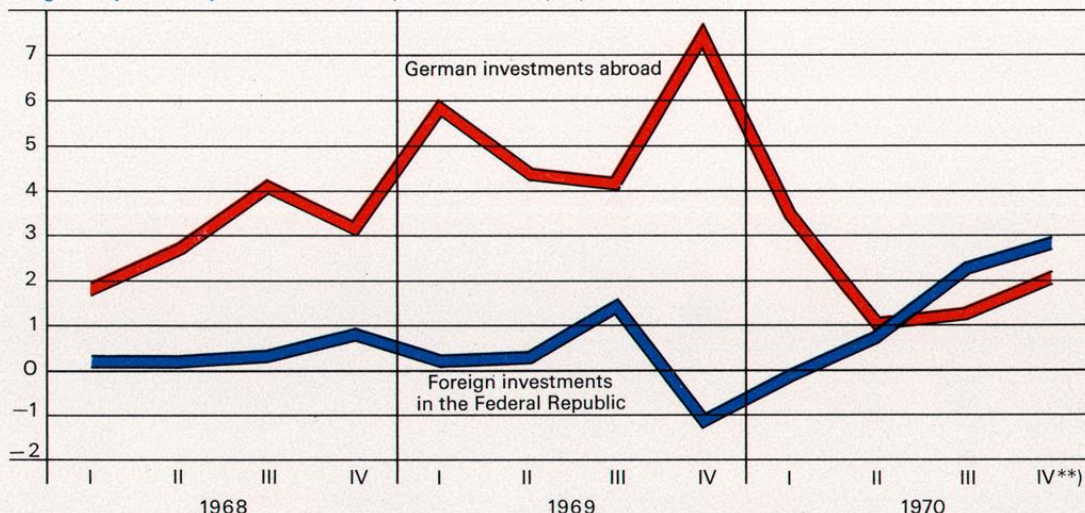
All in all there was a sharp drop in the balance on current account, and this suggests the need for a reassessment of the visible trade balance: a surplus of the order of some DM 15,000 m—equivalent to some 2 per cent of the gross national product—no longer seems excessive. Moreover the Federal Republic, as a large exporter of finished goods, must also provide an appropriate volume of capital for the world economy lest it disturb international co-operation.

In any case multi-national companies financially operate on a world-wide basis nowadays, a practice that has compensatory effects. It will also protect the German market from excessive demands, which would inevitably occur if companies domiciled in the Federal Republic were to secure finance exclusively from domestic sources without regard to the growth of their foreign business.



Volkswagen do Brasil is German industry's most important investment abroad and at the same time Brazil's largest industrial enterprise. We have devoted a separate report to the growing volume of production abroad by German industrial companies.

Long-term private capital transactions *) in DM 1000 m (net)



*) as from one year **) provisional

Changing trends in capital movements

There was only limited scope for long-term private capital exports in 1970. In fact the balance, which had soared from DM 10,000 m to DM 21,000 m under the special conditions obtaining in 1969, dropped back again to DM 2,000 m. Increasing purchases by foreigners of German fixed-interest-bearing securities, encouraged in the latter half of the year by the interest differential, played a part in this development. On the other hand German industry continued its direct investments abroad on a growing scale, whilst foreign enterprises made only fairly minor additions to their industrial interests in the Federal Republic.

Borrowed liquidity

The balance of payments was decisively affected by considerable movements of liquidity, both in 1969 and in the year under review. Companies with particular interests in foreign trade secured the funds domestic banks could not offer them because of the credit squeeze from foreign sources either in the form of financial credits or as a result of a change in the terms of payment. The economy's foreign indebtedness rose in 1970 by around DM 10,000 m; the growth of residual statistical items suggests an additional draining of liquidity through the "terms of payment" of a further DM 10,000 m. This large-scale borrowing abroad—quite apart from the resultant consequences in monetary and foreign exchange policy—has also given rise to problems of company finance, especially since most of the funds provided were of a short-term nature.

DM million	Change					Position on 31. 12. 70
	1966	1967	1968	1969	1970	
Monetary reserves ¹⁾	+ 1,952	- 140	+ 7,009	- 14,361	+ 22,650	+ 49,018
Banks' foreign position ²⁾ . .	+ 574	+ 4,823	- 2,455	- 4,325	- 7,918	- 12,596
Overall exchange position	+ 2,526	+ 4,683	+ 4,554	- 18,686	+ 14,732	+ 36,422
Basic balance ³⁾	- 716	+ 6,242	- 662	- 16,642	- 1,972	—

¹⁾ of Deutsche Bundesbank, including special drawing rights and reserve position in IMF; in 1969, a loss of DM 4,099m resulting from revaluation has been allowed for;

²⁾ balance of short-term assets and liabilities; ³⁾ current items and long-term capital transactions

The DM 20,000 m lost in foreign currency during the first 13 weeks after the October 1969 revaluation of the D-mark has thus been quickly recovered but, just as before revaluation, the increase in foreign exchange originated very largely in "borrowed liquidity".

IV.

In view of the alarming erosion of the value of money, the Central Bank Council—without much support from the authorities—felt impelled in March 1970 to raise bank rate to the "crisis level" of 7½ per cent; the rate on secured advances in fact went up to 9½ per cent, and it was decided to run the risk of a countervailing inflow of liquidity.

Crisis bank rate and draconian minimum reserve policy

The Bundesbank strove to neutralize as far as possible the foreign money flowing in by the introduction of a draconian minimum reserve policy. After increases in foreign deposits had been wholly immobilized for certain periods in 1969, an attempt was now made to control funds directly flowing in through industry and trade by raising the general level of minimum reserves. From September to November, financial institutions even had to put up with roughly half of all newly received sight and time deposits being frozen.

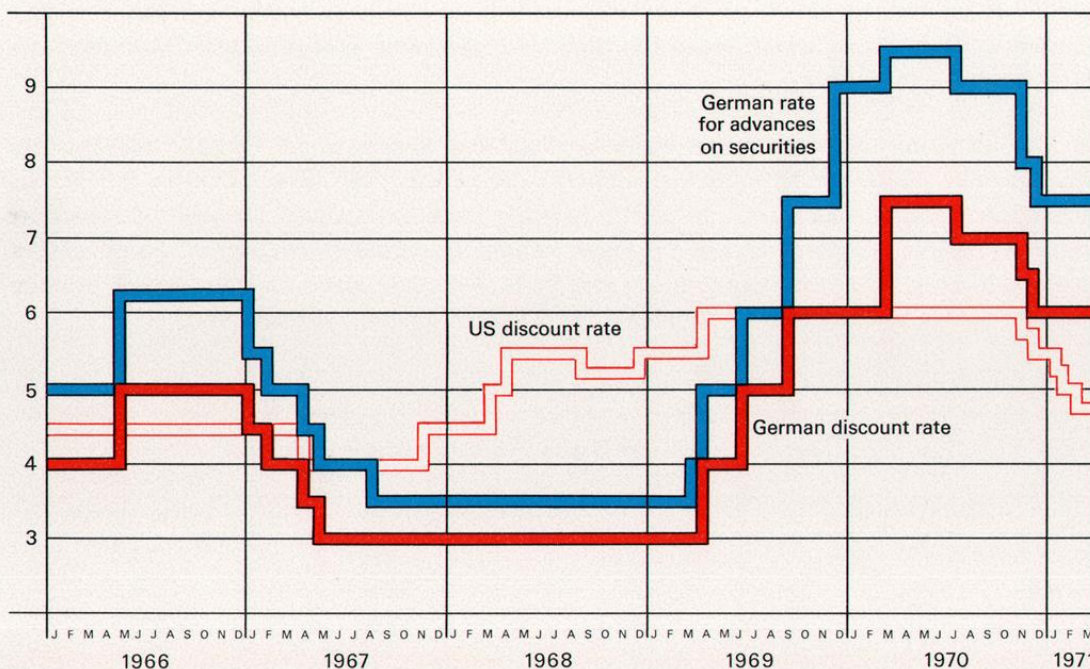
The Bundesbank increasingly reverted to the use of its own paper in the form of Treasury bills and discountable Treasury bonds as an additional instrument for skimming off surplus means. In this way some DM 4,000 m was taken out of internal money circulation, mainly by placing these securities with social security funds, but in the end also with the banks.

Whilst fully appreciating, in principle, the hard course taken by the Bundesbank, we could not but feel that the various measures taken in the summer were hardly timed happily. Only four weeks after the cut in bank rate on July 16th, for example, which had widely though wrongly been interpreted as an all-clear signal, the minimum reserve requirements were tightened. The last two months of the year were on the other hand again marked by two further cuts in bank rate of ½ per cent each.

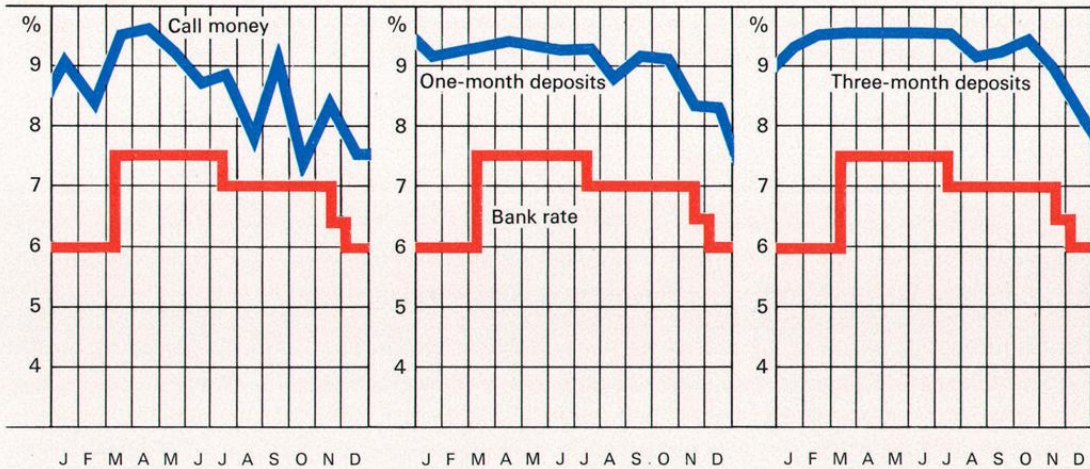
The balance of short-term foreign claims and liabilities of all German financial institutions, which had been healthily in the black during the 21 months preceding revaluation, subse-

Banks' foreign position in the red

Rates for discounts and advances in % p. a.



Bank rate and money market interest rates 1970 monthly averages



quently showed unmistakable signs of moving into the red. The fact that the Bundesbank did not encourage the export of funds as it had in earlier times was a contributory factor. We would have welcomed it if the central bank had shifted the weight of its liquidity policy more decidedly to measures in line with market requirements rather than rely on the rigid practice of skimming off surpluses by way of the minimum reserves which after all affects the banks only.

Disparity between bank rate and money market rates

The money market was a prey to tension in 1970, so that the official bank rate was out of touch with developments in the market. The disparity was particularly acute in the first few weeks of the year, when the Bundesbank could not yet bring itself to readjust its classic guiding rate of interest; and even during the remaining months, interest rates were such as to provide an inducement to go in for rediscounting. In the main, however, it was probably liquidity considerations which urged the financial institutions to substantially have recourse to the central bank system.

As a result of foreign currency movements there was just as much liquidity available for circulation in November 1970 as immediately prior to the 1969 revaluation. In this period some DM 8,000 m was taken out of the banking system, however, because of increased minimum reserve requirements and the larger volume of money in circulation. Faced with a growing demand for funds from industry and trade, the credit institutions reclaimed liquidity from the central bank system by obtaining DM 9,000 m through rediscounting.

	Minimum reserve requirement	Rediscounting at the Bundesbank	Free liquidity reserves
DM 1,000 m	monthly average		at end of month
September 1969	19.6	9.5	33.0
March 1970	18.1	22.3	15.2
November 1970	25.1	18.8	28.3

After this "final source of liquidity" had been so badly depleted, the financial institutions were bound to feel considerably more restricted: their free liquidity reserves, which also give scope for rediscounting, fell rapidly from 12 per cent of total deposits in September 1969 to 5 to 6 per cent in the spring of 1970. By the end of the year they had recovered to a level of around 8 per cent.

In view of the Bundesbank's sharp application of the brakes, the credit expansion of domestic banks remained restricted so that industry and trade—in the manner described above—had recourse to foreign financial markets to an unprecedented extent. Moreover industry and trade reacted against the increased cost of obtaining money by an accelerated rundown of stocks, just as economic theory would expect them to do.

Credit expansion
restricted

The public sector, being less sensitive to movements in interest rates, once again significantly increased its long-term indebtedness to credit institutions in 1970. This led to municipal bonds and related bank bonds once again dominating the bond market. For purposes of financing, the mortgage banks issued loans against borrower's note which—to the displeasure of the monetary authorities—were resold in parcels to foreign investors.

Change in DM 1,000 m	at short and medium term			at long term (4 years or more)		
	1968	1969	1970	1968	1969	1970
Bank lendings*) to:						
Business and private customers	+ 7.8	+ 25.1	+ 21.3	+ 20.3	+ 24.8	+ 21.9
Public authorities	+ 1.0	- 6.1	+ 1.1	+ 8.5	+ 7.4	+ 7.2
Domestic non-banks, total	+ 8.9	+ 19.1	+ 22.4	+ 28.8	+ 32.2	+ 29.1

*) incl. purchases of Treasury bills

Looking back on 1970 we agree with the Bundesbank that the severe policy of restriction pursued was inevitable for economic reasons. Yet we regret the adverse structural consequences, above all the disadvantages suffered by medium-sized enterprises, which were unable to take evasive action by turning to foreign sources of finance. In addition, wide sectors of industry financed long-term investments with shorter term money for the time being.

Adverse
consequences

V.

The urgent demand for credit, which the banks could only satisfy with a certain delay, was accompanied by a slower formation of financial assets. For one thing, companies and public authorities increasingly fell back on their bank balances in order to finance their continuing capital projects, and for another, the rate of account saving slackened, particularly since competing investment opportunities at times offered returns that were considerably higher in part. Besides transfers to deposit accounts and purchases of securities there were increased deposits with building and loan associations, expanding because of rising building costs, which led to a temporary drop in credit balances in savings account books.

Accumulation
of capital at
the expense of
the savings account
book

The bond market suffered from severe credit restrictions in the first half of the year, but then managed to recover progressively. By the end of May the squeeze on the market had forced up nominal interest rates to 8½ per cent even for first class domestic issuers, which was superseded by the eight per cent issue only at the end of the year. As early as last January, however, there was another 7½ per cent domestic loan.

Bond market enjoys
public support

Since the financial institutions virtually disappeared as purchasers of securities, and institutional investors continued to show reserve, and foreign buyers as well only timidly returned to the scene, private households emerged to become the decisive support of the bond market. In 1970 they accounted for some two thirds of the total net sales of bonds, smaller as they were, however, compared with the two preceding years.

Money owned by private households—in DM 1,000 m at year-end—¹⁾

Year	Savings deposits ²⁾	Deposits with building and loan associations	Fixed-interest-bearing securities ³⁾	Shares ⁴⁾	Life insurance premiums ⁵⁾	Total
1950	4	0	0	2	2	8
1955	20	3	1	8	7	39
1960	54	9	6	46	17	132
1965	107	21	23	39	38	228
1970	204	38	42	71	69	424
Earnings 1970	10.2	1.1	3.5	2.6	3.8	21.2

¹⁾ Longer term investments, excl. sight and term deposits as well as cash; ²⁾ incl. savings bonds; ³⁾ at market prices; ⁴⁾ incl. unit trust shares at market prices; ⁵⁾ incl. pension funds

Source: Deutsche Bundesbank; Deutsches Institut für Wirtschaftsforschung, Berlin

The timing of new issuing projects in the Central Capital Market Committee proved itself once again. It helped in particular to avoid demand becoming excessive through foreign DM loans, a development of which there were threatening signs from time to time. We feel the market situation would become considerably clearer, and the market would benefit, if new loans against borrower's note were continuously listed in a central register.

After an interval of close on three years, there was again a German company to come to the domestic capital market for a loan. In the interests of a balanced financing situation, we welcome the fact that in the current year industry and trade are once again undertaking issues, all the more so since this has lent a touch of colour to the loan scene which had become somewhat dull.

Euro-capital market:
DM loans halved

The world-wide demand for capital resulted once again in vigorous recourse to the Euro-capital market. With an equivalent of around DM 10,000 m, the total loan volume almost reached the level of the preceding year. Foreign DM loans floated by international syndicates, however, shrank from some DM 4,000 m to less than DM 2,000 m. Their place was taken by issues in other European currencies. Towards the end of the year, the European Commission raised a loan which—as a harbinger of the monetary union to come—for the first time was expressed in terms of European Currency Units.

The temporary glut on the market reopened the discussion on whether the timing of the many new issues planned could be improved. No satisfactory answer has yet been discovered. Critical attention was attracted by the drop in the prices of some low-interest-bearing convertible bond dollar loans which had been carried along by the undertow of the slump in shares. Above all certain debenture bonds, which had got into serious difficulties, drastically underlined the need for more thorough checks.

Share markets
dried up

Share markets throughout the world were "dried up" by the shortage of liquidity. Most countries had to put up with severe falls in share prices which badly affected the capacity of the stock exchange to function as a source of finance. Nevertheless German companies obtained DM 1,600 m through rights issues in the market, the highest figure since 1961.

DM million	1968	1969	1970	Change	
				from 1968 to 1969	from 1969 to 1970
Growth of savings deposits ¹⁾	22,329	21,864	20,888	- 2.1%	- 4.5%
Bond sales (net) ²⁾	20,035	18,679	15,513	- 8.6%	- 16.9%
Share sales in the market					
German shares ³⁾	1,281	1,054	1,084	- 17.7%	+ 2.8%
Foreign shares ⁴⁾	576	1,861	961	+ 177.4%	- 48.4%
Investment saving					
German unit trusts	1,663	3,375	1,508	+ 102.9%	- 55.3%
Foreign unit trusts	948	2,136	18	+ 125.3%	- 99.2%

¹⁾ institutions reporting monthly, including savings bonds; ²⁾ market price, German loans including resales from abroad, plus net German investments in foreign loans; excluding medium-term bonds; ³⁾ actual amounts according to Commerzbank issue statistics, changes in foreign portfolio investments allowed for; ⁴⁾ Changes in German portfolio investments

The reform of the stock exchange is developing unencumbered by dogma as a process of continuous improvements on a voluntary basis. In the autumn of 1970 a further step was taken by the introduction of guide lines considered suitable to protect the investor against being taken advantage of by insiders.

Stock exchange reform

Investment saving has meanwhile found encouraging support in regular payments systems which are becoming increasingly common in Germany as well. Foreign unit trusts, which had concentrated their sales efforts on the liberal German market, have meanwhile suffered some painful reverses after a period of rapid expansion. In some cases they had infringed the basic principles of investment by giving preference to speculative second-class securities to the disadvantage of their investors. Most important of all, the crisis in two investment concerns eroded confidence in companies which fail to submit to adequate checks.

Investment saving: investment programmes became steadier

VI.

If the Stability Law enacted in 1967 did not fulfil the lofty expectations with which it had come into force, it must be admitted that in 1970 the public sector took more account of economic realities than it had done in previous boom years. In particular the Federal Government revised its spending estimates and started piling up reserves in the central bank system designed to help the economy in regaining its balance in case of need. The "financial psychology" of the public sector proved disappointing, however. Thus a 12 per cent expansion of expenditure for the 1971 Federal budget was announced in the very month in which companies and consumers alike were to be led on to a restrictive course by the refundable tax surcharge.

Financial psychology disappointing

The year 1971 should see an end to the period of stagnating infrastructure investments. The decline in demand in other sectors, particularly in industry's willingness to invest, leaves scope for this purpose. Financial room for manoeuvre on the other hand is being limited by the extreme sluggishness of tax revenue. The Federal government and the Länder are hardly likely to lack sufficient courage for credit financing. But the local authorities, who have on their shoulders the main burden of public investments, may well come up against problems arising from insufficient latitude to incur debts. The extensive financing possibilities open to the Federal government and the Länder are closed to them, and this serves to underline the urgent need to rethink the entire attitude towards balancing the financial burden in the public sector.

Local authorities last in the queue

The revenue/GNP ratio should be viewed dynamically

A basic financial reform, which meets the legitimate need for funds of cities and rural districts, is just as overdue as the Great Tax Reform which finally is to be adopted during the current year. We think it right to warn against any intrusion of politics in this important matter of reform. We feel that isolated measures, which can sap the productive will of tax-payers and thus threaten the free enterprise system, are far more dangerous than a general—and variously discussed—rise in the revenue/GNP ratio. And bearing in mind the present division of tasks between the public and private sectors, even an appreciable rise in the revenue/GNP ratio does not seem necessary to us. It should be recalled at this point that in the current decade industry and trade are forced to spend thousands of millions of D-marks out of their own pockets every year for purposes of environmental protection.

In future the capital market, the capacity of which could still be enlarged through appropriate measures of tax reform, should supply a much greater proportion of the funds needed to finance improvements in the national infrastructure.

Generally speaking, the revenue/GNP ratio should be viewed dynamically. Taking into account the strong progression of wage and income taxes, it is only natural for tax revenue to rise when the economy expands, and to fall when it contracts. We consider this anti-cyclical effect a useful factor of economic policy.

VII.

Money and foreign exchange markets were quiet . . .

The year 1970 produced no constructive results for the future of the international monetary system. Foreign exchange markets were quieter overall than in previous years, in spite of renewed discussions on the exchange rate system sparked off by the floating of the Canadian dollar as from June 1st, 1970.

The question of the price of gold receded into the background. In 1970 the gold price on the market fluctuated within a margin of some 10 per cent. The agreement concluded between the International Monetary Fund and the Republic of South Africa largely ensures that the free price of gold will not fall below 35 dollars per troy ounce.

. . . but the old problems remained

Even if the erosion of the value of money in the Federal Republic was primarily "home-made", it still remains a fact that—despite more sophisticated instruments—it is becoming increasingly difficult to control the domestic economy in isolation. With the borders open to currency movements and with increasing monetary involvement between the industrial countries, reflected as it is in the growth of the Euro-money market to more than 40,000 m dollars, any national economic policy must defer to the dictates of the balance of payments. The United States alone has been able to avoid such considerations. Even after ten years of running a deficit in its foreign relations, the American economy has not yet suffered those restraining effects which have proved so salutary a regulator of credit policy in other countries. Even today there is no prospect of the United States equilibrating its balance of payments; instead, the situation seems to have become more precarious again. Nevertheless, the allocation of Special Drawing Rights—that is, of currency reserves originally planned to close an anticipated fresh dollar gap—continues. All in all, there is by no means a shortage of international liquidity; what is far more worrying is that the gauge might rise to "flood level".

We supplied funds to the Federal Ministry of Finance by way of placing a promissory note loan to finance infrastructure projects. Our illustration: Extending the Frankfurt/Main airport.



VIII.

European
integration . . .

European integration is being marked at present by the negotiations on the entry of Great Britain and the idea of a European Monetary Union. We fully sympathize with both aims.

Great Britain, jointly with its two fellow EFTA members Denmark and Norway, and Ireland started negotiations on entry into the European Communities on June 30th, 1970. The three neutral EFTA countries, in discussions with the Brussels Commission since last November, have been exploring what form a special relationship could take.

. . . must not
promote
protectionism

Even today the EEC represents the most important industrial concentration of power in the free world, after North America. Such economic strength imposes an obligation to conduct a liberal foreign trade policy. Particularly in the field of agriculture, the EEC has disappointed advocates of free trade up to now. A lowering of tensions—to which aim the EEC must also contribute—seems a matter of great urgency. Only in this way can we take the wind out of the sails of the protectionism which is reviving today and would mean a disaster for the world economy.

Focus on
Eurocurrency

We take a particular interest in the efforts to turn the EEC into an autonomous monetary area with a joint central banking system. We remain convinced that this presupposes a parallel harmonization of economic policy. The official timetable, which envisages the realization of the monetary union at around 1980, is likely to be a realistic one. We think the idea of narrowing the spreads of exchange rates by stages at an early date is a practicable one. To bring the EEC parities closer together in this way would not run counter to current ideas on increasing the flexibility of exchange rates throughout the rest of the world.

Our Bank's Progress

1970 embraced a particularly difficult period. Thanks to a flexible business policy we nevertheless succeeded in strengthening the Bank's market position.

General trends

The balance sheet total rose by DM 2,300 m, or 13.2 per cent, in the course of the year, an increase comparable with that recorded for 1969. We exercised some reserve in accepting expensive deposits. This policy paid, for the trend in the interest margin developed comparatively favourably.

Salient data of the Balance Sheet included:

- Balance Sheet total DM 19,700 m
- Deposits DM 18,400 m
- Total lendings DM 13,800 m

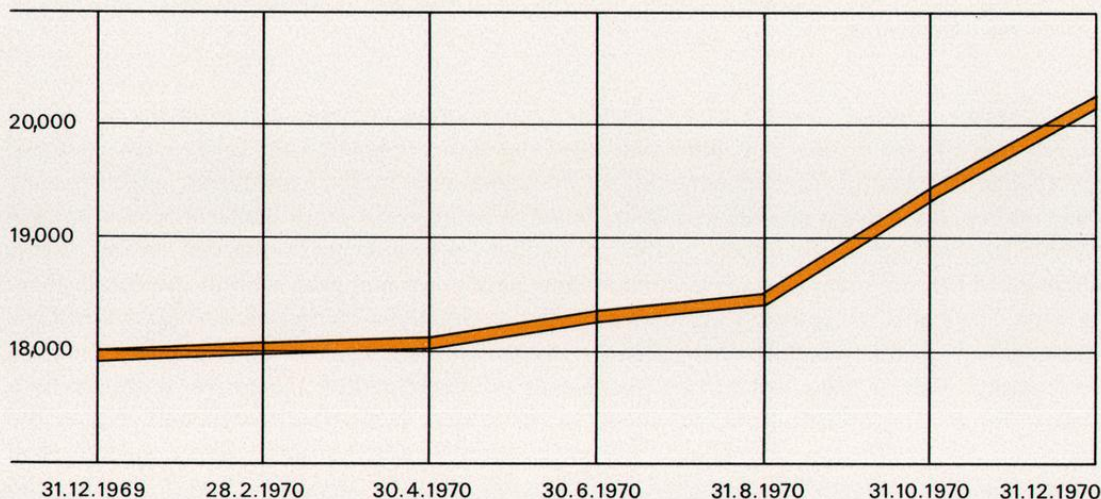
The volume of business, including rediscounted bills, exceeded DM 20,000 m. The DM 10,000 m-mark had been reached at the end of 1964. Measured in terms of balance sheet figures, our business has thus doubled within six years.

The growth in the volume of business was particularly strong in the autumn. On a yearly average, the figures for the previous year were exceeded by 9.9 per cent.

In view of the slower growth of customers' deposits, we faced special problems during the year in supplying credit to trade and industry. Nevertheless lendings to private customers, too, increased during the year. This maintains Commerzbank's position not only as one of

Focal points
of the year

Volume of business throughout 1970 in DM m



the largest savings institutions in the Federal Republic but also as one of the leading banks in consumer credit.

Internationally we branched out in new directions. The dominant theme was the agreement on close co-operation with Crédit Lyonnais, joined at the beginning of the current year by Banco di Roma. This far-reaching and pioneering agreement ushers in a new era in the century-old history of our institution.—The aims of the agreement are explained in the special section on "New Forms of International Co-operation".

The purchase of a majority interest in Rheinische Hypothekbank, Mannheim, at the turn of 1970/1971 is, we feel, full of promise for the future. The consolidated Balance Sheet at December 31st, which already includes this controlling interest, shows a total of DM 23,800 m; the Group's liable funds amount to DM 905.8 m.

At the end of the year, the companies that now make up the Commerzbank Group

- through 783 branches
- with 16,952 employees
- looked after more than 2 million customers who
- maintain more than 3 million accounts and security deposits.

Earnings position In spite of the steady expansion of business, 1970 was not a satisfactory year for earnings. It is true that, on the one hand, net interest income showed another steep rise. Labour costs, however, increased to an unprecedented extent on the other. There were also non-recurring special charges in connection with our centenary. Higher depreciation on our share portfolio was offset by realizations.

The increase in net interest earned is mainly attributable to the larger volume of business. Although interest margins were severely compressed during the first ten weeks of the year under review, the yearly average was slightly above the 1969 margin and reflected the bigger proportion of total business represented by lendings. Since reaching a peak in the summer of 1970, the interest margin has shrunk again.

On the service side, sales of securities on commission suffered a pronounced decline; this contrasted with higher earnings from foreign trade and exchange deals as well as from syndicate transactions.

We consider it unsatisfactory that generally commissions debited to customers no longer cover costs. A major rise in commission rates has been prevented up to now by the keen competition typical of German banking. All the same even public institutions, which usually tend to be less closely geared to profits, have been growing more cost-conscious of late. Whilst in the field of securities a shift of small transactions to investment saving seems indicated in the interest of both customers and banks, we feel that even in the future there is little likelihood of covering costs in payment transactions for the general public; but the close links with other sectors of the Bank's business militate against looking at this problem in isolation. Part of the costs can be justified as an investment in the future. It should be a matter for all credit institutions, however, to make their customers understand that in the long run the advantages of making their payments through the banks rather than in cash cannot be offered free of charge.

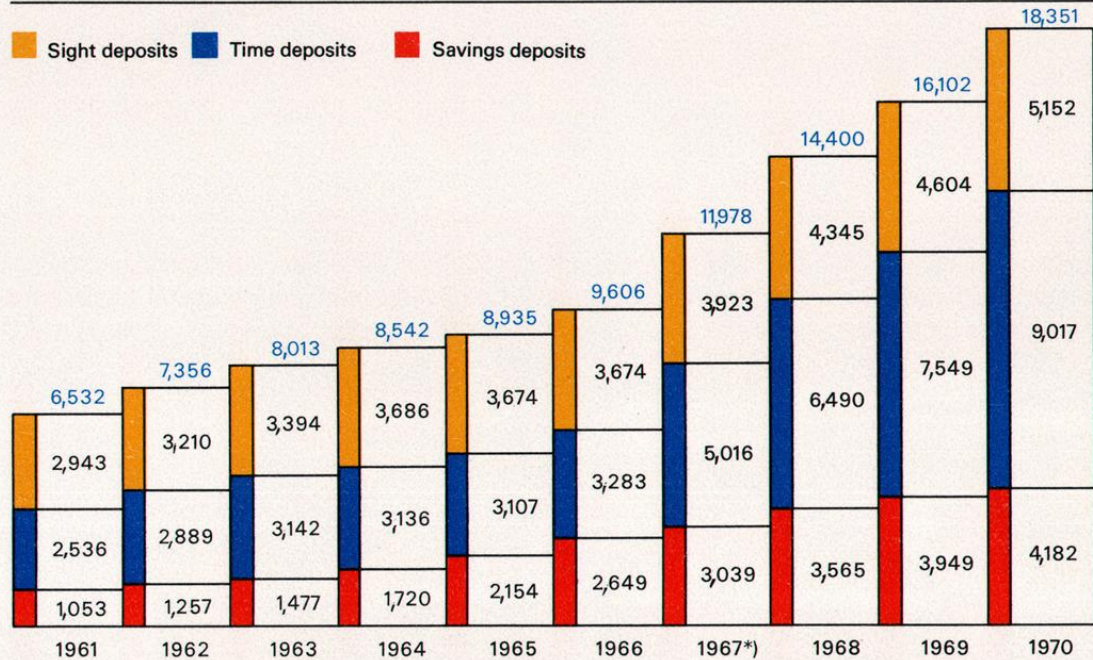


Our branch modernisation programme continues at the same pace. At Wuppertal-Barmen, one of the towns in which our tradition is rooted, the old building which originally housed the head office of Barmer Bank-Verein, has been completely reconstructed.

Earnings Measured by comparable standards, total earnings which in 1969 had reached their highest yearly level ever recorded dropped by about one sixth in the year under review.

Trends in deposits Deposits received from non-bank customers overall were 12.1 per cent higher at the end of 1970 compared with 12 months ago; balances of other banks with us rose by 22.1 per cent. There was an especially steep rise in customers' short-term time deposits, which offered a relatively high rate of interest throughout the year.

Deposits at year-end in DM m



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

Account saving Propensity to save dwindled at times, and this development also affected the progress of our own savings business. Even with the interest rate on deposits with a statutory period of notice raised on April 1st, 1970, to the unprecedented record rate of 5 per cent, these deposits still dropped somewhat temporarily, to some remarkable extent due to transfers of such funds to time deposit accounts enjoying even higher rates of interest. In the late autumn, savings activities recovered again. All the same, at DM 233 m, the 1970 increase—including interest accrued—remains far below the results achieved in previous years.

A further shift to savings accounts with an agreed period of notice not only reflects increased interest-consciousness but also owes something to our efforts to win the investor over to long-term saving.

Size of savings accounts	Number of accounts	Amount in DM m
up to DM 1,000	861,872	190.0
from DM 1,000 to DM 10,000	455,070	1,413.8
from DM 10,000 to DM 50,000	84,840	1,364.5
over DM 50,000	8,002	1,214.1
	1,409,784	4,182.4

There was an overall increase of 275,000 in the number of savings accounts kept at our branches, including 148,000 bonus carrying deposits. Since customers with major accounts "switched" in growing measure to time deposits, and in particular to securities with high rates of interest, the average balance per Commerzbank savings account book fell further to just under DM 3,000.

Bonus carrying savings deposits and bonus carrying investments in securities at our bank are of the order of DM 500 m.

We enjoyed particular success with our "Combi-Sparen (combined saving) with Commerzbank Savings Bonus". Some 42,000 new such saving contracts were signed with us and our Berlin subsidiary in 1970. The volume covered by contracts of this kind also more than doubled, rising from DM 170 m to DM 363 m. The majority of new agreements were concluded under the Formation of Assets Law and under the Law on Bonus Saving.

Saving schemes

Both these measures to encourage saving, i.e., the granting of bonuses and the promotion of the formation of assets, have had the merit of arousing and strengthening widespread interest in individual capital formation. Now that the scope has been extended and the system improved by doubling to DM 624 the amount yearly allowed under the Formation of Assets Law, the long-desired harmonization of the various concessions seems overdue. In the interest of savers, and of relieving our own pressure of work, we hope not only for equal treatment of individual forms of saving but also for an appreciable simplification in procedure.—As for our successful offer of investment saving schemes, we refer to the section dealing with our securities business.

We succeeded in expanding our volume of business, including rediscounted bills, to DM 2,273 m in 1970. This substantial rise enabled us not only to satisfy the lively demand for credit but also to build up our free liquidity reserves in the form of balances with other banks and Treasury bills. Moreover, we had to deposit an additional DM 466 m in minimum reserves with the central bank compared with the previous year. On the other hand, our financing at the Bundesbank showed no increase compared with the end of 1969.

Investment policy

Source of Funds	DM m	Application of Funds	DM m
Inflow of deposits		Increase in lendings	
Bank deposits	665	Bills discounted	251
Customers' deposits	1,584	Debtors (Customers)	999
	2,249		1,250
		Participations	68
		Increase in liquid funds	
Increase in other liabilities	45	Cash reserve	474
		Nostro balances	285
		Treasury bills and Treasury	
Reduction of securities portfolio	110	bonds	305
Reduction of		Increase in other assets	53
Lendings to banks	31	Reduction of rediscounted bills	17
Other assets	21	Reduction of liabilities	4
Total	2,456	Total	2,456

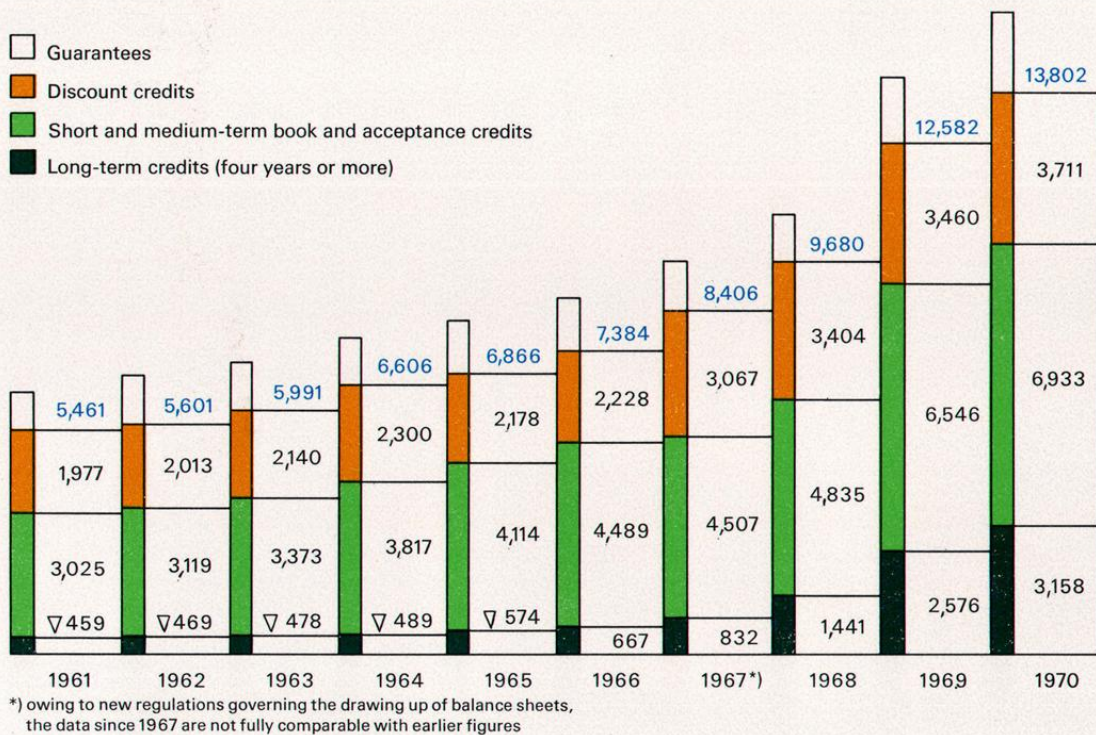
Movement of funds in 1970

Securities and participations portfolio	<p>Holdings of fixed-interest-bearing securities fell during the year, particularly because of scheduled redemptions. Our share portfolio also declined slightly as a result of the realizations mentioned above. At the turn of the year 1970/1971 we sold a majority holding in Kaiser-Brauerei, Hanover, that had formed part of those of our holdings which are subject to disclosure; with the disposal of an interlocking interest to each of the two groups, Holsten and Stern, we believe to have made a useful contribution to national co-operation among German breweries. We still remain the third major shareholder of Kaiser-Brauerei, retaining only slightly more than 25 per cent of its capital.</p>
Bank interest	<p>Deutsche Bundesbank's bank rate has increasingly forfeited its guiding role in determining the interest structure for both debit and credit. The credit costs chargeable must now be aligned much more closely than before with current deposit rates. We have not so far been convinced by the idea of retrospectively fixing an "objective basic rate" founded on the actual costs of procuring money. In our opinion, agreement on a market rate linked to bank rate but applied only "until further notice" provides better safeguards for the interests of both borrowers and the Bank itself. This procedure is also in line with the general handling in other parts of the world, particularly in the Anglo-Saxon countries.</p> <p>The model of the American "prime rate", which has come up for discussion at various times, does not, however, appear to be directly applicable to German conditions. Its protagonists overlook the fact that the American system allows effective interest rates to be varied individually by laying down different minimum balances to be maintained by borrowers free of interest. In addition, the Americans have a generally recognized classification of companies by their credit ratings.</p>
Lending business	<p>Since the second half of 1969—especially following the abrupt change in the flow of liquidity as a result of revaluation—the demand for credit has shown a steep rise. With increasingly narrow profit margins, companies to a greater extent than what had been envisaged in their financial plans had to rely on bank credits to provide the initial finance for investments which had meanwhile become very much dearer. We found that this need for funds reached a peak in the spring and summer of 1970. At the same time our well diversified lending business involved a large flow of funds returning. As a result, we were last year again in a position to meet every economically justifiable request of our customers for new current account advances.</p> <p>The demand for funds eased during the last few months of the year. In lending we thus again switched more markedly to the discounting of bills, although, in comparison with the year before, we did not increase our business in this field by more than 7.3 per cent to DM 3,700 m.</p>
Long-term finance	<p>Interest in long-term finance remained lively throughout the year, even though high interest rates proved a deterrent and suggested recourse to interim credits. This led to a pent-up demand for consolidation almost as large as that following the high-interest year of 1966, when money was scarce. But whereas in 1967 a rigorous liquidity policy quickly depressed interest rates on long-term lendings, we expect interest rates to fall less rapidly during the months to come.</p> <p>Our direct lendings with a minimum life of four years showed a further considerable rise of 26.3 per cent to DM 2,800 m during the year. We also endeavoured to make alternative long-term sources of finance accessible to our customers, particularly through associated specialized institutions such as Industriekreditbank and private mortgage banks, as well as through loans against borrower's note. Furthermore, the credit facilities of our subsidiaries operating on the Euro-market were also available for the provision of international finance.</p>
Total lendings	<p>Altogether our volume of lendings, which also include claims on other banks (excluding nostro balances) rose on an annual comparison by 9.7 per cent to DM 13,800 m. Within this context, short- and medium-term advances on current account, and against acceptances, to non-bank customers—which we traditionally lump together under the head of "Debtors</p>



We played a major part in providing finance for electrical engineering, an industry that showed vigorous growth during 1970. Our illustration: The aerial installation of the Federal Post Office's wireless station at Raisting follows the path of the communication satellite with extreme accuracy.

Total lendings at year-end in DM m



(Customers)”—increased by 6.9 per cent to DM 6,500 m. The proportion of medium-term loans with a maturity of more than twelve months, which had slightly fallen in the previous year, was once again expanded to 34 per cent.

In the year under review we again concentrated on balancing our business among the various sectors of the economy. Lendings to the electrical engineering industry, the business of which was especially brisk in 1970, grew above the average. Lendings to the mechanical engineering and vehicle building sectors, too, showed another strong rise.

Breakdown of lendings to business and private customers*)	31. 12. 1969	31. 12. 1970
Mining and public utilities	2.3%	2.0%
Chemicals	7.5%	8.4%
Electrical engineering, precision instruments, optical goods, hardware, and plastics	10.7%	13.1%
Production of iron, steel, and other metals; foundries	6.5%	6.0%
Steel construction, mechanical engineering, vehicle and shipbuilding	14.6%	14.9%
Building	4.1%	3.0%
Foodstuffs, luxury foods, and animal feeding stuffs	4.8%	4.1%
Textiles, clothing, and leather	5.4%	5.7%
Wood, paper, and printing	3.4%	3.7%
Trade	18.8%	16.9%
Other borrowers ¹⁾	21.9%	22.2%
including instalment credits	(4.5%)	(5.3%)
	100.0%	100.0%

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

Generally we made a point of keeping a closer check still on lendings, particularly where companies with small capital resources were concerned. The number of such borrowers had increased since trade and industry were forced to rely to a greater extent than ever before on borrowed funds to finance their new investments.

The total of guarantees assumed by us rose by 27.8 per cent, i. e. more steeply still than direct lending as such. This was due in a considerable measure to the sustained growth of the capital goods business. The above-average rate of growth underlines the extent of our engagement in financing the Federal Republic's foreign trade. On the other hand, as a matter of policy, we exercised extreme caution in granting credit guarantees to cover borrowings abroad.

Guarantees

Our lendings extend to more than 300,000 borrowers. The proportion of lendings up to DM 20,000 increased further, particularly as part of our credit schemes for private customers.

Size of credits

Size of credits		1969	1970
330,038 credits up to DM 20,000		90.5%	91.2%
20,677 credits from DM 20,000 to DM 100,000		6.0%	5.7%
		96.5%	96.9%
8,695 credits from DM 100,000 to DM 1,000,000		2.9%	2.4%
2,508 credits over DM 1,000,000		0.6%	0.7%
		100.0%	100.0%

Steps were taken to meet the lively demand for instalment credit schemes. We increased the volume of personal procurement loans granted in individual amounts ranging from DM 2,200 to DM 20,000 by 34 per cent to DM 508 m; this meant that 109,000 customers had on an average taken up DM 4,680. On the other hand, the amount outstanding of small personal loans limited to DM 2,000 fell by 11 per cent to DM 58 m compared with the previous year, and the number of customers in this part of the business dropped to 65,000.

Credit schemes for private customers

The growing switch to personal procurement loans reflects a greater willingness and capacity to go into debt on the part of consumers, who made particularly extensive use of this kind of comparatively low-cost credit to finance car purchases. We also granted such loans to small traders and professional people to provide equipment for their business or practice.

The drop in small personal loans is also closely linked with the overdraft facilities informally granted to private customers up to the limit of their net monthly income. Commerzbank's private account holders have made increasing use of this convenient form of cheap credit as interest is charged only on the actual amount taken up at any given time.

There was also greater interest in Commerzbank private loans, which we offer in amounts ranging from DM 20,000 to DM 50,000. During 1970, we managed to maintain interest for the first five years at the fixed rate of 7 per cent, and kept in step with the rising level of interest rates by appropriately adjusting the percentage of the principal paid out. Our private mortgages accordingly remained competitive with the conditions offered by other groups of banks, with their total volume showing an increase of nearly 50%.

Instalment credits Our subsidiary, Bank für Teilzahlungskredit GmbH, Düsseldorf, succeeded in increasing its share of the market, particularly since, in the special conditions prevailing in 1970, instalment credit finance also appeared quite attractive to industry and trade. The associated Commerz- und Industrie-Leasing GmbH, on the other hand, acted with caution during the year because of the reservations on the provision of leasing finance still existing in tax legislation.

Export credit finance Although new export deals in capital goods were hampered by revaluation, the pressure of costs, and rising interest rates, the demand for longer-term export credits was brisker even than in previous years. Once again our services were to a growing extent at the disposal of our customers.

The most important basis of conventional export finance in Germany is still represented by the ceilings established by AKA Ausfuhrkredit GmbH, although in 1970 more than ever before the loans provided by this corporation suffered from high interest rates linked to bank rate. At times credits granted under Ceiling A generally bore interest at 10 per cent, and B-Credits at 9 per cent. Even long-standing transactions were affected by the rise in interest charges. This contrasts with credit terms in all the important competitor countries that are appreciably more attractive because of government interest subsidies. Moreover financing abroad can usually be arranged at fixed interest rates which remain valid for the entire term of the credit, thus enabling the exporter to calculate his financing costs precisely.

The rather more restrictive attitude in granting the Federal export credit guarantees called "Hermes Covers", also had a depressive effect. On the other hand the Federal Government has widened the scope for such guarantees in order to keep pace with the growth in the volume of exports.

We provided a considerable amount of finance for special purposes from our own resources, and cooperation with Kreditanstalt für Wiederaufbau again proved its worth in this field.

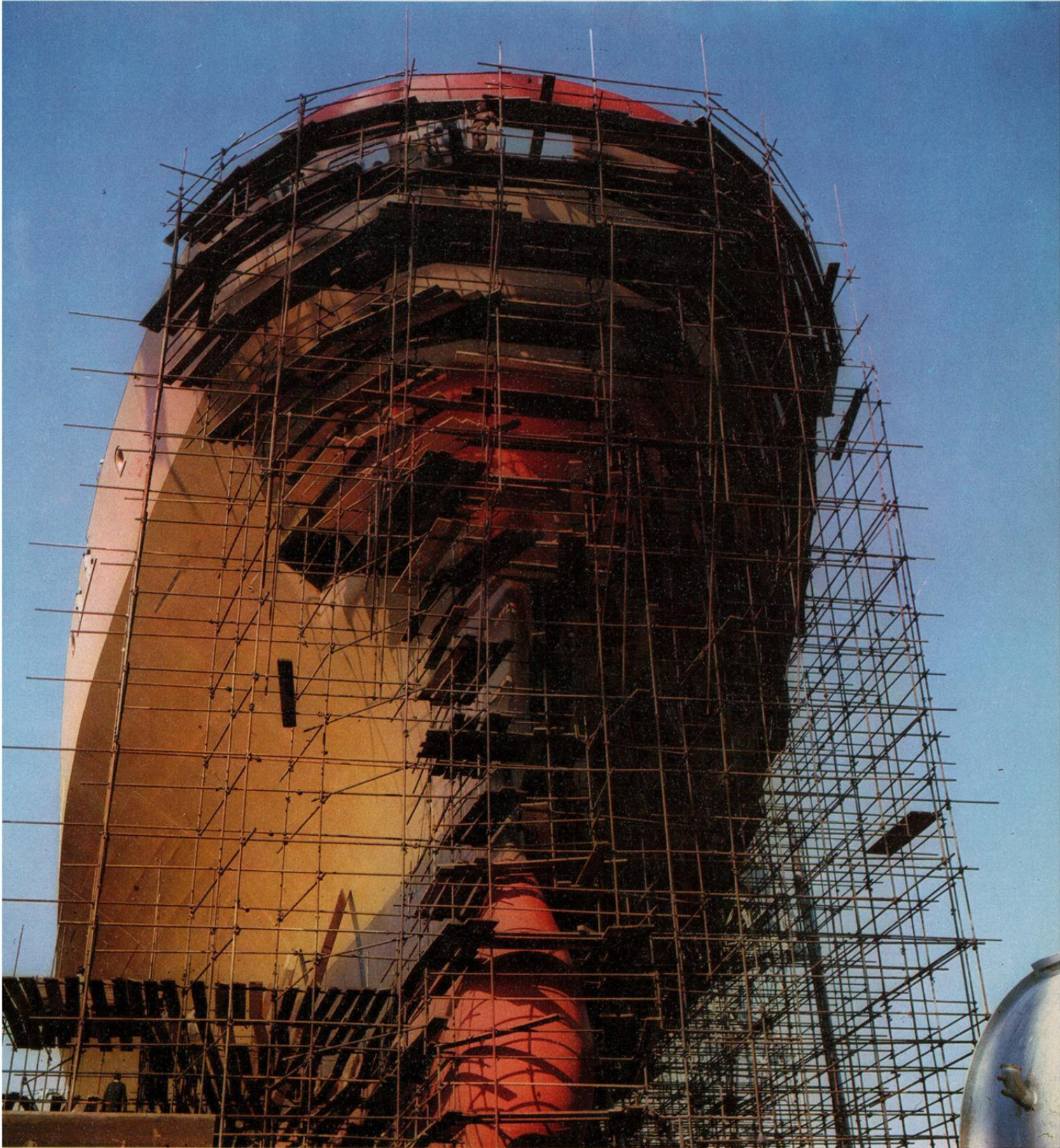
Foreign participations and representative offices

The expansion of our own organization abroad proceeded on a more modest scale than in previous years, since already at an early stage we adjusted our policy to the new opportunities resulting from the co-operation agreement with Crédit Lyonnais and Banco di Roma.

After we had joined the group of international partners in Private Investment Company for Asia (PICA), with registered office in Tokyo, at the beginning of the year, we helped to set up SIFIDA Société Internationale Financière pour les Investissements et le Développement en Afrique in the autumn. This company, which finances private investments, intends to work in the independent developing countries in Africa on lines similar to those followed by ADELA in Latin America and PICA in Asia. We also took a share in SOCOFIDE, a newly formed private development institution for the Congo (Kinshasa).

The most important new commitment of the year was the 50 per cent interest acquired in December in the New York investment bank of Crédit Lyonnais, which changed its style to "EuroPartners Securities Corporation" as a result. Our interest in French business—over and above our collaboration with Crédit Lyonnais—was reflected by the participation we took in the Paris commercial bank Crédit Chimique: we bought 5 per cent of its share capital from each of the existing two shareholders, Compagnie Française des Pétroles and Pechiney. Crédit Chimique, which operates very much on the lines of a private bank, showed a balance sheet total equivalent to close on DM 1,000 m at the end of 1970.

Our portfolio of foreign participations also registered a capital increase at Commerzbank International SA, Luxembourg, intended to keep pace with the continuing progress of this subsidiary of ours, whose volume of business increased from the equivalent of some DM 400 m to more than DM 650 m, compared with the previous year.



*We have been exceedingly active for a number of years in providing long-term export finance.
Handling the financial aspect of shipbuilding represents an important part of this business.*

The International Commercial Bank Ltd (ICB), London, also continues to operate with growing success. This institution, which is active in the Euro-markets, and which we own jointly with four partners from the sterling and dollar areas, increased its balance sheet total from an equivalent of DM 2,400 m to DM 2,700 m in 1970.

The holding company "Société Financière pour les Pays d'Outre-Mer SA" (SFOM), Geneva, has meanwhile come to represent a consolidated balance sheet total equivalent to some DM 1,100 m, including proportionately the majority interests in eight African commercial banks.

All in all, our portfolio of participations including the SFOM group now comprises interests in 40 foreign banks, financial institutions and investment companies. In addition there were eleven Commerzbank representative offices abroad at the end of 1970. Preparations are going ahead to set up a representative office in Sydney.

Foreign trade
business

Our turnover in foreign trade continued to rise in both directions. Dealings in foreign exchange and gold, on the other hand, which had been characterized by hectic waves of speculation in 1969, pursued a quieter course. We again complemented the range of the financial facilities we offer by arranging export credit finance based on bulk selling on endorsement without recourse ("à-forfait transactions").

Our travellers' cheques are now being sold through travel agencies as well, and co-operation in this field with the most important German tourist organization, Deutsches Reisebüro (DER), was initiated in the autumn of 1970.

Our Bank's foreign position—in line with the general trend—showed a deficit: for the first time in years at the end of 1970 liabilities were in excess, although by a modest margin.

Issues

The issuing business, which in 1969 had been characterized by a large volume of foreign DM loans, was better balanced in the year under review: capital increases alternated with domestic and foreign bond loans. Loans against borrower's note were also placed repeatedly. The public sector made by far the biggest demand on this as well as on the bond loan market.

We consolidated our position in the international issuing business. For four foreign DM loans we acted as leading underwriters, namely once again for the Republic of Ireland, and for three European public utility and industrial undertakings. We also participated as joint leaders in four foreign DM loans, nine dollar loans, and one guilder loan. Altogether we joined in underwriting and placing 78 foreign currency loans.

Co-operation in issuing syndicates

Year	Domestic loans (incl. convertible bond loans)	Foreign DM loans (incl. convertible bond loans)	Capital increases through rights issues*)
1965	25 totalling DM 3,800 m	13 totalling DM 1,300 m	43 totalling DM 2,200 m
1966	9 totalling DM 900 m	7 totalling DM 700 m	21 totalling DM 1,300 m
1967	32 totalling DM 4,200 m	8 totalling DM 700 m	21 totalling DM 400 m
1968	25 totalling DM 3,900 m	44 totalling DM 4,600 m	16 totalling DM 1,300 m
1969	9 totalling DM 1,800 m	54 totalling DM 6,000 m	28 totalling DM 700 m
1970	19 totalling DM 4,600 m	29 totalling DM 2,700 m	37 totalling DM 1,800 m

In addition we joined in placing 379 foreign currency loans from 1965 to 1970.

*) final value

In 1970 we again acted as leading underwriters for foreign DM loans on behalf of issuers from all parts of the world, incl. Burmah Oil, the British oil company. Our illustration: one of the company's drilling platforms.



Our co-operation with Crédit Lyonnais has already had a visible effect on our issuing business. Commerzbank and Crédit Lyonnais acted jointly as leading underwriters for the first time in connection with the Spanish Europistas loan, which was launched at the beginning of 1971. Previously both institutions had already been co-leaders for the dollar loan issued by Canada Safeway.

Stock exchange
business

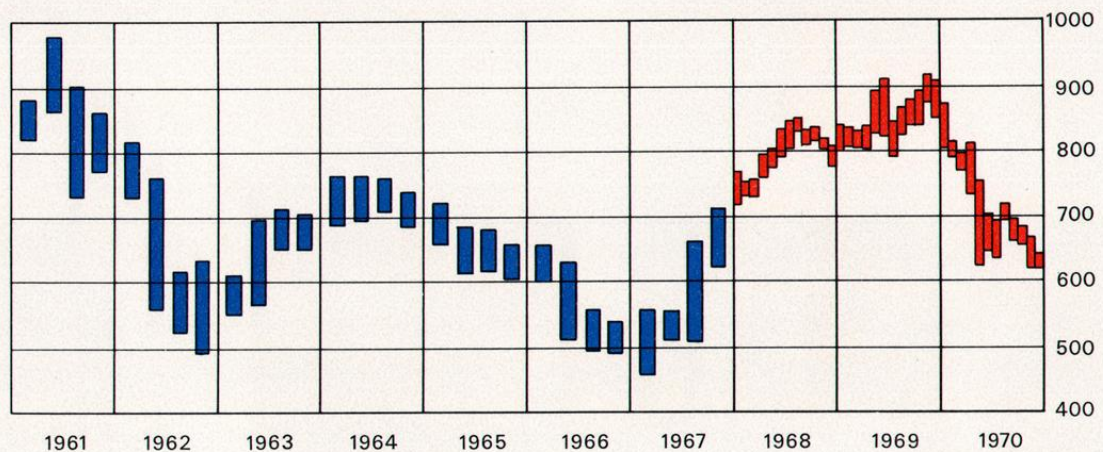
Stock exchange business in 1970 was less satisfactory, with a decline in total turnover. Painful losses had to be accepted on the stock market, particularly affecting blue chips. The Commerzbank index, which summarizes the price trends of 60 leading securities, thus dropped by 28 per cent. The year's low was recorded on December 29th with an index figure of 621. In the bond market, on the other hand, half the decline in prices that had occurred by the middle of the year was recovered in the following six months.

Our securities business with foreign countries expanded during 1970, especially as the recovery in Wall Street in the second half of the year also attracted the interest of German investors.

Commerzbank-Index on 60 leading shares

Base: December 1953 = 100

- Quarterly highs and lows
- Monthly highs and lows



In the last six months of 1970, however, our private customers were mainly concerned to secure a return of between 8 and 9 per cent over a period of years by subscribing high interest bonds. Demand was fitful, though, becoming heaviest at the turning points in the movement of long-term interest rates in July/August and again towards the end of the year.

In the stock market, business in futures which had been suspended for decades was resumed in the form of options. In view of the uncertain state of the market, turnover remained small for the time being, with buyers' options representing the major part of the business.

We were the first German credit institution to link up with the long-distance data processing service of the Frankfurt stock exchange in December 1970. This stock exchange information system furnishes us with those essential data on the major joint stock companies which, complemented whenever necessary by reference to the position of individual customers' security deposits on call, provide valuable assistance in arriving at decisions in our work as investment consultants.

The usefulness of regular checks on security deposits was again confirmed in 1970, which proved a turbulent year on the stock exchange. We encourage this with quarterly security deposit valuations in which—quite apart from the periodical listing of these securities—we point out to interested clients the most important aspects of their holdings. The number of security deposits we looked after for our customers rose once again by some 10 per cent, especially in connection with purchases of bonds and unit trust shares.

Security deposits

ADIG Investment, in close relationship with us, could on the occasion of its twentieth anniversary look back with satisfaction on the work done so far. Based on its pioneering services, saving through the acquisition of unit trust shares has meanwhile come to be popular in the Federal Republic as well. In the year under review, ADIG succeeded in increasing its market share of funds holding solely stocks from 19.5 per cent to 20.9 per cent. We attribute this good result mainly to the offer of attractive savings plans, which ADIG was also the first company in Germany to introduce.

Investment

Many branches and agencies of Commerzbank moved into new and more suitable offices during the year under review. The Bundeskanzlerplatz agency of our Bonn Branch as well as the Bank's liaison office there, which especially cultivates contacts with the foreign missions, have been appropriately housed at the Bonn-Center.



More than half of these "ADIG accumulative accounts" were contracted for at Commerzbank counters, and in the year under review alone, nearly 10,000 of our customers opened such ADIG accounts and plans. These investments added up to a total of DM 63 m in 1970.

Organization We extended our organization by 10 new branches and 21 further sub-branches to a total of 719 offices. At the same time we paid increased attention to expanding and rebuilding existing offices in order to improve business procedure and service to customers. Concentration of central operations at Frankfurt continues according to plan.

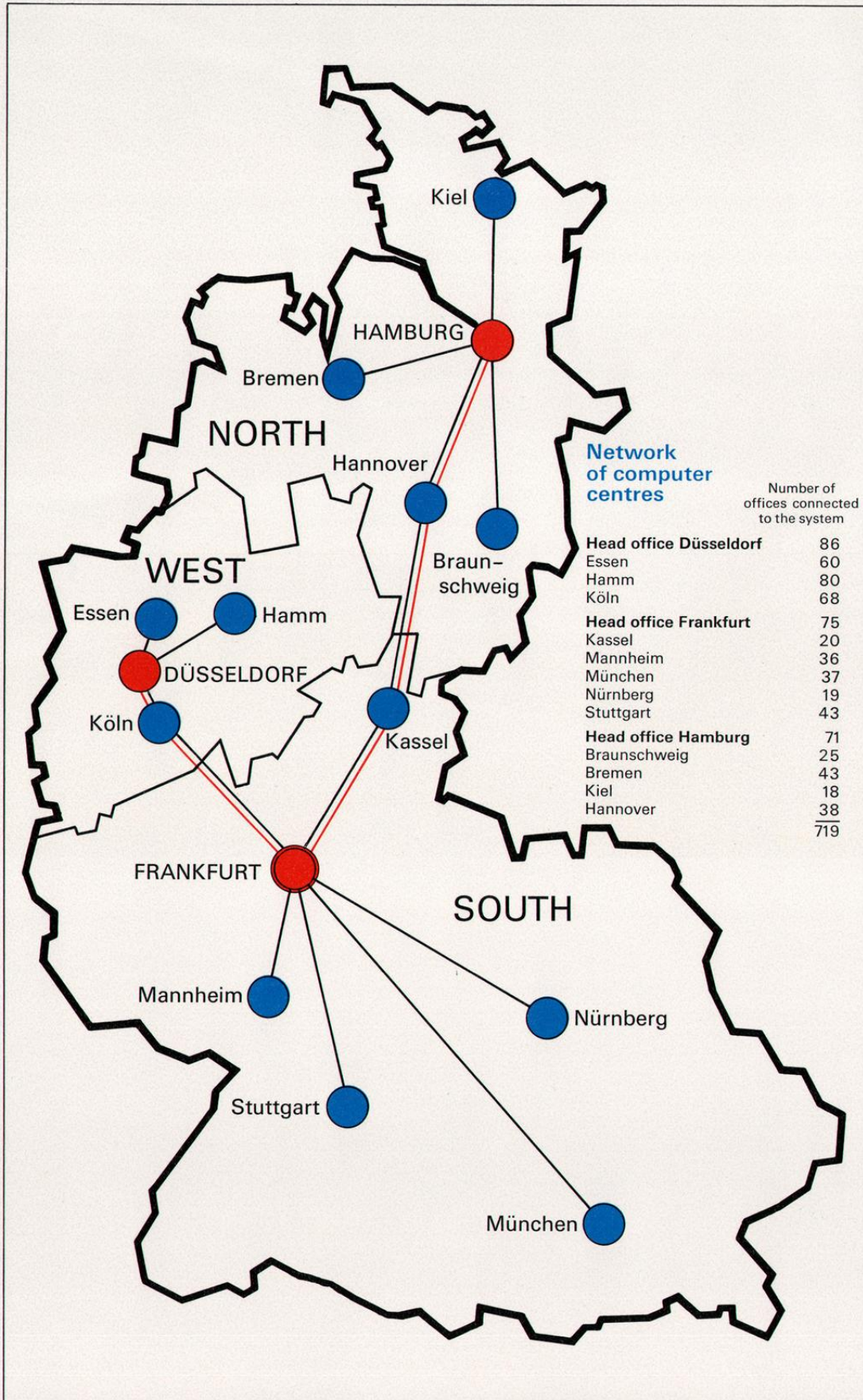
Co-operation with foreign banks and the coordination of international business policy has been the responsibility of the International Banking Division since July 1st, 1970. The three regional foreign departments at Düsseldorf, Frankfurt and Hamburg, on the other hand, are endeavouring to help their German customers still better with their foreign business problems.

Customers and accounts We gained some 270,000 new customers during the year under review, and we now co-operate with close on 1.8 m customers, for whom we keep 2.7 m accounts. The increase in current accounts by almost a quarter is especially noteworthy, and we consider this a result of our efforts concentrated on employees, housewives and young people.

The strained situation in the labour market and the critical development of personnel costs compelled us to make increasing use of electronic data processing. Our 15 computer centres which, with their long-distance links, make up an integrated system, on an average carried through some 600,000 book entries daily.

Our shareholders The circle of Commerzbank shareholders has noticeably widened in the last few years. Our investigations show that the share capital is now widely held by some 80,000 shareholders.

With Commerzbank being the only major German bank to have its shares quoted on a foreign stock exchange—London—since as far back as 1962, admission to official quotation on the Paris stock exchange followed at the beginning of March, 1971.





The majority of jobs in banking require both a solid grounding in the subject and flexibility. This applies particularly to foreign exchange dealers (our illustration).

Our Staff

The growing volume of work, reflected by a 22 per cent rise in book entries, as well as by a parallel widening of our consulting activities, could only be coped with by increasing our staff. At the closing date we employed 15,441 full-time staff (this figure allowing proportionately for the work of our 1,230 part-time employees), 7.6 per cent more than twelve months ago.

Size of staff

At the end of the year under review our personnel totalled 16,205 persons, including 180 called up for military service.

The average age of all members of our staff—including some 1,800 apprentices and trainees—was 35. The proportion of female employees (including all part-time workers) rose further to 43.3 per cent.

112 members of the staff retired. At the end of 1970 we were providing pensions for 2,513 former employees or their widows.

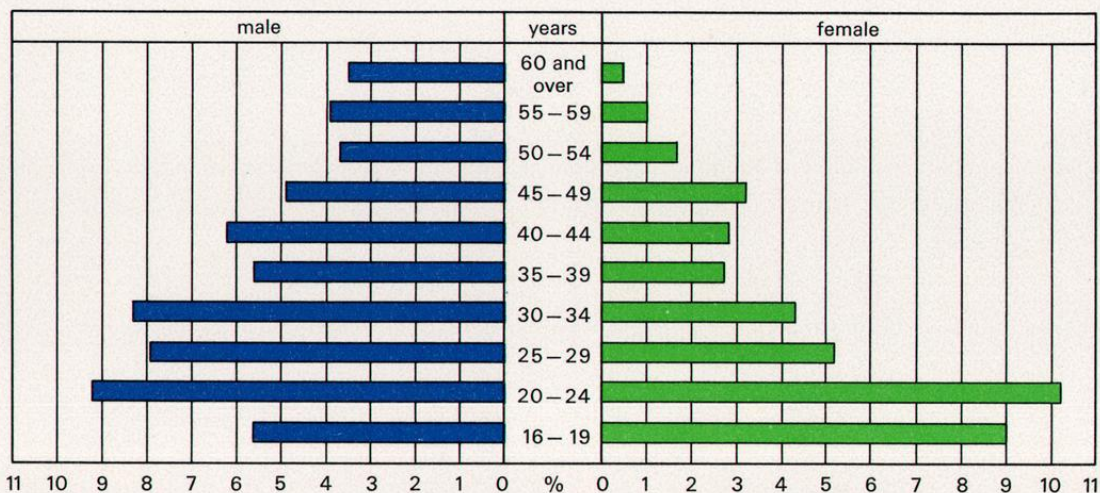
In our centenary year, four members of the personnel could look back on 50 years of service with Commerzbank. 22 employees completed 40 years, and another 26 completed 25 years of service with us.

Thirty-four members of our staff passed away during the year.

Collectively agreed salary scales were raised on March 1st, 1970, by 7 per cent, the fixed minimum increase amounting to DM 60. The average level of salary scales, however, rose by far more than that from 1969 to 1970, following two agreed increases in 1969. We continued to make voluntary special payments to all employees covered under these scales both at Christmas and after our annual general meeting.

Salary scales

Age structure at Commerzbank in per cent



Staff shares Once more our employees have been offered our own shares on preferential terms, the necessary securities being again procured in the market. Staff members covered by collective wage scales chiefly subscribed by benefitting from a gratification under the Formation of Assets Law, being for the first time laid down at an amount of DM 156 in the collective agreement for 1970. In the year under review, altogether 9,413 of our employees acquired staff shares.

Training We met the growing demands of our commercial as well as our private customers by intensifying our staff training. Besides the traditional courses to train the Bank's future managers, and in addition to the sales training instituted in 1968, seminars were held for sub-branch managers, credit executives as well as specialized staff for the foreign and the securities business.

We continued the exchange of personnel with foreign banks. Co-operation with our two international partner banks provides an opportunity of appreciably expanding these training facilities.

General staff council A general staff council was set up as a result of the staff agreement concluded on November 14th, 1969; it started operating at the beginning of 1970. Co-operation between the Bank's management and the general staff council proceeds in an objective and open-minded atmosphere. Moreover the frank exchange of views in the Bank's economic committee promotes mutual understanding.

Expression of thanks In 1970 we had to make increased demands on our personnel's willingness to work. Our thanks and our appreciation are due to all members of the staff who, through their initiative and enthusiasm, contributed to the success achieved during the business year.

Prospects

We consider the present year one of greater risks though not necessarily a year of recession. The private and public sectors of the economy face the compelling need to bring the avalanche of rising costs under control, with employers and workers between them holding the key.

A year of greater risks

Provided wage claims are moderated, the Government—as well as the Bundesbank—will be able to make use of a considerable “package” of measures to stimulate the economy. There is no shortage of infrastructure programmes clamouring for an early start. Financing will be facilitated by the Government’s reservoir of about DM 8,000 m frozen in the Bundesbank in the form of the public anticyclical reserve and the tax surcharge collected since last July. Admittedly this ten per cent increase in taxes on earnings will have to be refunded to the taxpayer but, once the value of money is more stable, it will certainly help to promote larger savings.

The impetus of demand should again show a more pronounced shift to foreign customers during the second half of the year, though the changed level of world market prices will lead to a more balanced relationship between imports and exports. The export business will therefore be less likely to trigger off a new upturn than it has in the past. If only for this reason, but also in the interest of balanced overall progress, there must be virtually no slackening in private investments.

Prospects hinge on willingness to invest

Public expenditure programmes and a policy of easy money would not be sufficient in case of need to provide lasting encouragement for companies to invest, and it is on this willingness to invest that our economic prospects hinge. What is needed is strengthened confidence in the economic and social policy of the next few years.

The public authorities today face the important task of overcoming a growing malaise that saps the strength of our national economy by unequivocally returning to the principles governing a free enterprise economy. In fact, growing tendencies towards collectivization threaten to paralyse the businessman’s initiative and the individual’s will to work. Social security contributions, which are shared by employers and workers, rose by about a fifth to close on DM 80,000 m in 1970 because of growing incomes and new statutory regulations; a further increase of more than a tenth is being expected for 1971. The combined burden of taxes and social security contributions thus amounts to approximately 34 per cent of the national product.

Dangerous tendencies towards collectivization

We are optimistic as to the capacity of our economy to recover once it has overcome the bout of inflationary fever. People have become more cost-conscious, plan more prudently and produce more economically. Working morale has been improving and productivity with it. Nevertheless, the last wave of wage increases remains a heavy burden.

Optimism on capacity to recover

We do not believe that the financing problems of 1971 are insoluble. This does not mean that we fail to realize in any way the extent of the pent-up need for consolidation of short-term borrowings in the private sector, put at something in the order of DM 10,000 m. The public sector will also call on the capital market to a much greater extent than in previous years since the revenue from taxes will fall considerably short of the original estimates mainly because of the shift in income from employers to wage earners.

Financing problems not insoluble

The far-reaching internal reforms, the urgency of which is generally acknowledged, need not necessarily lead to an excessive strain on the national economy, provided the political authorities frame their economic plans in such a way as to lay down unambiguous priorities and realistic stages.

An increase in death duties, a compulsory levy on profits and rigorous steps against tax evasion would not only hamper private initiative, they would also be poor allies in a policy that aims at the creation of a prosperous economy, serving as the basis for capital formation on a broad front, and for the solution of the problems involved in creating a healthy infrastructure.

Overcoming the antisocial price increases is the most acute problem, however. Politicians as well as industry and trade must be equally interested in restoring the value of money.

*

Commerzbank
in 1971

During the first few weeks of the current year, Commerzbank managed to continue its growth in all important sectors, in the face of steadily growing competition, however.

Efforts are being made in every one of the three major sectors of the German credit business—banks, saving banks and central savings institutions, co-operative institutions and central credit co-operatives—to combine forces by means of mergers, a development encouraged by competition of foreign banking institutions, which are entitled to carry on business in the Federal Republic without restrictions. There is also the Federal Post Office, feeding its banking business from its lucrative telecommunication services, which provides competition of an extent that by no means should be underrated.

We are quite prepared for the hard conditions of competition in banking. Apart from continuing our long-standing efforts to strengthen our organization internally, our main concern during the last few months has been to expand our external set-up.

The purchase of a controlling interest in Rheinische Hypothekenbank, an institution which combines financial solidity and flexibility to a particular degree, has created the basis for an increased activity in the long-term field, for the benefit of business and private customers.

In the international business, we can now rely on the combined financial strength of the Banco di Roma / Commerzbank / Crédit Lyonnais group. These institutions complement each other to advantage in their national branch networks, as well as in their existing organizations abroad.

It is proposed to create an "authorized capital" of DM 50 m with a view to enabling the Bank to adjust its liable funds to the volume of business whenever called for by faster growth, without having to call an Extraordinary General Meeting. The new shares are being offered to shareholders.

New Forms of International Co-operation

With the increasingly close links between commodity and finance markets throughout the world, the business of continental European banks has assumed international dimensions. A new European concept on the part of the big continental banks is being encouraged by the expectation that the "Market of the Six" will become the nucleus of a more comprehensive area of economic integration.

After the war the larger German banks restarted by building a world-wide network of correspondents. Smooth co-operation with foreign banks—with mutual provision of credit facilities for current commercial business—appeared to be appropriate for business as it was at the time. It also seemed advisable because German banks then lacked the personal and the financial resources needed to open offices of their own abroad.

During the fifties, German banks went on to supplement this network of correspondents, which had by then become even closer with representative offices of their own abroad, mainly in overseas countries.

In a third stage, which chiefly covers the first half of the sixties, participations were acquired in local commercial and development banks abroad, especially in developing countries overseas. Commerzbank made a particularly impressive entry into Africa.

Up to 1970:
five stages of
expansion

Signing the agreement on October 14th, 1970, in Düsseldorf:

*François Bloch-Lainé,
Chairman of the Board of Directors (right),
and Maurice Schlogel,
Managing Director;*

*Dr. Hanns Deuß,
Chairman of the Supervisory Board (right);
and Paul Lichtenberg,
General Manager*



In a fourth phase, characterised by the rapid growth of the Euro-finance markets, major banks on both sides of the Atlantic acquired interests in financial institutions of an international character; a prototype of this category is the International Commercial Bank of London, founded with our co-operation in 1967, which is engaged in providing medium and long-term finance for international business.

Commerzbank climbed the fifth rung of this "international ladder" in the summer of 1969, when it established Commerzbank International in Luxembourg as a subsidiary for the short-term Euro-finance markets.

1970/71:
The multinational
group

Since then there have been fresh developments: the process of European integration, held up only temporarily by political factors, has made consistent progress; leading German companies have grown to become multinational groups; the big American banks have built up a network of branches in Europe, thus following their industries into foreign countries.

Multinational production, rapidly expanding, has entailed world-wide demand for finance. The big banks are thus being asked to extend their operations more widely than in the past beyond their national borders. What suggests itself to continental banks in this connection is the concept of European groupings.

In this new situation we established very close contacts with Crédit Lyonnais, which resulted in the agreement of co-operation concluded on October 14th, 1970. This date—a few months after we entered our second century—represents a turning point in our international business.

The world at large noted with interest that here, for the first time, were two large banks that had decided on full co-operation across their borders, of a kind that in the long term would be similar in character to a merger.

Immediate
objectives of
the agreement

When signing the agreement, both banks expressly pointed out that it was not an exclusive arrangement directed against other banks. The idea was on the contrary to co-operate with additional partners within a multinational framework.

In the interest of both banks' customers, the agreement provides for full co-operation in every field of banking. The partners intend in particular:

1. to consult each other and to co-operate closely in financing transactions of every kind;
2. progressively to harmonize their organizations in order to improve their services to national and multinational companies;
3. to ensure that both domestic branches and establishments abroad are available to each other's customers, thus creating an international banking network.

The partners aim at creating conditions similar to a domestic market in transfer services as well as in the credit business.

Moreover, we expect to benefit from a constant exchange of experience in the fields of planning, organization and personnel. Joint economical research and financial analyses are another possibility. Finally, an exchange of staff should help to improve co-operation even further.

The world-wide co-operation of the two banks had its first visible effect in their joint participation frequently repeated by now in issue and credit syndicates, as well as in the reorganization of the former Crédit Lyonnais Corporation in New York as EuroPartners Securities Corporation; the two institutions now have equal shares in the capital of this investment bank which exceeds US \$ 5 m. Also worth noting is the co-operation of the two banks within the framework of the ADIG investment company, of which Crédit Lyonnais became a partner at the end of October 1970.

Crédit Lyonnais
as a partner

Our interest in Crédit Chimique, a French commercial bank without branches, complements our co-operation with Crédit Lyonnais in a particular sector. Finally we lived up to our active interest in Franco-German co-operation by having Commerzbank shares quoted on the Paris Stock Exchange.

Barely three months after the conclusion of the arrangements between Commerzbank and Crédit Lyonnais, Banco di Roma joined on January 11th, 1971. The early entry of a third partner, who accepted the whole of the agreement of October 14th, 1970, confirms, we feel, that we have been right in our objectives. The three banks, which represent the economically most important EEC countries, are resolved to establish a partnership without reservations.

Banco di
Roma joins

The three banks plan to co-operate closely not only in the EEC but also in other countries, particularly overseas. As a first stage, the existing representative offices of Commerzbank and Crédit Lyonnais in Tokyo are to be merged into a joint agency of the Banco di Roma—Commerzbank—Crédit Lyonnais group. Commerzbank's Singapore office will also have the character of a joint representative office before long. We shall open further joint offices in Mexico City and Sydney. Each of these four bases will act as a "Joint Representative Office" for the three banks.

Joint representative
offices in other
countries

Regular co-ordination will be a matter for the permanent committees set up in each of the three banks. Fourteen working parties are to ensure co-operation at the practical level in individual sectors of the banking business; all three banks collaborate in each of these working parties.

Co-ordination
in practice

The three banks are backed by financial resources of some DM 80,000 m, the amount produced by adding up the balance sheet totals of the group at the beginning of 1971 but excluding their subsidiaries. The 3,000 branches of the three banks employ about 60,000 people.

A group with
a financial potential
of DM 80,000 m

Explanatory Notes on the Annual Accounts

Balance Sheet total In the business year 1970, the Bank's Balance Sheet total rose by DM 2,290.1 m to DM 19,695.7 m, equivalent to an increase of 13.2 per cent. Details of changes as compared with the previous year are as follows:

ASSETS	DM million	LIABILITIES	DM million
Cash reserve, cheques, items for collection and bills	+ 726.2	Creditors—credit institutions—	+ 664.9
Debtors—credit institutions—	+ 254.3	a) demand	+ 122.9
Treasury bills and discountable Treasury bonds	+ 304.8	b) time	+ 542.0
Loans, bonds and securities	- 109.5	Other creditors	+ 1,584.3
Debtors—customers—	+ 999.0	a) demand	+ 425.4
Participations	+ 67.7	b) time	+ 925.7
Land and buildings, fixtures and fittings	+ 37.2	c) savings	+ 233.2
Sundries (including transmitted loans, granted on a trust basis)	+ 10.4	Provisions	+ 8.1
	+ 2,290.1	Special items with reserve element	- 0.1
	<u> </u>	Capital and reserves	+ 10.0
	<u> </u>	Commerzbank Foundation	+ 5.2
	<u> </u>	Sundries (including transmitted loans, granted on a trust basis)	+ 17.7
	<u> </u>		<u> </u>
	<u> </u>		<u> </u>

Assets

Liquidity At the end of 1970, the cash reserve consisting of cash on hand, balances with Deutsche Bundesbank and on postal giro account, amounted to DM 1,776.3 m. This is equivalent to 9.7 per cent of our total liabilities to banks and other creditors plus our own acceptances in circulation.

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, debtors—credit institutions—(for a period of less than three months), Treasury bills and discountable Treasury bonds, as well as fixed-interest-bearing securities eligible as collateral for Deutsche Bundesbank advances, amounted to DM 6,791.1 m, i. e. 36.9 per cent of the total liabilities mentioned above, as against 34.4 per cent in the previous year.

Debtors
—credit institutions—

We increased our credit balances with credit institutions by DM 254.3 m to DM 2,620.9 m 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:

	1970 DM million	1969 DM million
Money investments including clearings		
demand	782.7	638.3
time	1,045.9	905.2
Lendings	792.3	823.1
(incl. long-term)	(367.7)	(367.1)
Total debtors—credit institutions—	<u>2,620.9</u>	<u>2,366.6</u>

Loans and bonds dropped by 7.3 per cent to DM 983.9 m, 75.3 per cent of this total being eligible as collateral for Deutsche Bundesbank advances.

Securities

The item "securities" covers such of our investments in quoted shares, unit trust shares and other securities as are not listed under different headings. At DM 516.7 m, they were down DM 31.6 m on the previous year.

All holdings of securities have been valued in the Balance Sheet on the lowest value principle as in the past.

The total of advances, acceptance credits and discounts (excluding transmitted loans, granted on a trust basis) increased to DM 1,219.7 m in 1970, representing a credit expansion of 9.7 per cent. This includes:

Credit business

	1970	1969
Debtors		
—Credit institutions—	DM 792.3 m = 5.7%	DM 823.1 m = 6.5%
—Customers—	DM 9,298.6 m = 67.4%	DM 8,299.6 m = 66.0%
Advances and acceptance credits	DM 10,090.9 m = 73.1%	DM 9,122.7 m = 72.5%
Discounts	DM 3,711.2 m = 26.9%	DM 3,459.7 m = 27.5%
Total lendings	<u>DM 13,802.1 m = 100.0%</u>	<u>DM 12,582.4 m = 100.0%</u>

Adequate individual valuation reserves and provisions were set aside 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 were as follows during the financial year 1970:

At the end of 1970, we had loans outstanding in short and medium-term advances and acceptance credits totalling DM 6,932.7 m, i. e. DM 386.3 m more than on December 31st of the previous year. Credits granted to non-bank customers increased by DM 417.7 m, whilst loans to credit institutions were slightly reduced by DM 31.4 m.

Customers' demand for long-term finance also continued during 1970. This part of our credit business rose by DM 581.9 m, i. e. 22.6 per cent, to DM 3,158.2 m during the year under review. This included DM 367.7 m in loans to banks. In contrast there were DM 568.2 m in

long-term liabilities 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 last year showed a rise of 7.3 per cent to DM 3,711.3 m. At the end of 1970, 85.1 per cent of the bills acquired had remained in the Bank's portfolio. Bills held comprised DM 101.5 m worth of bills purchased from banks to ensure the employment of our own funds.

Equalization and covering claims Equalization claims declined by DM 2.2 m to DM 81.4 m; of this, DM 1.5 m represented contractual repayments and DM 0.7 m special repayments. Covering claims totalling DM 2.9 m were repaid on schedule.

Participations We increased our participations by DM 67.7 m during the year under review. Changes include DM 72.1 m in new acquisitions and capital increases, the fulfilment of payment commitments and the replenishment of holdings. A Balance Sheet value of DM 285.7 resulted after book transfers of DM 4.0 m and disposals of DM 0.4 m. Depreciation amounted to DM 37,388.50.

During the year, we acquired the following new participations:

Atlas Participations-France S.A.R.L., Paris
 Canada-Anlagen-Gesellschaft mbH, Hamburg
 EuroPartners Securities Corporation, New York
 Liquidationskasse für Zeitgeschäfte Aktiengesellschaft, Munich
 Private Investment Company for Asia (PICA) S.A., Panama-City/Tokyo
 "SIFIDA" Société Internationale Financière pour les Investissements et le
 Développement en Afrique, Luxembourg
 Société Congolaise de Financement du Développement-SOCOFIDE-,
 Kinshasa (Congo)

Our participations are listed on pages 63 and 64 with details of our share in the capital of each company.

Our associates and subsidiaries continued to do well in 1970. Our income from this source amounted to DM 11.9 m.

All the companies in which we hold more than 25 per cent of the nominal capital are separately listed on page 62.

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

	<u>Bank Premises</u>	<u>Other Properties</u>
Balance Sheet value at December 31st, 1969	DM 189.1 m	DM 12.1 m
Additions	DM 34.2 m	DM 4.5 m
	<u>DM 223.2 m</u>	<u>DM 16.6 m</u>
Disposals	DM 0.1 m	DM 0.3 m
Depreciation	DM 7.2 m	DM 0.3 m
	<u>DM 216.0 m</u>	<u>DM 16.0 m</u>

The additions represent in the main purchases as well as new buildings and extensions at Bielefeld, Bonn, Frankfurt a. M., Hamburg, Stuttgart and Wuppertal.

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 fixtures and fittings totalling DM 33.4 m. After disposals amounting to DM 0.7 m and depreciation of DM 26.4 m as permitted by tax legislation the resulting book value amounted to DM 85.8 m.

Fixtures and fittings

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 banking business.

Sundry assets

Liabilities

The liabilities to credit institutions and other creditors resulting from our banking business rose by 14.0 per cent to DM 18,351.3 m during the financial year 1970. The credit balances of our non-bank customers accounted for 70.4 per cent of the overall increase of DM 2,249.2 m.

Liabilities

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

	1970	1969
Liabilities to credit institutions:		
demand	DM 1,357.0 m = 7.4%	DM 1,234.1 m = 7.7%
time	DM 2,256.1 m = 12.3%	DM 1,763.4 m = 11.0%
Customers' drawings on credits opened by us with other credit institutions	DM 54.1 m = 0.3%	DM 4.8 m = .
	DM 3,667.2 m = 20.0%	DM 3,002.3 m = 18.7%
Banking liabilities to other creditors:		
demand	DM 3,795.1 m = 20.7%	DM 3,369.7 m = 20.9%
time	DM 6,706.6 m = 36.5%	DM 5,780.9 m = 35.9%
savings deposits	DM 4,182.4 m = 22.8%	DM 3,949.2 m = 24.5%
	DM 14,684.1 m = 80.0%	DM 13,099.8 m = 81.3%
Total liabilities	DM 18,351.3 m = 100.0%	DM 16,102.1 m = 100.0%

Acceptance credits used by our customers declined from DM 207.3 m to DM 203.5 m. At the closing date, DM 48.4 m of our own acceptances were in circulation.

Own acceptances

On the basis of actuarial calculations the present values of our pension commitments and expectancies amounted to DM 156.1 m on December 31st, 1970. Our pension reserves accordingly rose by DM 10.9 m compared with the preceding year.

Reserves

The remaining provisions were shown at DM 92.9 m. They include provisions for taxes and liabilities of uncertain size, as well as that portion of the global valuation reserve which is not deductible from assets in the Balance Sheet.

Special reserve items In previous years, DM 10 m was allocated to special reserve items under Article 6b, Income Tax Law (EStG) and DM 0.3 m under Article 1, paragraph 1, item 2, Development Aid Tax Law. During the financial year 1970, a portion totalling DM 45,378 of the reserve formed under Article 1, paragraph 1, item 2, Development Aid Tax Law was subject to obligatory writing back.

Capital and reserves DM 10.0 m from net earnings of the past year was allocated to the published reserves. The Bank's capital and reserves are now composed as follows:

	1970	1969
Capital	DM 350 m	DM 350 m
Published reserves		
a) statutory reserve	DM 151 m	DM 151 m
b) other reserves	DM 349 m	DM 339 m
	<u>DM 850 m</u>	<u>DM 840 m</u>

Commerzbank Foundation Commerzbank Aktiengesellschaft celebrated its centenary on 26th February, 1970. A "Commerzbank Foundation" for purposes of public benefit was set up on that occasion, with an initial allocation of DM 5.0 m. Investment income and donations received raised the foundation's assets to DM 5.2 m by the end of the year.

Observations on the Balance Sheet and other notes Endorsement liabilities on bills rediscounted declined from DM 568.0 m to DM 551.5 m.

Liabilities arising from guarantees, including guarantees for bills of exchange and cheques, and from indemnity agreements, amounted to DM 2,054.0 m on the closing date. This was 27.8 per cent higher than at the end of 1969.

Contingent liabilities in respect of possible calls on shares not fully paid-up and holdings in private limited companies amounted to DM 13.2 m at the closing date.

Profit and Loss Account

The 12.6 per cent increase in the volume of business and the high level of interest rates in the Federal Republic considerably affected the interest figures on both sides. *Interest and similar receipts from lending and money market transactions* rose by DM 416.1 m to DM 1,290.9 m during the year under review. Current receipt from *fixed-interest-bearing securities, government inscribed stock, other securities and participations* rose by DM 9.1 m to DM 119.8 m. This revenue of altogether DM 1,410.7 m is partly offset by *interest payments and similar expenditure* amounting to DM 908.9 m. The resulting net interest received totals DM 501.8 m, and shows an improvement of DM 84.8 m, or 20.3 per cent, over that of the previous year.

Interest earnings exempt from taxation or enjoying tax privileges as well as dividends from subsidiary companies rose slightly compared with the preceding year, and amounted to DM 8.7 m and DM 35.5 m respectively during the year under review.

Commissions and other receipts from service transactions together amounting to DM 113.4 m fell short of the corresponding figure for the previous year by DM 4.5 m. Owing to the situation in the stock market during the year under review, earnings from security transactions declined considerably, and this decline could only be partially offset by higher revenue from commissions, particularly from a larger volume of international payment transactions. We spent DM 5.1 m on *commissions and similar expenses in respect of service transactions*, leaving a surplus amounting to DM 108.3 m as compared with DM 115.9 m in 1969.

Other receipts including those from provisions in the credit business written back are shown at DM 47.4 m. This covers gains on foreign exchange dealings, rent derived from our properties and miscellaneous receipts; payments received on claims written off, receipts from valuation reserves and provisions no longer required in the lending business and realized profits on our own dealings in securities have been set off against *depreciation and valuation reserves on claims and securities, as well as allocations to provisions in the credit business*. After offsetting the amounts permitted by law, the balance remaining in this item of expenditure amounted to DM 14.8 m.

The Bank's total personnel costs comprised:

	1969	1970
<i>Salaries and wages</i>	DM 287.8 m	DM 226.9 m
<i>Compulsory social security contributions</i>	DM 24.8 m	DM 18.8 m
<i>Expenditure on retirement pensions and other benefits</i>	DM 32.6 m	DM 26.6 m
	DM 345.2 m	DM 272.3 m

The two rises in 1969 of collectively agreed salary scales became fully effective for the first time in 1970, and the salary increase of 1st March 1970 became largely effective during the year. All these increases contributed to the particularly steep rise in personnel costs of 26.8 per cent. Further factors were the adjustment needed in the size of our staff to the growing volume of business, and special non-recurring payments in connection with our centenary.

Expenditure on equipment and materials for the banking business and sundry expenditure rose by DM 11.3 m to a total of DM 143.5 m, compared with the previous year. This represents a rise of 8.5 per cent. The measures of rationalization introduced during the last few years now proved their worth.

Depreciation on and valuation reserves for land and buildings as well as on or for fixtures and fittings to the fiscally permitted extent amounted to DM 33.9 m as against DM 30.8 m in the previous year.

Taxes involved DM 47.1 m as against DM 77.5 m in the previous year. This fall mainly concerned taxes on *income, earnings and property*, which were shown at DM 44.1 m (DM 71.3 m in previous year). *Other taxes* amounted to DM 3.0 m (DM 6.2 m in previous year).

DM 5.0 m was allocated to *Commerzbank Foundation*.

The remunerations of the members of the Board of Management amounted to DM 2,906,480.70, whilst pensions paid to former members of the Board and their surviving dependants totalled DM 1,861,908.35. DM 1,033,078 was paid to members of the Supervisory Board and DM 374,255 to those of the Advisory Board. The members of our Regional Councils received DM 845,232.50.

The Bank and its subsidiaries bought and resold 246,048 Commerzbank shares over the year at current prices as part of our business in securities. The proceeds were reallocated to working funds. Neither we ourselves nor companies affiliated with us held shares of our own at the closing date, but, together with our subsidiaries, we had accepted a total of 81,975 of our own shares as collateral security from borrowing customers.

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
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
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg
C. Portmann, Frankfurt a. M.
Rheinische Hypothekenbank, Mannheim
Friedrich W. Thomas, Hamburg

As for our legal and business relations with these affiliates, we report as follows:

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

We hold 95 per cent of the capital of FF 20,000.–. The remaining 5 per cent is held by our subsidiary, Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf.–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 capital of DM 100,000.–. The object of the enterprise is to administer, acquire and realize assets of all kinds. We are at the company's disposal as far as conventional banking business is concerned.

Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf

We hold the whole of the company's capital of DM 100,000.—. This company is engaged in the promotion of foreign trade in every field of business. It maintains a credit balance with us.

Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf

The whole of the capital, which remains unchanged at DM 3.5 m, is held by us. The company channels its payments through us. It obtains credits to finance its business and keeps credit balances with us.

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

Berliner Commerzbank Aktiengesellschaft, Berlin

The capital of our Berlin subsidiary amounts to DM 17.5m., the whole of which is held by us. Progress during 1970 was satisfactory. DM 1.0 m out of the year's net earnings was allocated to the reserves, which now amount to DM 19.5 m. DM 2.5 m has been set aside to pay a dividend of 14 per cent. The balance sheet total rose by DM 76.1 m to DM 934.7 m. Liabilities to credit institutions and other creditors rose by DM 73.0 m to DM 872.6 m, the growth of savings deposits by DM 33.2 m to DM 268.3 m being particularly noteworthy. The accruals of liabilities are largely invested in increased lendings to non-bank customers as well as in additional purchases of loans and bonds. The Bank maintains 44 branches in Berlin.

Commercium Vermögensverwaltungs-GmbH, Hamburg

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

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

We hold the whole of the company's capital of DM 1.0 m. The enterprise is an investment company and administers several unit trusts.

Commerzbank International S.A., Luxembourg

This joint stock company on 26th May, 1970, increased its equity capital by lfrs 125 m to lfrs 225 m. The shares are held both by us and by some of our subsidiaries.

Apart from being active on the Euro-money market, the bank handles the entire range of international banking business. It is fully integrated with us in matters of both staff and organization.

Commerz- und Industrie-Leasing GmbH, Düsseldorf

The DM 1,000,000.— (50% paid up) capital of this company, which operates the leasing business in movable capital goods, is wholly owned by our 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 amounts to DM 50,000,— and is held, together with the unlimited liability part, by us, either directly or indirectly through our subsidiary, *Commercium Vermögensverwaltungs-GmbH, Hamburg*. The company handles all kinds of banking business. Payments are effected exclusively through us.

Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg

The whole of the company's capital of DM 20,000.— is held by us. The object of the enterprise is to acquire, dispose of and administer real estate, and to handle the business involved. We are at the company's disposal for the purpose of effecting bank payments.

von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld

The whole of this private bank's limited liability capital of DM 7.0 m is held by us, organizationally it is an integral part of ourselves. Apart from its head office at Wuppertal-Elberfeld, it has branches at Wuppertal-Vohwinkel und Langenberg. Besides handling its banking business, we hold major credit balances for the company's account.

Ilseder Bank, Sandow & Co, Peine

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

Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg

We hold 90 per cent, or DM 45,000.— of this company's capital of DM 50,000.—. The balance of the capital is held by our subsidiary, *Hamburgische Grundstücks Gesellschaft m.b.H.* The company's object is to acquire and manage properties, and to build blocks of flats for rent.

Lübecker Flender-Werke Aktiengesellschaft, Lübeck

The capital of this major German shipyard, of which we hold about 69 per cent, is shown at DM 20.0 m. We received a dividend of 6 per cent in the year under review. The accounts for 1970 are not yet available but we expect once again a satisfactory result.

Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg

The company's 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 managing real estate and buildings. It channels its payments through us and obtained credits to finance its business during the year.

C. Portmann, Frankfurt a. M.

We are the sole limited partner in this private bank. The limited liability capital amounts to DM 100,000.—. Banking business is done exclusively through us.

Rheinische Hypothekenbank, Mannheim

We increased our previous minority holding in this mortgage bank to a majority holding of 50.5 per cent by the purchase of additional shares at the end of 1970. At 31st December,

1970, the bank's capital amounted to DM 20.0 m. Including the published reserves of DM 71.0 m shown in the balance sheet, the bank has capital resources totalling DM 91.0 m. A balance sheet profit of DM 6.7 m was available at 31st December, 1970, to increase the reserves by DM 1.5 m and pay a dividend of 20 per cent as well as an anniversary bonus of 4 per cent.

With DM 2,500 m worth of bonds issued and DM 270 m in liabilities to credit institutions and other creditors, the bank attained a balance sheet total of just under DM 3,000 m at the end of 1970.

In addition to the head office at Mannheim, this bank maintains a branch in Berlin, offices in Düsseldorf, Frankfurt, Hanover, Mainz, Munich and Stuttgart, as well as 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. In the course of 1970, the account was overdrawn at times, and in credit at others. We handle the firm's business in securities and are also prepared to advance funds for financing purposes.

During the year under review, none of these enterprises did any business likely to have a material effect on our bank's position.

After allocating DM 10,000,000 to the published reserves, the profit remaining amounts to
DM 59,500,000.

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

Düsseldorf, 19th March, 1971

THE BOARD OF MANAGEMENT

Behrenbeck	Brands	Dhom	Lichtenberg
	Niederste-Ostholt	Reckel	Rieche
Deputy Members:	Jahn	Knappertsbusch	Spiegel

**List of holdings in enterprises where the Bank had an interest
in excess of 25 per cent of the capital on 31st December, 1970
but excluding participations*)**

Karstadt Aktiengesellschaft, Essen
Kaufhof Aktiengesellschaft, Köln
Beton- und Monierbau Aktien-Gesellschaft, Düsseldorf
Brauerei Isenbeck AG, Hamm
Commerzbank Aktiengesellschaft von 1870, Hamburg
Dampfschiffahrts-Gesellschaft "Neptun", Bremen
Dortmunder Stifts-Brauerei Carl Funke Aktiengesellschaft, Dortmund
Hannoversche Papierfabriken Alfeld-Gronau, vorm. Gebr. Woge, Alfeld (Leine)
KEMPINSKI Hotelbetriebs-Aktiengesellschaft, Berlin
Kämmerei Döhren Aktiengesellschaft, Hannover-Döhren
Kaiser-Brauerei Aktiengesellschaft, Hannover
H. Maihak Aktiengesellschaft, Hamburg
Porzellanfabrik Kahle, Schönwald (Upper Franconia)
Stern-Brauerei Carl Funke Aktiengesellschaft, Essen

Consolidated companies	Rheinische Hypothekenbank, Mannheim K 20,00 Mio DM 50,5%	Berliner Commerzbank Aktiengesellschaft, Berlin K 17,50 Mio DM 100,0%	Bank für Teilzahlungskredit Gesellschaft mit beschränkter Haftung, Düsseldorf K 3,50 Mio DM 100,0%
	Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf K 0,10 Mio DM 100,0%	Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf K 0,10 Mio DM 100,0%	Commercium Vermögensverwaltungs-GmbH, Hamburg K 0,05 Mio DM 100,0%
	von der Heydt-Kersten & Söhne, Wuppertal-Eilberfeld K 7,00 Mio DM 100,0%	Ilseder Bank, Sandow & Co., Peine K 2,00 Mio DM 100,0%	Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg K 0,05 Mio DM 100,0% *)
Other participations in German banks	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt a. M. K 34,08 Mio DM 12,8%	Absatzkreditbank Aktiengesellschaft, Hamburg K 2,50 Mio DM 32,5%	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, München/Düsseldorf K 2,60 Mio DM 3,9%
	Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt a. M. K 1,00 Mio DM 12,8%	Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg K 0,58 Mio DM 25,0%	Lombardkasse AG, Berlin/Frankfurt a. M. K 1,00 Mio DM 14,8%
Other participations in German companies	Lübecker Flender-Werke Aktiengesellschaft, Lübeck K 20,00 Mio DM 68,9%	Aimüco Vermögensverwaltungs-gesellschaft mbH, München a) K 39,00 Mio DM 25,0%	Bavaria-Filmkunst GmbH, München K 7,84 Mio DM 12,2%
	Deutscher Rhederel-Verein in Hamburg, Hamburg K 1,00 Mio DM 29,9%	Gesellschaft für die Freigabe deutscher Vermögenswerte in Österreich mbH, Frankfurt a. M. K 0,02 Mio DM 25,0%	Gesellschaft für Kreditsicherung mbH, Köln K 0,30 Mio DM 26,7%
Participations in foreign financial institutions	Commerzbank International S.A., Luxemburg K 225,00 Mio lfrs 100,0%*)	EuroPartners Securities Corporation, New York K 3,00 Mio US-\$ 50,0%	International Commercial Bank Ltd., London K 3,50 Mio £ 20,0%
	Adela Investment Company S.A., Luxemburg/Lima (Peru) K 51,11 Mio US-\$ 1,0%	Associated Investment Holding Company S.A., Luxemburg K 1,00 Mio US-\$ 5,0%	Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro K 41,25 Mio Cr\$ 4,0%
	The Commercial Bank of Dubai Ltd., Dubai K 10,00 Mio QDR 20,0%	Compagnie Internationale de Crédit à Moyen Terme S.A., Lausanne K 5,00 Mio sfr 10,0%	Crédit Chimique S.A., Paris K 20,00 Mio FF 10,0%**
	The Industrial Finance Corporation of Thailand, Bangkok K 100,00 Mio Baht 3,0%	The International Investment Corporation for Yugoslavia S.A., Luxemburg K 12,00 Mio US-\$ 1,4%	Nigerian Industrial Development Bank Ltd., Lagos K 2,25 Mio £N 1,7%
	Société Congolaise de Financement du Développement - SOCOFIDE -, Kinshasa (Kongo) K 2,00 Mio Zaires 2,5%	„SIFIDA“ Société Internationale Financière pour les Investissements et le Développement en Afrique, Luxemburg K 11,25 Mio US-\$ 0,9%	Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd., Helsinki K 27,00 Mio Fmk 0,6%
Other participations in foreign companies	Atlas Participations - France S.A.R.L., Paris K 0,02 Mio FF 100,0%*)	Deltac Panamerica S.A., Panama/Nassau (Bahamas) K 5,15 Mio Aktien 1,9%	European Enterprises Development Company S.A., E.E.D., Luxemburg K 1,55 Mio Aktien 1,4%

*) in part indirectly **) wholly indirectly

Associated companies of Commerzbank Aktiengesellschaft

K = capital

Commerz- und Industrie-Leasing GmbH, Düsseldorf K 1,00 Mio DM 100,0%**		
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (COFO), Düsseldorf K 1,00 Mio DM 100,0%	Ad. F. Dreyer, Hamburg K 0,05 Mio DM 100,0% *)	Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg K 0,02 Mio DM 100,0%
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg K 0,02 Mio DM 100,0%**	C. Portmann, Frankfurt a. M. K 0,10 Mio DM 100,0%	Friedrich W. Thomas, Hamburg K 0,50 Mio DM 100,0%
Deutsche Hypothekenbank, Bremen K 25,00 Mio DM 25,5%	Deutsche Schifffahrtsbank Aktiengesellschaft, Bremen K 24,00 Mio DM 9,1%	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg K 16,00 Mio DM 28,5%
MASCHINENBANK Finanzierungs- Aktiengesellschaft, Frankfurt a. M. K 1,50 Mio DM 15,0%	Privatkont-Aktiengesellschaft, Frankfurt a. M. K 5,00 Mio DM 9,0%	Sächsische Bodencreditanstalt, Berlin/Frankfurt a. M. K 7,50 Mio DM 25,1%
Beteiligungsgesellschaft für Industrie- ansiedlungsunternehmen mit beschränkter Haftung, Hamburg K 3,00 Mio DM 25,0%	Canada-Anlagen-Gesellschaft mbH, Hamburg K 0,06 Mio DM 40,0%	Deutsche Gesellschaft für Anlage- verwaltung mit beschränkter Haftung, Frankfurt a. M.: b) K 50,00 Mio DM 25,0%
Treuhand- und Holdinggesellschaft mbH, Frankfurt a. M. K 0,14 Mio DM 50,0%	We also have interests in regional security depository banks, credit guarantee associations and housing companies	(a) has holding in Heidelberger Druckmaschinen AG (b) holds 25 per cent of Horten AG
Société Financière pour les Pays d'Outre-Mer S.A., Genf K 40,00 Mio sfr 15,0%		
Banque Marocaine du Commerce Extérieur, Casablanca K 12,50 Mio Dirham 2,8%	Banque Nationale pour le Développement Economique, Rabat K 20,00 Mio Dirham 1,0%	Bondtrade, Brüssel/New York K 5,00 Mio US-\$ 8,8%
The Development Bank of Singapore Ltd., Singapore K 100,00 Mio S\$ 0,5%	Finanzierungsgesellschaft VIKING, Zürich K 45,00 Mio sfr 6,7%	Gestinver S.A., Madrid K 62,50 Mio Ptas 2,5%
Pakistan Industrial Credit & Investment Corporation Limited, Karachi K 50,00 Mio pR 0,4%	Private Investment Company for Asia (Pica) S.A., Panama-City/Tokio K 40,00 Mio US-\$ 0,5%	Rifbank S.A.L., Beirut K 4,00 Mio L£ 20,0%
Union Internationale de Banques, Tunis K 0,70 Mio tD 4,0%	World Banking Corporation Ltd., Nassau (Bahamas) K 10,20 Mio Bahama-\$ 2,5%	
Selected Risk Investments S.A., Luxemburg K 15,00 Mio US-\$ 11,4%	Tourinvest S.A., Luxemburg K 70,00 Mio lfrs 1,4%	

Report of the Supervisory Board

During the year under review the Supervisory Board performed the duties incumbent upon it according to law and the Articles of Association 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 1st to December 31st, 1970, as well as the books have been audited by the Auditors, Deutsche Revisions- und Treuhand-Aktiengesellschaft, Treuarbeit, Düsseldorf, and have been found to be in conformity with the law and the Articles of Association. 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 utilization of profit.

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

Götz Knappertsbusch, hitherto Joint Manager of the Stuttgart branch, was appointed a Deputy Member of the Board of Management with effect from May 14th, 1970.

Düsseldorf, 31st March, 1971

THE SUPERVISORY BOARD

Dr. Hanns Deuß

Chairman

ASSETS

Balance Sheet as

	DM	DM
Cash		118,173,289.77
Balance at the Deutsche Bundesbank		1,614,468,232.86
Balance on Postal Cheque Account		43,629,659.05
Cheques, Matured Bonds, Interest and Dividend Coupons as well as Items		
Received for Collection		204,675,345.57
Bills of Exchange		3,159,653,663.08
including: a) rediscountable at the Deutsche Bundesbank	DM 2,608,442,201.59	
b) own drawings	DM —,—	
Claims on Credit Institutions		
a) payable on demand	921,308,616.67	
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	203,770,673.80	
bb) at least three months, but less than four years	1,125,086,765.86	
bc) four years or longer	370,718,093.55	2,620,884,149.88
Treasury Bills and Discountable Treasury Bonds		
a) of the Federal Government and the Länder	329,988,854.20	
b) other	5,880,000.—	335,868,854.20
Bonds		
a) with agreed periods of up to four years		
aa) of the Federal Government and the Länder	DM 43,816,255.79	
ab) of credit institutions	DM 80,046,300.73	
ac) other	DM —,—	
including: eligible as security for		
Deutsche Bundesbank advances	DM 106,664,223.19	
b) with agreed periods of more than four years		
ba) of the Federal Government and the Länder	DM 148,841,139.33	
bb) of credit institutions	DM 505,274,810.23	
bc) other	DM 205,930,074.26	860,046,023.82
including: eligible as security for		
Deutsche Bundesbank advances	DM 634,070,076.33	
Securities, so far as they are not to be shown in other items		
a) shares marketable on the stock exchange and unit trust shares	496,810,479.71	
b) other securities	19,894,580.70	516,705,060.41
including: holdings of more than one tenth of the shares of a joint-stock company or mining company, excluding participations	DM 317,136,419.19	
Claims on Customers for agreed periods, or at agreed periods of notice, of		
a) less than four years	6,508,140,678.93	
b) four years or longer	2,790,464,946.52	9,298,605,625.45
including: ba) secured by mortgages on real estate	DM 50,502,461.53	
bb) communal loans	DM 88,809,492.22	
Equalization and Covering Claims on Public Authorities		113,320,692.19
Transmitted Credits (on a Trust Basis)		36,838,987.47
Participations		285,743,000.—
including: in credit institutions	DM 181,525,000.—	
Land and Buildings		231,973,000.—
Fixtures and Fittings		85,840,000.—
Other Assets		44,645,146.86
Prepaid Expenses		738,192.16
	Total Assets	19,695,671,479.29

The Assets and the Rights of Recourse in respect of the Liabilities shown on the Liabilities Side include

a) claims on affiliated enterprises	104,449,581.80
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 in a)	75,178,122.91

at 31st December, 1970

LIABILITIES

	DM	DM	DM
Liabilities to Credit Institutions			
a) payable on demand		1,356,990,333.93	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	1,029,123,546.72		
bb) at least three months, but less than four years	778,833,778.30		
bc) four years or longer	448,131,703.43	2,256,089,028.45	
including: due in less than			
four years DM 201,620,425.54		54,087,150.94	3,667,166,513.32
c) customers' drawings on credits opened by us at other institutions			
Banking Liabilities to Other Creditors			
a) payable on demand		3,795,125,070.82	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	2,827,640,357.89		
bb) at least three months, but less than four years	3,758,793,749.69		
bc) four years of longer	120,107,927.80	6,706,542,035.38	
including: due in less than			
four years DM 67,615,021.21			
c) savings deposits			
ca) subject to legal period of notice	1,793,569,690.91		14,684,068,906.60
cb) other	2,388,832,109.49	4,182,401,800.40	36,838,987.47
Own Acceptances and Promissory Notes in Circulation			48,414,253.16
Transmitted Credits (on a Trust Basis)			36,838,987.47
Provisions			
a) for pensions		156,082,000.—	248,999,988.27
b) other		92,917,988.27	12,021,429.49
Other Liabilities			73,248,499.79
Accrued Expenses			
Special Reserve Items			
according to Article 1, paragraph 1, item 2, of the Development Aid			10,226,892.30
Tax Law, and Article 6b of the Income Tax Law			350,000,000.—
Capital			
Published Reserves			
a) statutory reserve		151,000,000.—	500,000,000.—
b) other reserves		349,000,000.—	
(allocation from the year's net earnings: DM 10,000,000.—)			
Commerzbank Foundation			5,186,008.89
Profit			59,500,000.—
		Total Liabilities	19,695,671,479.29
Endorsement Liabilities on Bills of Exchange in Circulation			551,501,006.73
Liabilities arising from Guarantees, including Guarantees of Bills and Cheques,			
and from Indemnity Agreements			2,053,977,411.85
Obligations in the event of buying back items sold under Repurchase Agreements,			
so far as these Obligations have not to be shown on the Liabilities Side			7,598,427.75
Savings Bonusses under the Savings Bonus Law			60,126,993.50
The Liabilities and the items shown on the Liabilities Side comprise those to Affiliated Enterprises,			
amounting to			175,811,206.46

EXPENDITURE

Profit and Loss Account

	DM	DM	1969 in DM 1,000
Interest and Similar Expenditure		908,928,489.44	568,468
Commissions and Similar Expenditure in respect of Service Transactions		5,132,329.52	1,971
Depreciation on and Valuation Reserve for Claims and Securities, as well as Allocations to Provisions in connection with Lending Business		14,801,215.56	29,645
Salaries and Wages		287,794,874.66	226,883
Compulsory Social Security Contributions		24,816,289.03	18,784
Expenditure on Retirement Pensions and Other Benefits		32,635,772.68	26,608
Expenditure on Materials for the Banking Business		136,918,210.78	128,662
Depreciation on and Valuation Reserve for Land and Buildings, Fixtures and Fittings		33,858,419.11	30,787
Depreciation on and Valuation Reserve for Participations		37,386.50	14
Taxes			
a) on income, earnings and property	44,114,544.05		
b) other	2,950,177.63	47,064,721.68	77,544
Allocations to Special Reserve Items		—	10,000
Other Expenditure		6,577,248.13	3,533
Allocation to Commerzbank Foundation		5,000,000.—	—
Year's Net Earnings		69,500,000.—	92,500
Total Expenditure		1,573,064,957.09	1,215,399

	DM	DM	1969 in DM 1,000
Year's Net Earnings		69,500,000.—	92,500
Allocations from Year's Net Earnings to Published Reserves			
a) to the statutory reserve	—		
b) to other reserves	10,000,000.—	10,000,000.—	30,000
Profit		59,500,000.—	62,500

Business Trend 1952/1970

	Balance Sheet Total	Total Lendings	Capital and Reserves	Savings Deposits	Dividend	Total Amount of Dividends Paid	Allocation to Reserves from Net Earnings	Tax Expenditure	Employees	Branches
	in DM 1,000 m	in DM 1,000 m	in DM million	in DM million	in %	in DM million	in DM million	in DM million		
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

*) including DM 20.0 m resulting from the writing back of fixtures and fittings as an asset.

***) including DM 5.0 m resulting from the writing back of fixtures and fittings as an asset.

Comparison of the Balance Sheet

ASSETS

	December 31, 1970 in DM 1,000	December 31, 1969 in DM 1,000
Cash	118,173	113,219
Balance at the Deutsche Bundesbank	1,614,468	1,148,699
Balances on Postal Cheque Account	43,629	40,137
Cheques, Matured Bonds, Interest and Dividend Coupons as well as Items Received for Collection	204,675	220,723
Bills of Exchange	3,159,654	2,891,689
(including: rediscountable at the Deutsche Bundesbank)	(2,608,442)	(2,362,118)
Claims on Credit Institutions	2,620,884	2,366,638
of which:		
a) payable on demand	921,309	723,995
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	203,771	199,613
bb) at least three months, but less than four years	1,125,086	1,075,901
bc) four years or longer	370,718	367,129
Treasury Bills and Discountable Treasury Bonds	335,869	31,084
Bonds	983,909	1,061,869
of which:		
a) with agreed periods of up to four years	123,863	178,562
(including: eligible as security for Deutsche Bundesbank advances)	(106,664)	(139,686)
b) with agreed periods of more than four years	860,046	883,307
(including: eligible as security for Deutsche Bundesbank advances)	(634,070)	(579,223)
Securities, so far as they are not to be shown in other items	516,705	548,307
of which:		
a) shares marketable on the stock exchange and unit trust shares	496,810	513,048
b) other securities	19,895	35,259
Claims on Customers for agreed periods, or at agreed periods of notice	9,298,606	8,299,565
of which:		
a) of less than four years	6,508,141	6,090,421
b) of four years or longer	2,790,465	2,209,144
Equalization and Covering Claims on Public Authorities	113,321	118,433
Transmitted Credits (on a Trust Basis)	36,839	33,521
Participations	285,743	218,049
Land and Buildings	231,973	201,234
Fixtures and Fittings	85,840	79,476
Other Assets	44,645	32,748
Prepaid Expenses	738	165
Total Assets	19,695,671	17,405,556

Explanatory Notes on the Consolidated Annual Accounts

The consolidated accounts of the Commerzbank Aktiengesellschaft include the German enterprises listed hereunder:

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
Commerz- und Industrie-Leasing GmbH, Düsseldorf
Ad. F. Dreyer, Hamburg
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg
von der Heydt-Kersten & Söhne, Wuppertal-Eiberfeld
Ilseder Bank, Sandow & Co., Peine
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg
Nordeutsche Immobilien- und Verwaltungs-GmbH, Hamburg
C. Portmann, Frankfurt a. M.
Rheinische Hypothekenbank, Mannheim
Friedrich W. Thomas, Hamburg.

Commerzbank Aktiengesellschaft holds, directly or indirectly, a 100 per cent interest in these companies except for Rheinische Hypothekenbank where we own 50.6 per cent of the capital.

For details of our legal and business relations with these companies we refer to our report on pages 58 to 61.

The Consolidated Annual Accounts as at December 31st, 1970, have been drawn up in accordance with the models for presenting the annual accounts of credit institutions provided by the decree of December 20th, 1967; owing to the inclusion of Rheinische Hypothekenbank, the scope of the balance sheet has been widened so as to take account of the special nature of the mortgage business.

The Consolidated Profit and Loss Account 1970 does not yet include any expenditure or receipts in respect of Rheinische Hypothekenbank since the corporate relationship was only established at the end of 1970. The profit is shown in the Consolidated Balance Sheet as a "profit arising in periods predating consolidation". The proportion due to the Group has been reduced by the amount of additional tax.

Uniform principles were applied to valuation throughout the Group. With the exception of one company which has rendered an interim account, the accounting years of the companies included coincide with the calendar year.

We have not included the account of Lübecker Flender-Werke Aktiengesellschaft, in which we have a majority interest, in the consolidated statement because of the lack of unified management and because such inclusion would impair the indicative value of that statement.

Commerzbank International S.A., Luxembourg, and Atlas Participations-France S.A.R.L., Paris, have equally been excluded from the Consolidated Annual Accounts under Article 329, Law on Limited Companies (AktG).

The following comments on the Consolidated Accounts may be appropriate:

In connection with capital consolidation, the book values of participations were set off 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 are set off against each other in the Consolidated Balance Sheet; expenditure and receipts set off against each other have been eliminated likewise from the Consolidated Profit and Loss Account.

Balance Sheet total Including Rheinische Hypothekenbank, the Group's Balance Sheet total amounted to DM 23,778.1 m, exceeding the corresponding figure of Commerzbank Aktiengesellschaft by DM 4,082.4 m or 20.7 per cent. As compared with the previous year it shows the following changes:

ASSETS	DM million	LIABILITIES	DM million
Cash reserve, including cheques, items for collection and bills	+ 762.7	Creditors—credit institutions—	+ 840.9
		a) demand	+ 171.6
		b) time	+ 669.3
Debtors—credit institutions—	+ 617.0	Other creditors	+ 1,755.1
Treasury bills and discountable		a) demand	+ 419.0
Treasury bonds	+ 323.3	b) time	+ 1,066.2
		c) savings	+ 269.9
Loans, bonds and securities	- 52.5	Bonds	+ 2,517.3
Debtors—customers—	+ 3,401.8	Provisions	+ . 20.8
Participations	+ 14.0	Special items with	
Land and buildings, fixtures		reserve element	- 0.1
and fittings	+ 47.4	Capital and reserves	+ 10.0
Group's own bonds	+ 62.6	Difference pursuant to	
Sundries (including transmitted loans,		Article 331, paragraph 1,	
granted on a trust basis)	+ 90.2	item 3 of the Law on	
		Limited Companies (AktG)	- 7.3
	+ 5,266.5	Foundations	+ 5.7
	<u>5,266.5</u>	Sundries (including transmitted loans,	
		granted on a trust basis)	+ 124.1
			<u>5,266.5</u>

Commerzbank Aktiengesellschaft accounts for 82.2 per cent of the non-offset Consolidated Balance Sheet total. A further 17.7 per cent relates to credit institutions within the Group and 0.1 per cent to other companies.

Assets

Liquidity The Group's total liquid funds—consisting of cash reserves, cheques, matured bonds, interest and dividend coupons as well as items for collection, bills of exchange rediscountable at the Deutsche Bundesbank, debtors—credit institutions—(for a period of less than three months),

Treasury bills and discountable Treasury bonds, as well as securities eligible as collateral for Deutsche Bundesbank advances—amount to 36.9 per cent (previous year: 34.6 per cent) of liabilities to banks and other creditors, and of our own acceptances in circulation.

The rising demand for credit and the inclusion of Rheinische Hypothekenbank are reflected in the increase of the item debtors—customers—by DM 3,401.8 m compared with the previous year.

Debtors
—customers—

The item now comprises DM 6,996.8 m in short and medium-term claims as well as long-term lendings of DM 5,277.2 m for agreed periods, or at agreed periods of notice of four years or longer.

Liabilities

At December 31st, 1970, liabilities to credit institutions amounted to DM 4,081.0 m and those to customers totalled DM 15,668.6 m. Overall liabilities rose by DM 2,596.0 m to DM 19,749.6 m. Lenders sharing in this increase were credit institutions outside the Group with DM 840.9 m, and other creditors with DM 1,755.1 m.

Liabilities
arising from
banking business

This item, amounting to DM 2,517.3 m, comprises exclusively mortgage bonds and municipal bonds issued by Rheinische Hypothekenbank.

Bonds

The balance shown at DM 10.8 m in pursuance of Article 331, paragraph 1 item 3, Law on Limited Companies (AktG), is the difference between divergent valuation of investments in affiliated companies and the capital, including published reserves, of the companies included.

Difference

The foundations of Commerzbank Aktiengesellschaft (amounting to DM 5.0 m) and of Rheinische Hypothekenbank (amounting to DM 0.5 m) were established with a view to furthering purposes of public benefit.

Foundations

Contingent liabilities for calls on shares not fully paid-up of both AG and GmbH companies amounted to DM 13.4 m at the closing date.

Sundries

Profit and Loss Account

After offsetting all expenditures and receipts set off against each other by Group companies, the Consolidated Profit and Loss Account shows the year's net earnings at DM 70.7 m. The profit brought forward of DM 2.9 m comprises the dividends distributed by the consolidated companies in 1970 for 1969.

After DM 11.3 m had been transferred to the published reserves, the Consolidated Profit remaining amounts to DM 62.3 m. As for the profit of Rheinische Hypothekenbank, we refer to our statements on page 61 of this report.

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

Düsseldorf, 19th March, 1971

THE BOARD OF MANAGEMENT

Behrenbeck Brands Dhom Lichtenberg
Niederste-Ostholt Reckel Rieche

Deputy Members: Jahn Knappertsbusch Spiegel

ASSETS

Consolidated Balance Sheet as

	DM	DM
Cash		136,739,031.92
Balance at the Deutsche Bundesbank		1,719,799,148.27
Balances on Postal Cheque Account		48,188,722.83
Cheques, Matured Bonds, Interest and Dividend Coupons as well as Items Received for Collection		224,530,133.03
Bills of Exchange		3,338,699,278.87
including: a) rediscountable at the Deutsche Bundesbank	DM 2,704,683,780.—	
b) own drawings	DM 3,490,373.89	
Claims on Credit Institutions		
a) payable on demand	935,090,382.20	
b) for agreed periods, or at agreed periods of notice, of		
ba) less than three months	320,813,517.82	
bb) at least three months, but less than four years	1,229,914,849.27	
bc) four years or longer	631,672,253.84	3,117,491,003.13
Treasury Bills and Discountable Treasury Bonds		
a) of the Federal Government and the Länder	350,381,632.20	
b) other	5,880,000.—	356,261,632.20
Bonds		
a) with agreed periods of up to four years		
aa) of the Federal Government and the Länder	DM 57,506,047.44	
ab) of credit institutions	DM 109,529,484.04	
ac) other	DM —.—	167,035,531.48
including: eligible as security for Deutsche Bundesbank advances	DM 149,837,198.15	
b) with agreed periods of more than four years		
ba) of the Federal Government and the Länder	DM 214,013,059.56	
bb) of credit institutions	DM 520,796,334.88	
bc) other	DM 223,449,415.86	958,258,810.30
including: eligible as security for Deutsche Bundesbank advances	DM 718,171,083.92	
Securities, so far as they are not to be shown in other items		
a) shares marketable on the stock exchange and unit trust shares	505,255,361.63	
b) other securities	21,074,917.89	526,330,279.52
including: holdings of more than one tenth of the shares of a joint-stock company or mining company, excluding participations	DM 321,065,426.84	
Claims on Customers for agreed periods, or at agreed periods of notice, of		
a) less than four years	6,996,595,696.36	
b) four years or longer	5,277,175,814.38	12,273,771,510.74
including: ba) secured by mortgages on real estate	DM 1,342,341,730.17	
bb) communal loans	DM 1,220,978,526.35	
Equalization and Covering Claims on the Public Authorities		167,599,420.60
Transmitted Credits (on a Trust Basis)		89,761,857.77
Participations		197,319,961.04
including: in credit institutions	DM 88,239,828.33	
Land and Buildings		252,425,374.04
Fixtures and Fittings		88,441,709.53
Group's Own Bonds		62,573,208.22
nominal amount	DM 71,023,900.—	
including: eligible as security for Deutsche Bundesbank advances	DM 59,439,081.59	
Other Assets		51,422,047.58
Prepaid Expenses		1,494,527.32
	Total Assets	23,778,143,188.39

The Assets and the Rights of Recourse in respect of the Liabilities shown on the Liabilities Side include

a) claims on affiliated enterprises	28,246,462.90
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 in a)	79,150,026.18

at 31st December, 1970

LIABILITIES

	DM	DM	DM
Liabilities to Credit Institutions			
a) payable on demand		1,447,551,089.59	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	1,244,316,666.21		
bb) at least three months, but less than four years	849,701,085.43		
bc) four years or longer	485,372,617.82	2,579,390,369.46	
including: due in less than			
four years DM 220,623,100.22			
c) customers' drawings on credits opened by us at other institutions		54,087,150.94	4,081,028,609.99
Banking Liabilities to Other Creditors			
a) payable on demand		4,035,753,977.66	
b) for agreed periods, or at agreed periods of notice, of			
ba) less than three months	3,016,318,786.93		
bb) at least three months, but less than four years	3,919,990,872.45		
bc) four years or longer	165,374,150.41	7,101,683,809.79	
including: due in less than			
four years DM 88,165,020.61			
c) savings deposits			
ca) subject to legal period of notice	2,018,649,879.15		
cb) other	2,512,538,284.69	4,531,188,163.84	15,668,625,951.29
Bonds with agreed period of			
a) up to four years		—	
b) more than four years		2,517,276,859.18	2,517,276,859.18
including: due in less than			
four years DM 314,843,700.—			
Own Acceptances and Promissory Notes in Circulation			48,414,253.16
Transmitted Credits (on a Trust Basis)			89,761,857.77
Provisions			
a) for pensions		177,886,203.—	
b) other		105,475,634.43	283,361,837.43
Other Liabilities			12,783,157.84
Accrued Expenses			
a) according to Article 25 HBG		7,026,519.—	
b) other		79,218,818.98	86,245,337.98
Special Reserve Items			
according to Article 1, paragraph 1, item 2, of the Development Aid Tax Law, and Article 6 b and 7 c of the Income Tax Law (EStG)			10,568,323.27
Capital			350,000,000.—
Published Reserves			
a) statutory reserve		151,000,000.—	
b) other reserves		349,000,000.—	500,000,000.—
Difference according to Article 331, paragraph 1, item 3, of the Law on Limited Companies (AktG)			10,809,240.76
Contra-Item for Minority Interests			45,035,900.—
including: from profit DM —			
Foundations			5,686,008.89
Profit from Periods preceding Affiliation			
a) concerning minority interests		3,335,540.42	
b) concerning the Group		2,867,385.55	6,202,925.97
Consolidated Profit			62,342,924.86
		Total Liabilities	23,778,143,188.39
Endorsement Liabilities on Bills of Exchange in Circulation			582,196,040.11
Liabilities arising from Guarantees, including Guarantees of Bills and Cheques, and from Indemnity Agreements			2,151,216,255.66
Obligations in the event of buying back items sold under Repurchase Agreements, so far as these Obligations have not to be shown on the Liabilities Side			7,598,427.75
Liability under Collateral Securities furnished for Liabilities of Third Parties			486,210.94
Savings Bonuses under the Savings Bonus Law			64,653,511.21
The Liabilities and the items shown on the Liabilities Side comprise those to Affiliated Enterprises, amounting to			227,793,474.94

EXPENDITURE

Consolidated Profit and Loss

	DM	DM
Interest and Similar Expenditure		951,657,766.11
Commissions and Similar Expenditure in respect of Service Transactions		5,126,863.81
Depreciation on and Valuation Reserve for Claims and Securities, as well as Allocations to Provisions in connection with Lending Business		16,962,181.13
Salaries and Wages		313,020,204.43
Compulsory Social Security Contributions		27,029,228.13
Expenditure on Retirement Pensions and Other Benefits		36,370,848.11
Expenditure on Materials for the Banking Business		147,383,836.76
Depreciation on and Valuation Reserve for Land and Buildings, Fixtures and Fittings		36,331,611.34
Depreciation on and Valuation Reserve for Participations		37,386.50
Taxes		
a) on income, earnings and property	47,708,112.59	
b) other	3,270,681.91	50,978,794.50
Allocations to Special Reserve Items		138,430.97
Other Expenditure		7,794,857.65
Allocation to Commerzbank Foundation		5,000,000.—
Year's Net Earnings		70,722,924.86
	Total Expenditure	1,668,554,934.30

	DM	DM
Year's Net Earnings		70,722,924.86
Profit brought forward from the previous year		2,870,000.—
		73,592,924.86
Allocations from Year's Net Earnings to Published Reserves		
a) to the statutory reserve	—.—	
b) to other reserves	11,250,000.—	11,250,000.—
Consolidated Profit		62,342,924.86

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

Domestic Public Entities' Bonds taken, issued, and introduced on Stock Exchanges

8½% Bonds of the Land of Berlin, 1970	8 % Bonds of the Deutsche Genossenschaftskasse (German Association of Credit Cooperatives), 1970, Series 30
8 % Bonds of the Federal Republic of Germany, 1970	8½% Bonds of the Deutsche Genossenschaftskasse (German Association of Credit Cooperatives), 1970, Series 31
8½% Bonds of the Federal Republic of Germany, 1970	8½% Bonds of the Free and Hanseatic City of Hamburg, 1970
8½% Bonds of the Federal Republic of Germany, 1970, Second Issue	7½% Bonds of the Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), 1970
8 % Bonds of the German Federal Railways, 1970	8½% Bonds of the Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), 1970
8½% Bonds of the German Federal Railways, 1970	8 % Bonds of the Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation), 1970
8½% Bonds of the German Federal Railways, 1970, Second Issue	8 % Bonds of the Lastenausgleichsbank (Equalization of Burdens Bank), Issue 13 of 1970
8 % Bonds of the German Federal Postal Administration, 1970	8½% Bonds of the Land Niedersachsen (Lower Saxony), 1970
8½% Bonds of the German Federal Postal Administration, 1970	8½% Bonds of the Saarland, 1970
8½% Bonds of the German Federal Postal Administration, 1970, Second Issue	
7 % Bonds of the Deutsche Genossenschaftskasse (German Association of Credit Cooperatives), 1970, Series 29	

Other Domestic Bonds (including Convertible, Mortgage and Communal Bonds) taken, issued, and introduced on Stock Exchanges

Deutsche Hypothekenbank (Actien-Gesellschaft)	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft
Deutsche Hypothekenbank, Bremen	Farbwerke Hoechst Aktiengesellschaft vormals
Deutsche Schiffahrtsbank Aktiengesellschaft	Meister Lucius & Brüning

Foreign Bonds (including Convertible Bonds) taken, issued, and introduced on Stock Exchanges

9 % US-\$ Bonds of the Aéroport de Paris, 1970	8½% DM Bonds of The Burmah Oil Company, Limited, 1970
7¼% US-\$ Bonds of the Alfa Romeo International S.A., 1970	9½% US-\$ Bonds of the Cabot International Capital Corporation, 1970
8 % DM Bonds of the Republic of Argentina, 1969	8¼% US-\$ Bonds of the Cabot International Finance N.V., 1970
9½% US-\$ Bonds of the Atlas Copco AB, 1970	9 % US-\$ Bonds of the Caisse Nationale des Autoroutes, 1970
9 % US-\$ Bonds of the AVCO Overseas Capital Corp. N.V., 1970	8½% DM Bonds of the Caisse Nationale des Télécommunications, 1970
4¼% Ptas Convertible Bonds of the Banco Urquijo, 1970	8¼% US-\$ Bonds of the Canada Safeway International Finance Corporation, 1970
8¼% hfl Bonds of the Bayer Finance S.A., 1970 (Private placement)	7 % DM Bonds of the Chrysler Overseas Capital Corporation, 1969
9 % US-\$ Bonds of the Beatrice Foods Overseas Finance N.V., 1970	9 % US-\$ Bonds of the CNA Overseas Capital N.V., 1970
7¼% US-\$ Convertible Bonds of the Beatrice Foods Overseas Finance N.V., 1970	8½% DM Bonds of the Comalco Investments Europe S.A., 1970 (Private placement)
7½% DM Bonds of the Borg-Warner Overseas Capital Corporation, 1969	

- 9½% US-\$ Bonds of the Comalco Investments Europe S.A., 1970
- 7 % US-\$ Convertible Bonds of the Compagnie Financière de Suez et de l'Union Parisienne, 1970
- 8½% DM Bonds of the Compagnie Française des Pétroles, 1970
- 9 % US-\$ Bonds of the Compagnie Pechiney, 1970
- 7½% US-\$ Bonds of the Consorzio di Credito per le Opere Pubbliche, 1970
- 8½% DM Bonds of the Consorzio di Credito per le Opere Pubbliche, 1970
- 9½% US-\$ Bonds of the Continental Oil International Finance Corporation, 1970
- 8¼% DM Bonds of the Continental Oil International Finance Corporation, 1970
- 9 % US-\$ Bonds of the Continental Telephone International Finance Corporation, 1970
- 9 % US-\$ Bonds of the City of Copenhagen, 1970
- 9 % US-\$ Bonds of the Copenhagen Telephone Company Incorporated, 1970
- 9 % US-\$ Bonds of the Courtaulds International Finance N.V., 1970
- 9¼% US-\$ Bonds of the Courtaulds International Finance N.V., 1970
- 9 % US-\$ Bonds of the Kingdom of Denmark, 1970
- 8½% DM Bonds of the Kingdom of Denmark, 1970
- 9¼% US-\$ Bonds of the Kingdom of Denmark, 1970
- 8 % DM Bonds of the Daimler-Benz Finanz-Holding S.A., 1970
- 8½% DM Bonds of the Dunlop Finance N.V., 1970
- 8½% DM Bonds of the Electricité de France (EdF), 1970
- 8½% DM Bonds of the Electricity Supply Commission (ESCOM), 1970
- 9¼% UA Bonds of the Electricity Supply Commission (ESCOM), 1970
- 7½% US-\$ Bonds of the ENEL Ente Nazionale per l'Energia Elettrica, 1970
- 8½% DM Bonds of the Enso-Gutzeit Osakeyhtiö, Kymin Osakeyhtiö-Kymmene Aktiebolag, Oy Tampella AB, 1970
- 9 % US-\$ Bonds of the Entreprise de Recherches et d'Activités Pétrolières (ERAP), 1970
- 9 % US-\$ Bonds of the Esso Overseas Finance N.V., 1970
- 8¼% US-\$ Bonds of the Esso Overseas Finance N.V., 1970
- 8 % ₤ Bonds of the European Coal and Steel Community (ECSC), 1970
- 8 % DM Bonds of the European Investment Bank, 1970
- 8¼% US-\$ Bonds of the European Investment Bank, 1970
- 7½% DM Finnish Communal Bonds, 1969
- 8½% DM Bonds of the Republic of Finland, 1970
- 7¼% US-\$ Bonds of the Finsider International S.A., 1970
- 6¼% US-\$ Convertible Bonds of the Fuji Photo Film Co., Ltd., 1970
- 9 % US-\$ Bonds of the Gaz de France, 1970
- 9½% US-\$ Bonds of the Hambros Limited, 1970
- 9½% US-\$ Bonds of the Hamersley Iron Finance N.V., 1970
- 9 % US-\$ Bonds of the Hawker Siddeley Group Limited, 1970
- 7 % US-\$ Bonds with Warrants attached of the Hill Samuel Group Limited, 1970
- 8 % US-\$ Convertible Bonds of the Holiday Inns Overseas Capital Corporation, 1970
- 8½% DM Bonds of the ICI International Finance Limited, 1970
- 8½% DM Bonds of The Industrial Bank of Japan Ltd., 1970
- 8½% DM Bonds of the Inter-American Development Bank, 1970
- 9 % US-\$ Bonds of the International Standard Electric Corporation, 1970
- 9 % US-\$ Bonds of Ireland, 1970
- 8½% DM Bonds of Ireland, 1970
- 6¼% US-\$ Convertible Bonds of the Kinney International Finance N.V., 1970
- 8½% DM Bonds of the KLM International Finance Company N.V., 1970
- 8½% DM Bonds of the Koninklijke Nederlandsche Hoogovens en Staalfabrieken NV, 1970
- 7½% DM Convertible Bonds of the Kraftco International Capital Corporation, 1970 (Private placement)
- 8½% DM Bonds of The Long-Term Credit Bank of Japan, Limited, 1970
- 9 % UA Bonds of the Province of Manitoba, 1970
- 9 % US-\$ Bonds of the Massey-Ferguson Nederland N.V., 1970
- 6 % US-\$ Convertible Bonds of the Michelin International Développement N.V., 1970
- 8¼% US-\$ Bonds of the Miles Overseas Capital N.V., 1970
- 7 % US-\$ Convertible Bonds of the Mitsubishi Electric Corporation, 1970
- 7½% US-\$ Convertible Bonds of the Mitsubishi Shoji Kaisha, Limited, 1970
- 8¼% US-\$ Bonds of the Monsanto International N.V., 1970
- 9¼% US-\$ Bonds of the Montagu Trust Limited, 1970
- 9 % US-\$ Bonds of the City of Montreal, 1970
- 6 % US-\$ Convertible Bonds of the NCR The National Cash Register Company, 1970
- 8½% DM Bonds of the Norges Kommunalbank, 1970
- 9 % US-\$ Bonds of The Norwegian State and Municipal Power Consortium Sira-Kvina Kraftselskap, 1970
- 8½% DM Bonds of The Norwegian State and Municipal Power Consortium Sira-Kvina Kraftselskap, 1970
- 9 % US-\$ Bonds of the Province of Nova Scotia, 1970
- 9¼% US-\$ Bonds of the Occidental Overseas Capital Corporation, 1970
- 9½% US-\$ Bonds of the Olivetti International S.A., 1970
- 9 % US-\$ Bonds of the City of Oslo, 1970
- 9 % US-\$ Bonds of the City of Oslo, 1970
- 8¼% US-\$ Bonds of the Otis Elevator International Capital Corp., 1970
- 9 % US-\$ Bonds of the Province of Quebec, 1970

9¼% US-\$ Bonds of the Quebec Hydro-Electric Commission, 1970	8¼% US-\$ Bonds of the Telefonaktiebolaget L M Ericsson, 1970
9 % US-\$ Bonds of the Queensland Alumina Finance N.V., 1970	7½% DM Bonds of the Tenneco International N.V., 1969
8½% DM Bonds of the Queensland Alumina Finance N.V., 1970	6½% US-\$ Convertible Bonds of the TOSHIBA Tokyo Shibaura Electric Co., Ltd., 1970
8¾% US-\$ Bonds of the Richardson-Merrell Overseas Finance N.V., 1970	9 % US-\$ Bonds of the Transocean Gulf Oil Company, 1970
9 % US-\$ Bonds of the Siemens Western Finance N.V., 1970	8¾% US-\$ Bonds of the Transocean Gulf Oil Company, 1970
8¾% UA Bonds of the Société de Développement Régional du Centre-Est (CENTREST), 1970	8½% DM Bonds of the City of Trondheim (Norway), 1970
7¾% US-\$ Bonds of the Société Financière pour les Télécommunications et l'Electronique S.A., 1970	7¾% US-\$ Bonds with Warrants attached of the Trust Houses Group Finance N.V., 1970
8½% DM Bonds of the Republic of South Africa, 1970	7½% DM Bonds of the TRW International Finance Corporation, 1969
8¾% UA Bonds of the Republic of South Africa, 1970	9 % US-\$ Bonds of the United Merchants Overseas Capital Corp. N.V., 1970
8¾% US-\$ Bonds of the Suomen Vientiluotto Oy – Finlands Exportkredit AB, 1970	7¼% US-\$ Convertible Bonds of the University Computing Company, 1970
7¼% DM Bonds of the Studebaker Worthington International, Inc., 1969	9 % US-\$ Bonds with Warrants attached of the U.S. Financial Overseas N.V., 1970
9¼% US-\$ Bonds of the Telefonaktiebolaget L M Ericsson, 1970	8½% DM Bonds of the International Bank for Reconstruction and Development (World Bank), 1970
	8 % DM Bonds of the International Bank for Reconstruction and Development (World Bank), 1970

Shares (including capital adjustments) taken, issued and introduced on Stock Exchanges

Absatzkreditbank Aktiengesellschaft	Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft
Aktiengesellschaft für Energiewirtschaft	The Dreyfus Intercontinental Investment Fund N.V.
Allgemeine Deutsche Credit-Anstalt	Erdölwerke FRISIA Aktiengesellschaft
ALLGEMEINE ELEKTRICITÄTS-GESELLSCHAFT	Farbenfabriken Bayer Aktiengesellschaft
AEG-TELEFUNKEN	Farbwerke Hoechst Aktiengesellschaft vormals Meister Lucius & Brüning
Allianz Lebensversicherungs-Aktiengesellschaft	FIAT S.p.A.
Allianz Versicherungs-Aktiengesellschaft	N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken
Austral Trust S.A.	Gerling-Konzern Allgemeine Versicherungs-Aktiengesellschaft
Badische Anilin- und Soda-Fabrik Aktiengesellschaft	Gutehoffnungshütte Aktienverein
Banco Central S.A.	Hapag-Lloyd Aktiengesellschaft
Bayerische Hypotheken- und Wechsel-Bank	Heidelberger Druckmaschinen Aktiengesellschaft
Bayerische Motoren Werke Aktiengesellschaft	Henninger-Bräu KGaA
Bayerische Vereinsbank	Highveld Steel and Vanadium Corporation Limited
Berliner Handels-Gesellschaft – Frankfurter Bank	Honeywell Inc.
Berliner Kraft- und Licht (Bewag) – Aktiengesellschaft	Horten Aktiengesellschaft
Brau-Aktiengesellschaft	Istituto Finanziario Industriale Società per Azioni
Braunschweigische Kohlen-Bergwerke	Kabel- und Metallwerke Gutehoffnungshütte Aktiengesellschaft
Braunschweigische Maschinenbauanstalt	KEMPINSKI Hotelbetriebs-Aktiengesellschaft
Burroughs Corporation	G. Kromschroder Aktiengesellschaft
Chrysler Corporation	Christian Adalbert Kupferberg & Compagnie Commandit-Gesellschaft auf Actien
Compagnie des Machines Bull S.A.	Langbein-Pfanhauser Werke Aktiengesellschaft
Compagnie Financière de Suez et de l'Union Parisienne	
Compagnie Pechiney	
Deutsche Hypothekenbank (Actien-Gesellschaft)	
Deutsche Schiffahrtsbank Aktiengesellschaft	

Litton Industries, Inc.
Maschinenfabrik Augsburg-Nürnberg Aktiengesellschaft
Messing- und Leichtmetallwerk Unna AG
Mitsumi Electric Co., Ltd.
Münchener Rückversicherungs-Gesellschaft
N.V. Nationaal Bezit van Aandeelen OGEM
The Nomura Securities Co., Ltd.
NORDCEMENT Aktiengesellschaft
Norddeutsche Kundenkreditbank Aktiengesellschaft
Omron Tateisi Electronics Co.
PREUSSAG Aktiengesellschaft
ROLINCO N.V.
Rotterdamsch Beleggingsconsortium N.V.
Salzwerk Heilbronn
Samson Apparatebau Aktiengesellschaft

Semperit Aktiengesellschaft
Schering Aktiengesellschaft
Schlossquellbrauerei AG
Schultheiss-Brauerei Aktiengesellschaft
Standard Elektrik Lorenz Aktiengesellschaft
Standard Oil Company (New Jersey)
A. Steigenberger Hotelgesellschaft KGaA
Stern-Brauerei Carl Funke Aktiengesellschaft, Essen
Hugo Stinnes Aktiengesellschaft
Tenneco Inc.
Trio Electronics, Inc.
UTILICO N.V.
Vereinigte Berliner Mörtelwerke
Vereinsbank in Hamburg
Volkswagenwerk Aktiengesellschaft

Other Syndicate Transactions

ALLGEMEINE ELEKTRICITÄTS-GESELLSCHAFT
AEG-TELEFUNKEN
Dortmunder Union-Brauerei Aktiengesellschaft
Eschweiler Bergwerks-Verein
Gerling-Konzern Allgemeine Versicherungs-
Aktiengesellschaft
Gladbacher Wollindustrie Aktiengesellschaft vorm. L. Josten
Hapag-Lloyd Aktiengesellschaft
Henninger-Bräu KGaA

Hoesch Aktiengesellschaft
Horten Aktiengesellschaft
Pirelli S.p.A.
Rheinstahl Aktiengesellschaft
Ruhrkohle-Beteiligungsgesellschaft mit beschränkter Haftung
Salzgitter Hüttenwerke Aktiengesellschaft
Stern-Brauerei Carl Funke Aktiengesellschaft, Cologne
August Thyssen-Hütte Aktiengesellschaft

Advisory Councils

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Chairman

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Chairman of the Board of Management of Chemische Werke Hüls AG

DR. FRIEDWART BRUCKHAUS, Wetzlar

Member of the Board of Management of Buderus'sche Eisenwerke

DR.-ING. E. h. HELMUTH BURCKHARDT, Aachen (*Aix-la-Chapelle*)

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 in Gerhard Hülskens & Co.

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

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HERBERT SCHELBERGER, Essen

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CARL v. MENGDEN, Bad Homburg v. d. H.

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DIPL.-ING. GEORG SCHÄFER, Partner in Kugelfischer Georg Schäfer & Co., Schweinfurt

DIPL.-KAUFMANN GEORG SCHAEFFLER, Managing Partner in Industrierwerk Schaeffler OHG, Herzogenaurach

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ROLF SCHWARZE of C. Schwarze, Bremen

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 DR. HANS ULRICH VOSWINCKEL, Hamburg

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 FELIX RICHARD SCHOELLER of Feinpapierfabrik Felix Schoeller jr. GmbH, Burg Gretesch near Osnabrück
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- KONSUL HEINZ SEIBEL of J. W. Seibel, margarine manufacturers, Kiel, President of the Kiel Chamber of Industry and Commerce, Kiel
- FRANZ WEIPERT, Kiel, of Weipert & Co., textile department stores at Kiel, Hannover (*Hanover*), Braunschweig (*Brunswick*) and Bremen

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Laer
Linden
Querenburg ● Böblingen ● Bonn
with sub-branches
Bundeskanzlerplatz
Markt
Tannenbusch ● Bonn-Bad Godesberg
with sub-branch
Römerplatz ● Bonn-Beuel ● Bonn-Duisdorf ● Borken (Westf.) ● Bottrop ● Brackwede | <ul style="list-style-type: none"> ● 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 ● Celle ● Cloppenburg ● Coburg ● Coesfeld ● Cuxhaven ● Dachau ● Darmstadt
with sub-branches
Arheilgen
Karlstrasse | <ul style="list-style-type: none"> ● Delmenhorst ● Detmold ● Diepholz ● Diez (Lahn) ● Dillenburg ● Dinslaken ● Dormagen ● Dorsten ● Dortmund
with sub-branches
Aplerbeck
Hörde
Hombuch
Kaiserstrasse
Königswall
Mengede
Münsterstrasse
Ruhrallee ● Dülmen ● Düren ● Düsseldorf
with sub-branches
Am Hafen
Am Hauptbahnhof
Brehmplatz
Eller
Friedrichstrasse
Garath
Gerresheim
Golzheim
Grafenberger Allee
Heerd
Heinrichstrasse
Holthausen
Kaiserswerth
Königsallee
Nordstrasse
Oberbilk
Oberkassel
Rath
Reisholzer Strasse
Schadowstrasse
Wersten
Worringer Platz |
|--|--|--|--|

Branches (continued)

- 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
- 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
Zeil
and paying office
Airport-Hotel
- Frankfurt a. M.-Höchst
- Frechen
- Freiburg (Breisgau)
- Friedberg (Hess.)
- Friedrichsfeld (Ndrhh.)
- Friedrichshafen
- Fürth (Bay.)
with sub-branch
Komotauer Strasse
- Fulda

- Garmisch-Partenkirchen
- Gelsenkirchen
with sub-branches
Am Stern
Buer-Erle
Horst
Neustadt
- Gelsenkirchen-Buer
- Gevelsberg
- Giessen
- Gifhorn
- Gladbeck
- Glückstadt
- Goch
- Göggingen
(via 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
Barmbek
Billstedt
Blankenese
Bramfeld
Dehnhaide
Eidelstedt
Eilbek
Eimsbüttel
Eppendorfer Landstrasse
Esplanade
Freihafen (*Free port*)
Fuhlsbüttel
Gänsemarkt
Geschäftsstadt Nord
Grindelberg
Grossneumarkt
Hamm
Hammerbrook
Hoheluft
Lokstedt
Messberg
Mittelweg
Mundsburg
Neugraben
Osdorf
Osterstrasse
Othmarschen
Rahlstedt
Rothenburgsort
St. Georg
St. Pauli
Schnelsen
Uhlenhorst
Volksdorf
Wandsbek
Wilhelmsburg
Winterhude
Glinde (Schlesw.-H.)
and paying office
Grossmarkthalle
- Hamburg-Altona
- Hamburg-Bergedorf
- Hamburg-Harburg
- Hameln
- Hamm (Westf.)
with sub-branch
Marktplatz

- Hanau (Main)
- Hannover
with sub-branches
Am Klagesmarkt
Am Kröpcke
Am Küchengarten
Am Steintor
Berenbostel
Buchholz
Celler Strasse
Hemmingen-Westerfeld
Herrenhausen
Hildesheimer Strasse
Laatzen
Langenhagen
Sallstrasse
Südstadt
Vahrenheide
Vahrenwald
Wülfel
and paying office
Langenhagen Skala
- Heide (Holstein)
- Heidelberg
with sub-branch
Neuenheim
- Heidenheim (Brenz)
- Heilbronn
- Heiligenhaus
- Helmstedt
with sub-branch
Gröpern
- Hemer
- Hennef
- Herford
with sub-branches
Alter Markt
Mindener Strasse
- Herne
- Herten
- Herzberg
- Hilden
- Hildesheim
with sub-branches
Dammstrasse
Marienburger Platz
Zingel
- Hof (Saale)
- Hofheim (Taunus)
- Hohenlimburg
with sub-branch
Elsey
- Holzminden
- Homberg (Ndrhh.)
- Homburg (Saar)
- Hoya (Weser)
- Hüttental-Weidenau
- Husum

Branches (continued)

- Ibbenbüren
- Idar-Oberstein
with sub-branch
Idar
- Ingolstadt
- Iserlohn
with sub-branch
Schillerplatz
- Itzehoe

Jülich*
- Kaiserslautern
- Kaltenkirchen
- Kamen
- Kamp-Lintfort
- Karlsruhe
with sub-branches
Durlach
Mühlburg
Mühlburger Tor
- Kassel
with sub-branches
Altmarkt
Bettenhausen
Friedrich-Ebert-Strasse
with paying office
DEZ Niederrzwehren
- Kaufbeuren
with sub-branch
Neugablonz
- Kelkheim (Taunus)
- Kempen (Ndrh.)
- Kempen-Hüls (Ndrh.)
- Kiel
with sub-branches
Arndtplatz
Gaarden
Holtener Strasse Nord
Holtener Strasse Süd
Kirchhofallee
Seefischmarkt
Wellingdorf
- Kirchheim (Teck)
- Kirchweyhe
- Kirn (Nahe)
- Kleve
- Koblenz
with sub-branch
Bahnhofplatz
- Köln
with sub-branches
Barbarossaplatz
Braunsfeld
Chlodwigplatz
Ehrenfeld
Eigelstein
Hohenzollernring
Hohe Strasse
Kalk
Lindenthal
Neumarkt
Neusser Strasse
- Sülz
Weidenpesch
Zollstock
- Köln-Mülheim
- Konstanz
with sub-branch
Petershausen
- Korbach
- Krefeld
with sub-branches
Hochstrasse
Zentrum
- Krefeld-Uerdingen
- Kreuztal
- Lahr
- Landau (Pfalz)
- Landshut
- Langen (Hess.)
- Langenberg (Rhld.)
- Langenfeld
- Leer (Ostfr.)
- Leeste
- Lehrte
- Leichlingen
- Lemgo
- Lennestadt (Altenhundem)
- Leonberg
- Letmathe
- Leverkusen
- Limburg (Lahn)
- Lingen (Ems)
- Lippstadt
- Löhne
- Lörrach (Baden)
- Ludwigsburg
- Ludwigshafen (Rhein)
- Lübbecke
- Lübeck
with sub-branches
Am Schlachthof
Fackenburger Allee
Geniner Strasse
Marli
Travemünde
and paying offices
Nordlandkai
Skandinavienkai
- Lüchow
- Lüdenscheid
with mobile sub-branch
- Lüdinghausen
- Lüneburg
- Lünen
- Mainz
with sub-branches
Am Dom
Bahnhof* (*Railway station*)
Rheinallee
- Mainz-Kastel
- Mannheim
with sub-branches
Kaiserring
Käfertal
Lindenhof
Neckarau
Neckarstadt
Sandhofen
Waldhof
- Marburg (Lahn)
- Marl-Hüls
- Mayen
- Meerbusch-Büderich
- Meerbusch-Osterath
- Memmingen
- Meppen
- Meschede
- Mettmann
- Minden
- Misburg
- Mönchengladbach
with sub-branches
Am Hauptbahnhof
Rheindahlen 1
Rheindahlen 2
- Moers
- Monschau
- Mühlendorf (Inn)
- Mühlheim (Main)
- Mülheim (Ruhr)
with sub-branch
Speldorf
- München
with sub-branches
Baldeplatz
Grosshadern
Hauptbahnhof/
Marsstrasse
Herkomerplatz
Hohenzollernstrasse
Ingolstädter Strasse
Laim
Leopoldstrasse
Lindwurmstrasse
Müllerstrasse
Neuaubing
Nymphenburger Strasse
Pasing
Reichenbachplatz
Riesenfeldstrasse
Rosenheimer Platz
Rotkreuzplatz
Schleissheimer Strasse
Schwanthalerstrasse
Sendlinger Strasse
- Thalkirchner Strasse
Thomasiusplatz
and paying office
MAN – Allach
- Münster
with sub-branches
Hammer Strasse
Hansaring
- 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
with sub-branches
Friedrich-Ebert-Platz
Fürther Strasse
Gibitzenhof
Landgrabenstrasse
Plärrer
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
Sprendlinger Landstrasse
Waldstrasse
- Offenburg
- Oldenburg (Oldb.)
with sub-branch
Grossmarkt
- Olpe

Branches (continued)

- Opladen
- Osnabrück
with sub-branches
Bramscher Strasse
Johannisstrasse
Lotter Strasse
Schützenstrasse
- Osterholz-Scharmbeck
- Osterode (Harz)

- Paderborn
- Papenburg
- Passau
- Peine
- Pforzheim
- Pfungstadt
- Pinneberg
- Pirmasens
- Plettenberg
- Pullach-
Höllriegelskreuth

- Radevormwald
- Rastatt
- Ratingen
- Recklinghausen
with sub-branch
Recklinghausen-Süd
- Rees
- Regensburg
- Reinbek (Schlesw.-H.)
- Remscheid
with sub-branches
Alleestrasse
Hasten
- Remscheid-Lennep
- Remsch.-Lüttringhausen
- Rendsburg
- Reutlingen
- Rheda
- Rhede (near Bocholt)
- Rheine
with sub-branch
Schotthock
- Rheinhausen
- Rheydt
with sub-branches
Friedrich-Ebert-Strasse
Odenkirchen
- Rietberg
- Rüdesheim
- Rüsselsheim

- Saarbrücken
with sub-branch
Mainzer Strasse
- Saarburg (near Trier)
- Saarlouis
- Salzgitter-Lebenstedt
with paying office
Thiede/Steterburg
- St. Wendel
- Sarstedt
- Schleswig
- Schneverdingen
- Schöningen
- Schwabach
- Schwäbisch Gmünd
- Schweinfurt
- Schwelm
- Schweningen
- 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
Schlossstrasse
- 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)
- Vermold
- Viersen
- Viersen-Dülken
- Villingen
- Vlotho
- Voerde (Ndrh.)
- Waldbröl
- 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
- Wissen (Sieg)
- Witten
with sub-branch
Annen
- Wolfenbüttel
- Wolfsburg
with sub-branches
Berliner Brücke
Detmerode
Tiergartenbreite
and paying office
Kästorf
- Worms
- Würselen
- Würzburg
- Wunstorf
- Wuppertal-Barmen
with sub-branches
Langerfeld
Oberbarmen
Ronsdorf
Unterbarmen
Werth
Wichlinghausen
- Wuppertal-Elberfeld
with sub-branch
Friedrich-Ebert-Strasse
- Xanten
- Zirndorf

- * Opening shortly
- State at end of 1948
- New openings until 1958
- New openings until mid-1971

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

* Opening shortly

COMMERZBANK INTERNATIONAL S.A.

Luxemburg

Associated Banks

RHEINISCHE HYPOTHEKENBANK, MANNHEIM

VON DER HEYDT-KERSTEN & SÖHNE, WUPPERTAL-ELBERFELD

ILSEDER BANK, SANDOW & CO., PEINE

BANK FÜR TEILZAHLUNGSKREDIT GMBH, DÜSSELDORF

COMMERZ- UND INDUSTRIE-LEASING GMBH, DÜSSELDORF

Representative Offices Abroad

ARGENTINA, PARAGUAY AND URUGUAY

Joachim N. Soszna, Avda. Corrientes, 456 – Depto. 73, Buenos Aires (Argentina)

AUSTRALIA*)

Rainer Kühn, IAC Building, 54-62, Carrington Street, G.P.O. Box 5358, Sydney, NSW 2001

BRAZIL

Günther Eberhard, 123, Av. Rio Branco, Conj. 706/707, Rio de Janeiro (Brazil)

(also Delegate for Brazil)

Peter C. Queitsch, 250, Rua Direita, sala 1406, São Paulo

FAR EAST

Manfred Rasche until 31. 3. 1971,

Gernot Heimburger, from 1. 4. 71, Fuji Building, 2-3 Marunouchi 3, Chome, Chiyoda-Ku. Tokyo (Japan)

*) Opening shortly



Our Representative Office for Southern Africa in Johannesburg, which has been operating successfully since 1958, has moved into new premises at the Standard Bank Centre.

NEAR AND MIDDLE EAST, UAR (EGYPT)

Friedhelm Jost, Starco Building, B.P. 3246, Beirut (Lebanon)

SOUTH-EAST ASIA

Hansjörg Braun, ICB Building, Rooms 314 & 317, Singapore 10

SOUTHERN AFRICA

W. P. Kahrass & Co. (Pty.) Ltd., 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, Calle Cedaceros, 11, 6° piso, Madrid-14 (Spain)

UNITED STATES OF AMERICA

Harald E. Käding, 55 Broad Street, New York, N.Y. 10004 (USA)

VENEZUELA

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

Participations in Foreign Financial Institutions

Bahamas: Deltec Panamerica S.A., Nassau
 Bahamas: World Banking Corporation Ltd., Nassau
 Brazil: Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro
 Burundi: Banque Commerciale du Burundi S.A.R.L., Bujumbura*)
 Cameroon: Banque Internationale pour le Commerce et l'Industrie du Cameroun S.A., Yaoundé*)
 Congo (B): Banque Internationale pour le Commerce et l'Industrie du Congo S.A., Brazzaville*)
 Congo (K): Société Congolaise de Banque S.C.A.R.L. (Socobanque), Kinshasa*)
 Congo (K): SOCOFIDE Société Congolaise de Financement du Développement, Kinshasa
 Dubai: The Commercial Bank of Dubai Ltd., Dubai
 Finland: Teollistamisrahasto Oy. (Industrialization Fund of Finland Ltd.), Helsinki
 France: Crédit Chimique, Paris
 Great Britain: International Commercial Bank Ltd., London
 Ivory Coast: Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire S.A., Abidjan*)
 Japan: Private Investment Company for Asia (PICA) S.A., Tokyo
 Kenya: Commercial Bank of Africa Ltd., Nairobi*)
 Lebanon: Rifbank S.A.L., Beirut
 Luxembourg: Adela Investment Company S.A., Luxembourg/Lima
 Luxembourg: European Enterprises Development Company E.E.D., S.A., 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: Tourinvest S.A., Luxembourg
 Morocco: Banque Marocaine du Commerce Extérieur, Casablanca
 Morocco: Banque Nationale pour le Développement Économique, Rabat
 Nigeria: Nigerian Industrial Development Bank Ltd., Lagos
 Pakistan: PICIC Pakistan Industrial Credit & Investment Corporation Ltd., Karachi
 Rwanda: Banque Commerciale du Rwanda S.A.R.L., Kigali*)
 Senegal, Gambia: Banque Internationale pour le Commerce et l'Industrie du Sénégal, Dakar
 with branch office at Bathurst (Gambia)*)
 Singapore: The Development Bank of Singapore Ltd.
 Spain: Banco Urquijo S.A., Madrid
 Switzerland: Compagnie Internationale de Crédit à Moyen Terme S.A., Lausanne
 Switzerland: Finanzierungsgesellschaft Viking S.A., Zürich
 Switzerland: Société Financière pour les Pays d'Outre-Mer (SFOM), Geneva
 Switzerland: United Overseas Bank S.A., Geneva*)
 Thailand: Industrial Finance Corporation of Thailand (IFCT), Bangkok
 Tunisia: Union Internationale de Banques, Tunis
 USA: EuroPartners Securities Corporation, New York

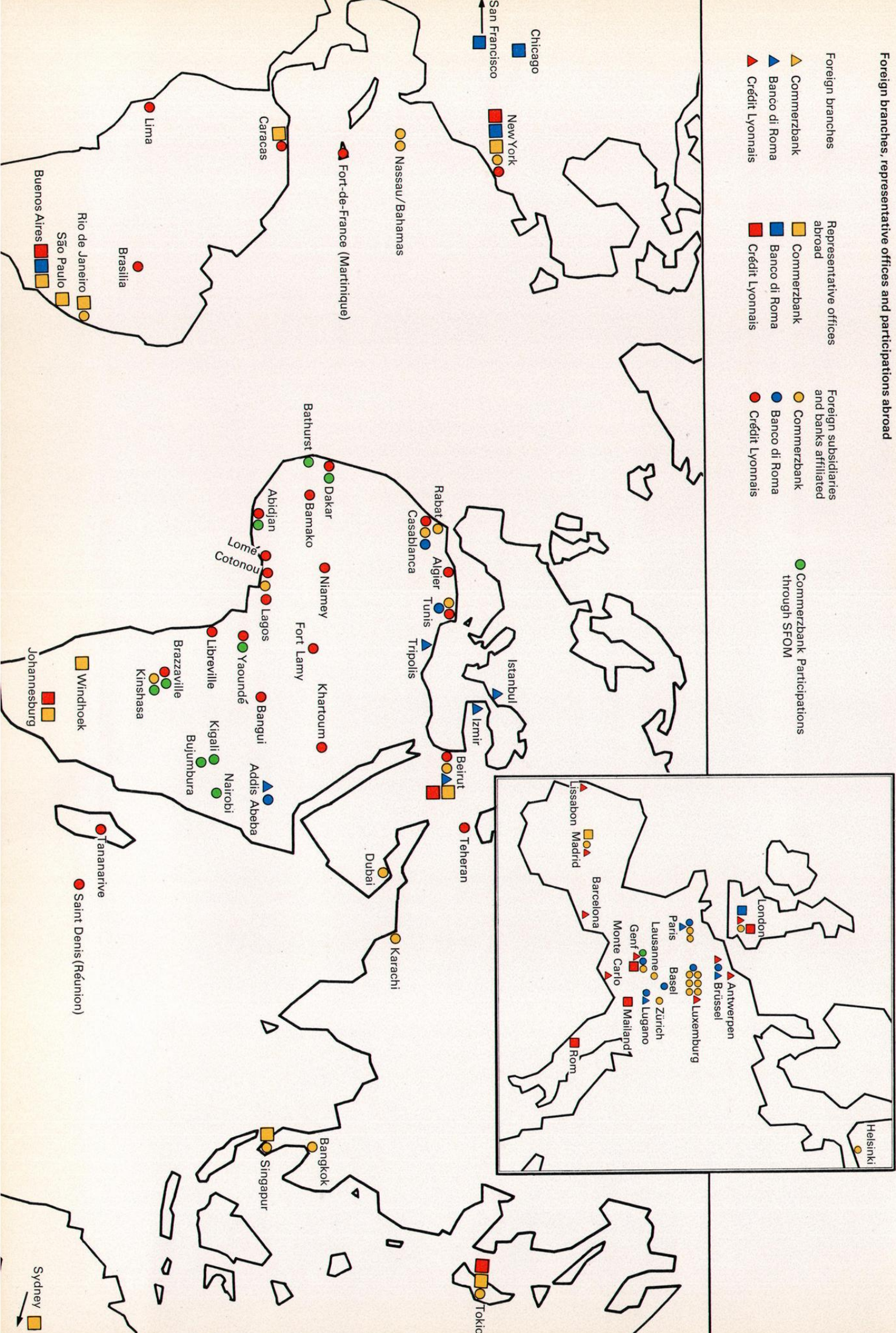
*) through Société Financière pour les Pays d'Outre-Mer (SFOM), Geneva

Foreign branches, representative offices and participations abroad

- Foreign branches
 ▲ Commerzbank
 ▲ Banco di Roma
 ▲ Crédit Lyonnais
- Representative offices abroad
 □ Commerzbank
 □ Banco di Roma
 □ Crédit Lyonnais

- Foreign subsidiaries and banks affiliated
 ● Commerzbank
 ● Banco di Roma
 ● Crédit Lyonnais

● Commerzbank Participations through SFOM



BANCO DI ROMA

	Dec. 31, 1969	Dec. 31, 1970	Change
Balance Sheet total . . .	DM 23,647 m	DM 24,355 m*)	3.0%
Deposits	DM 19,905 m	DM 20,367 m*)	2.3%
Lendings	DM 12,333 m	DM 12,649 m*)	2.6%
Capital and Reserves . .	DM 205 m	DM 316 m*)	54.4%
Branches	258	256	-0.8%
Customers	1,370,000	1,420,000	3.6%
Staff	8,300	8,650	4.2%

*) as at Sept. 30, 1970

CRÉDIT LYONNAIS

	Dec. 31, 1969	Dec. 31, 1970	Change
Balance Sheet total . . .	DM 29,115 m	DM 35,677 m	22.5%
Deposits	DM 25,197 m	DM 31,044 m	23.2%
Lendings	DM 30,818 m	DM 36,088 m	17.1%
Capital and Reserves . .	DM 446 m	DM 505 m*)	13.2%
Branches	1,877	1,955	4.2%
Customers	2,400,000	2,600,000	8.0%
Staff	33,883	36,040	6.4%

*) provisional, before distribution of profit

